
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Proposal, this Scheme Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your Shares in Hang Chi Holdings Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This Scheme Document is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the applicable laws or regulations of such jurisdiction. This Scheme Document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for any securities of Hang Chi Holdings Limited.

**Hang Chi Development &
Investment Limited**
(Incorporated in Hong Kong with limited liability)


Hang Chi Holdings Limited
恒智控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8405)

**(1) PROPOSED PRIVATISATION OF
HANG CHI HOLDINGS LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
HANG CHI HOLDINGS LIMITED**

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Unless the context requires otherwise, capitalised terms used in this Scheme Document (including this cover page) are defined under the section headed "Definitions" in Part I of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Scheme Shareholders in connection with the Proposal and the Scheme is set out in Part V of this Scheme Document. A letter from the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in connection with the Proposal and the Scheme is set out in Part VI of this Scheme Document. An Explanatory Memorandum regarding the Scheme is set out in Part VII of this Scheme Document. The actions to be taken by the Shareholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 11:00 a.m. (Hong Kong time) on Wednesday, 19 February 2025 and the EGM to be held at 11:30 a.m. (Hong Kong time) on Wednesday, 19 February 2025 (or as soon as practicable after the conclusion or adjournment of the Court Meeting) are set out in Appendix IV and Appendix V of this Scheme Document, respectively. Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof, you are strongly urged to complete and sign the enclosed PINK form of proxy in respect of the Court Meeting and the enclosed WHITE form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the Company's Hong Kong branch Share Registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated under Part II of this Scheme Document. If the PINK form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting who shall have absolute discretion as to whether or not to accept it. If the WHITE form of proxy is not so lodged at least 48 hours before the time appointed for the EGM, it will not be valid. Completion and return of the forms of proxy for Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your forms of proxy, the returned forms of proxy will be revoked by operation of law.

This Scheme Document is issued jointly by the Offeror and the Company. The English language texts of this Scheme Document and the accompanying forms of proxy shall prevail over their respective Chinese texts for the purpose of interpretation.

27 January 2025

IMPORTANT NOTICE

NOTICE TO U.S. INVESTORS

The Proposal is being made to cancel and extinguish the securities of a company incorporated in the Cayman Islands by means of a scheme of arrangement provided under the Companies Act and is subject to Hong Kong disclosure requirements which are different from those of the U.S..

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the U.S. Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the U.S. federal securities laws.

The receipt of cash pursuant to the Proposal by a U.S. holder of Scheme Shares as consideration for the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other tax laws. U.S. holders of the Scheme Shares are urged to consult their independent professional advisers immediately regarding the tax consequences of the Proposal applicable to them.

It may be difficult for U.S. holders of the Scheme Shares to enforce their rights and claims arising out of the U.S. federal securities laws, since the Offeror and the Company are located in a country other than the U.S., and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of the Scheme Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgement.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved the Proposal or the Scheme, or determined if this Scheme Document is accurate or complete. Any representation to the contrary is a criminal offence in the U.S..

This Scheme Document does not constitute an offer or invitation to purchase or subscribe for any securities of the Company in the U.S..

NOTICE TO OVERSEAS HOLDER OF SCHEME SHARES

The making and implementation of the Proposal to the Scheme Shareholders who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdictions.

Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements in their respective jurisdictions and, where necessary, seek their own legal advice. Further information in relation to overseas Scheme Shareholders is contained in this Scheme Document.

IMPORTANT NOTICE

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any actions taken by the overseas Scheme Shareholders in respect of the Proposal will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

If you are an overseas Scheme Shareholder, your attention is drawn to the paragraph headed “11. Overseas Shareholders” in the section headed “Explanatory Memorandum” of this Scheme Document.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS AND ACCOUNTING STANDARDS

The performance and the results of operations of the Group contained in this Scheme Document are historical in nature and past performance is not a guarantee of the future results of the Group.

This Scheme Document may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “envisages”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Offeror’s, the Company’s or their respective affiliates’ intentions, beliefs or current expectations. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those made in or suggested by the forward-looking statements contained in this Scheme Document, and may not be indicative of results or developments in subsequent periods. The forward-looking statements and information contained in this Scheme Document are made as of the date hereof and each of the Offeror and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Takeovers Code.

Financial information disclosed in respect of the Proposal and the Scheme has been or will have been prepared in accordance with non-U.S. accounting standards that may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the U.S.

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In this Scheme Document, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Announcement”	the announcement dated 6 November 2024 jointly issued by the Offeror and the Company in relation to the Proposal
“Announcement Date”	6 November 2024, being the date of the Announcement
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Authorisations”	all the necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal
“Beneficial Owner(s)”	beneficial owner(s) of the Shares registered in the name of a Registered Owner(s)
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the Cancellation Price of HK\$0.70 for every Scheme Share cancelled and extinguished payable in cash by the Offeror to the Scheme Shareholders as at the Scheme Record Date pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including a CCASS Investor Participant

“CCIC”/“Independent Financial Adviser”	Central China International Capital Limited (中州國際金融控股有限公司), a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Independent Board Committee in relation to the Proposal
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands, as consolidated and revised from time to time
“Company”	Hang Chi Holdings Limited (恒智控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8405)
“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme as set out in the paragraph headed “3. Conditions of the Proposal and the Scheme” in the section headed “Explanatory Memorandum” in Part VII of this Scheme Document
“Court Hearing”	the hearing of the petition by the Grand Court for the sanction of the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders to be convened and held at the direction of the Grand Court at 11:00 a.m. (Hong Kong time) on Wednesday, 19 February 2025 at Unit 1107, 11/F, Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix IV of this Scheme Document, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Effective Date”	28 February 2025 (Cayman Islands time), being the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the order of the Grand Court sanctioning the Scheme is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Act

“EGM”	an extraordinary general meeting of the Company to be convened and held as soon as practicable following the conclusion or adjournment of the Court Meeting for the purposes of passing all necessary resolution(s) to implement the Scheme including a special resolution to (i) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; (ii) contemporaneously maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme; and (iii) apply the credit arising in the Company’s books of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares issued to the Offeror
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Memorandum”	the explanatory memorandum set out in the section headed “Explanatory Memorandum” of this Scheme Document
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Scheme Shareholders in respect of the Proposal and the Scheme, comprising Mr. Lau Joseph Wan Pui, Mr. Chan Ching Sum Sam, Mr. Lau Tai Chim and Mr. Wong Wai Ho, being all of the independent non-executive Directors and the non-executive Director
“Last Trading Day”	24 October 2024, being the last trading day on which the Shares were traded on the Stock Exchange before publication of the Announcement
“Latest Practicable Date”	24 January 2025, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Long Stop Date”	30 April 2025 (or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on application of the Offeror or the Company may direct and in all cases, as permitted by the Executive)
“Meeting Record Date”	19 February 2025, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of Shareholders to attend and vote at the EGM
“Mr. Yik Tak Chi”	an executive Director of the Company and a director and the ultimate beneficial owner of the Offeror
“Multifield Investment Development Limited”	a company incorporated in the British Virgin Islands with limited liability, the immediate holding company of the Offeror
“Offer Period”	has the meaning ascribed to it under the Takeovers Code and commencing from the Announcement Date, and ending on the date at which the Proposal closes, lapses or is withdrawn, as the case may be
“Offeror”	Hang Chi Development & Investment Limited, a company incorporated in Hong Kong with limited liability

“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including Shui Wah Limited, Mr. Yik Tak Chi, Mr. Lui Chi Tat, Ms. Au Hoi Lam, Ms. Au Tung Ming, Mr. Chung Kin Man, Ms. Chung Wai Man, Mr. Yi Shaoguang, Mr. Yik Siu Tim, Ms. Wong Kit Yi, Ms. Huang Weiyi, Ms. Zhong Huimei, and Ms. Yi Weiji
“Ping An”	Ping An of China Capital (Hong Kong) Company Limited (中國平安資本(香港)有限公司), a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Proposal
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme on the terms and subject to the Conditions
“Registered Owner(s)”	holder(s) of Shares (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of Shares
“Registrar of Companies”	the Registrar of Companies in the Cayman Islands
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Period”	the period commencing from the date of six months preceding the Announcement Date (i.e. 6 May 2024) and ending on the Latest Practicable Date (i.e. 24 January 2025)
“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act (subject to the Conditions) involving the cancellation and extinguishment of all the Scheme Shares and the maintenance of the issued share capital of the Company at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares
“Scheme Document”	this composite scheme document, including each of the letters, statements, appendices and notices in it

“Scheme Record Date”	28 February 2025, or such other date as shall have been announced to the Shareholders, being the record date for determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Scheme Share(s)”	Share(s) in issue other than those directly or indirectly held by the Offeror or the Offeror Concert Parties
“Scheme Shareholder(s)”	holder(s) of Scheme Shares entered in the register of members of the Company as a holder of Scheme Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Registrar”	Boardroom Share Registrars (HK) Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Shareholder(s)”	holder(s) of the Share(s) entered in the register of members of the Company as a holder of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
%	per cent.

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.

All percentages stated in this Scheme Document are approximations and certain amounts and percentage figures included in this Scheme Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This Scheme Document and the accompanying forms of proxy are prepared in both English and Chinese. In the event of inconsistency, the English text of the aforementioned documents shall prevail.

1. ACTIONS TO BE TAKEN BY THE SHAREHOLDERS**Entitlements of the Scheme Shareholders and the Shareholders to attend and vote at the Court Meeting and the EGM**

Scheme Shareholders who are entitled to attend and vote at the Court Meeting are those whose names appear on the register of members of the Company as holders of Share(s) in issue other than those directly or indirectly held by the Offeror or the Offeror Concert Parties as at the close of business on the Meeting Record Date and Shareholders who are entitled to attend and vote at the EGM are those whose names appear on the register of members of the Company as at the close of business on the Meeting Record Date, being Wednesday, 19 February 2025.

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 14 February 2025 to Wednesday, 19 February 2025 (both days inclusive) and during such period, no transfer of Shares will be effected.

In order to qualify to vote at the Court Meeting and the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, before 4:30 p.m. (Hong Kong time) on Thursday, 13 February 2025.

Forms of proxy

A **PINK** form of proxy for use at the Court Meeting and a **WHITE** form of proxy for use at the EGM are enclosed with this Scheme Document. Subsequent purchasers of Scheme Shares will need to obtain the relevant proxy form from the transferor if any such purchaser wishes to attend or vote at the Court Meeting and/or the EGM.

Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **WHITE** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible, but in any event no later than the following times and dates in order to be valid:

- The **PINK** form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting (i.e. no later than 11:00 a.m. (Hong Kong time) on Monday, 17 February 2025) or any

adjournment thereof although it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).

- The **WHITE** form of proxy for use at the EGM must be lodged no later than 48 hours before the time appointed for holding the EGM (i.e. no later than 11:30 a.m. (Hong Kong time) on Monday, 17 February 2025) or any adjournment thereof in order to be valid.

Completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In such event, the returned form of proxy will be revoked by operation of law.

Voting at the Court Meeting and the EGM will be taken by poll as required under the GEM Listing Rules and the Takeovers Code.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and the EGM if, among other things, the resolutions are passed by the requisite majorities of the Scheme Shareholders and Shareholders, respectively. We therefore strongly urge you to attend and vote at the Court Meeting and the EGM in person or by proxy.

Announcement of the results of the Court Meeting and the EGM

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM by no later than 7:00 p.m. (Hong Kong time) on Wednesday, 19 February 2025. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the Court Hearing and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange in accordance with the requirements of the Takeovers Code and the GEM Listing Rules.

2. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD BY A REGISTERED OWNER (OTHER THAN HKSCC NOMINEES)

The Company will not recognise any person as holding any Shares through any trust.

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party, you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the EGM.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the EGM and, for such purpose, the Registered Owner may appoint you as his/her/its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name, if you wish to vote (in person or by proxy) at the Court Meeting and/or the EGM.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the EGM shall be in accordance with all relevant provisions in the articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

Completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged any forms of proxy, the returned form of proxy will be revoked by operation of law.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the EGM in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy accurately and to submit them by the deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and the EGM, such Beneficial Owner should comply with the requirements of such Registered Owner.

3. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE DEPOSITED IN CCASS

HKSCC Nominees may vote for and against the Scheme in accordance with instructions received from CCASS Participants.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must:

- (a) unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with other CCASS Participants, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the EGM in respect of the Scheme. The procedures for voting in respect of the Scheme by the CCASS Investor Participants and the other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees shall be in accordance with the “Operating Guide for Investor Participants”, the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time; or
- (b) you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting (if you are a Scheme Shareholder) and the EGM (as a Shareholder). You can become a Shareholder of record by withdrawing all or any of your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

4. EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder (or a Scheme Shareholder, as applicable) or a Beneficial Owner, you are strongly encouraged to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and at the EGM.

If you keep any Shares in a share lending programme, the Offeror and the Company urge you to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you are strongly encouraged to provide your broker, custodian, nominee or other relevant person with instructions or make arrangements with HKSCC Nominees in relation to the manner in which those Share(s) should be voted at the Court Meeting and/or at the EGM without delay, and/or withdraw some or all of your Share(s) from CCASS and become a Registered Owner of such Shares and exercise your right to vote (in person or by proxy) at the Court Meeting and/or the EGM.

If you are a Registered Owner holding Share(s) on behalf of one or more Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote.

If the Scheme becomes effective, it will be binding on all the Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. All references in this Scheme Document to times and dates are references to Hong Kong times and dates, other than references to the expected date of the Court Hearing and the Effective Date which are the relevant times and dates in the Cayman Islands. For reference only, Cayman time is 13 hours behind Hong Kong time as at the date of this Scheme Document.

**Hong Kong Time
(unless otherwise stated)**

Date of despatch of this Scheme Document Monday, 27 January 2025

Latest time for lodging transfers of Shares in order to become entitled to attend and vote at the Court Meeting and the EGM 4:30 p.m. on Thursday, 13 February 2025

Register of members of the Company closed for determination of entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of Shareholders to attend and vote at the EGM (*Note 1*) From Friday, 14 February 2025 to Wednesday, 19 February 2025 (both days inclusive)

Latest time for lodging **PINK** forms of proxy in respect of the Court Meeting (*Note 2*) 11:00 a.m. on Monday, 17 February 2025

Latest time for lodging **WHITE** forms of proxy in respect of the EGM (*Note 2*) 11:30 a.m. on Monday, 17 February 2025

Meeting Record Date Wednesday, 19 February 2025

Court Meeting (*Note 3*) 11:00 a.m. on Wednesday, 19 February 2025

EGM (*Note 3*) 11:30 a.m. on Wednesday, 19 February 2025 (or, if later, immediately after the conclusion or adjournment of the Court Meeting)

Announcement of the results of the Court Meeting and the EGM no later than 7:00 p.m. on Wednesday, 19 February 2025

Expected last time for trading in the Shares on the Stock Exchange	4:10 p.m. on Thursday, 20 February 2025
Court Hearing	9:30 a.m. on Monday, 24 February 2025 (Cayman Islands Time)
Announcement of the results of the Court Hearing, the expected Effective Date and the expected date of withdrawal of listing of Shares on the Stock Exchange	at or before 8:30 a.m. on Tuesday, 25 February 2025
Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme	4:30 p.m. on Wednesday, 26 February 2025
Register of members of the Company closed for determining Scheme Shareholders qualified for entitlements under the Scheme (<i>Note 4</i>)	from Thursday, 27 February 2025 onwards
Scheme Record Date	Friday, 28 February 2025
Effective Date (<i>Note 5</i>)	Friday, 28 February 2025 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange	at or before 8:30 a.m. on Monday, 3 March 2025
Withdrawal of the listing of Shares on the Stock Exchange becomes effective	4:00 p.m. on Tuesday, 4 March 2025
Latest time to despatch cheques for cash payment of the Cancellation Price to the Scheme Shareholders under the Scheme (<i>Notes 6 and 7</i>)	On or before Tuesday, 11 March 2025

Notes:

1. The register of members of the Company will be closed during such period for the purpose of determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme.

2. Forms of proxy should be deposited at the Share Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible, but in any event no later than the respective times and dates stated above. In the case of the **PINK** form of proxy in respect of the Court Meeting, it may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). If the **WHITE** form of proxy is not lodged at least 48 hours before the time appointed for the EGM, it will not be valid. Completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a Shareholder from attending and voting at the relevant meeting or any adjournment thereof in person. In such event, the relevant form of proxy will be revoked by operation of law.
3. The Court Meeting and the EGM will be held at Unit 1107, 11/F, Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong at the times and dates specified above. For further details relating to the Court Meeting and the EGM, please see the notice of Court Meeting set out in Appendix IV of this Scheme Document and the notice of EGM set out in Appendix V of this Scheme Document. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or “extreme conditions” caused by super typhoons is or is expected to be in force at any time after 8:00 a.m. (Hong Kong time) on the date of the Court Meeting and/or the EGM, the Court Meeting and/or the EGM will be adjourned in accordance with the articles of association of the Company and in compliance with the Takeovers Code. If the Court Meeting and/or the EGM are adjourned, the Company will post an announcement on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at www.shuionnc.com notifying its members of the date, time and venue of the rescheduled Court Meeting and/or the EGM.
4. The register of members of the Company will be closed during such period for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
5. The Scheme shall become effective upon all the Conditions set out in the paragraph headed “3. Conditions of the Proposal and the Scheme” in the section headed “Explanatory Memorandum” in Part VII of this Scheme Document having been fulfilled or waived (as applicable).
6. Cheques for the payment of the Cancellation Price under the Scheme will be despatched no later than 7 Business Days after the Effective Date by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in such registers in respect of the joint holding. For Beneficial Owners that hold Scheme Shares through a nominee (other than HKSCC Nominees), cheques issued in the name of the nominee will be sent by post in pre-paid envelopes addressed to the nominee. All such cheques will be posted at the risk of the person(s) entitled thereto and none of the Offeror, the Company, Ping An, the Independent Financial Adviser, the Share Registrar, nor any of their respective directors, officers, employees, agents, advisers, associates, affiliates, or any other persons involved in the Proposal will be responsible for any loss or delay in transmission.
7. If any severe weather condition is 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 to despatch cheques for the payment of the Cancellation Price under the Scheme, the latest date to despatch cheques will remain on the same Business Day (i.e. Tuesday, 11 March 2025); or
 - (b) at any time at or after 12:00 noon on the latest date to despatch cheques for the payment of the Cancellation Price under the Scheme, the latest date to despatch cheques will be rescheduled to the following Business Day (i.e. Wednesday, 12 March 2025) which does not have any of those warnings in force at 12:00 noon and/or thereafter (or another Business Day thereafter that does not have any severe weather condition at 12:00 noon or thereafter).

For the purpose of this document, “severe weather” refers to the scenario where a tropical cyclone warning signal number 8 or above is hoisted, or “extreme conditions” caused by super typhoons or a black rainstorm warning is/are in force in Hong Kong. Further announcement(s) will be made if there is any change to the expected timetable as a result of any severe weather.



Hang Chi Holdings Limited

恒智控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8405)

Executive directors:

Mr. Yik Tak Chi (*Chairman*)

Mr. Lui Chi Tat

Mr. Chung Kin Man

Ms. Chung Wai Man

Registered office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Non-executive director:

Mr. Lau Joseph Wan Pui

Principal Place of Business in Hong Kong:

Unit 1107, 11/F

Independent non-executive directors:

Mr. Wong Wai Ho

Tower 3 Enterprise Square

Mr. Lau Tai Chim

No. 9 Sheung Yuet Road

Mr. Chan Ching Sum Sam

Kowloon Bay

Kowloon

Hong Kong

27 January 2025

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF
HANG CHI HOLDINGS LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)
AND
(2) PROPOSED WITHDRAWAL OF LISTING**

1. INTRODUCTION

Reference is made to the Announcement in relation to the Proposal.

The Offeror and the Company jointly announce that on 24 October 2024, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under Section 86 of the Companies Act involving the cancellation and extinguishment of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders as at the Scheme Record Date of the Cancellation Price in cash for each Scheme Share cancelled and extinguished, the simultaneous allotment and issue of an equivalent number of new Shares, credited as fully paid, to the Offeror, subject to the Conditions, and the withdrawal of the listing of the Shares on GEM of the Stock Exchange.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the expected timetable as well as to give you notices of the Court Meeting and the EGM (together with proxy forms in relation thereto). Your attention is drawn to the following sections of this Scheme Document: (a) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (b) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (c) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (d) the terms of the Scheme set out in Appendix III of this Scheme Document.

2. TERMS OF THE PROPOSAL

If the Proposal is approved and implemented, under the Scheme:

- (a) all Scheme Shares on the Effective Date will be cancelled and extinguished in exchange for the payment of the Cancellation Price, i.e. HK\$0.70 per Scheme Share, in cash to each Scheme Shareholder as at the Scheme Record Date by the Offeror;
- (b) the issued share capital of the Company will, on the Effective Date, be maintained at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue at par to the Offeror of the same number of new Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the books of accounts of the Company as a result of the cancellation and extinguishment of the Scheme Shares will be applied in paying up in full at par the new Shares so allotted and issued to the Offeror;
- (c) the Offeror and the Offeror Concert Parties will in aggregate hold the entire issued share capital of the Company; and
- (d) the Company will apply to the Stock Exchange, in accordance with Rule 9.23 of the GEM Listing Rules, for the withdrawal of the listing of the Shares on GEM of the Stock Exchange as soon as practicable after the Effective Date.

Cancellation Price

Under the Proposal, if the Scheme is approved and implemented, the Scheme Shares will be cancelled and extinguished and, in consideration therefor, each Scheme Shareholder as at the Scheme Record Date will be entitled to receive the Cancellation Price of HK\$0.70 in cash for each Scheme Share cancelled and extinguished under the Scheme.

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Offeror in cash.

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such gross dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Scheme Document or any announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. As at the Latest Practicable Date, the Company (a) has not announced or declared any dividend, distribution or return of capital which has not been made or which remains unpaid; and (b) does not intend to announce, declare, make or pay any dividend, distribution or return of capital on or before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

The Cancellation Price of HK\$0.70 per Scheme Share represents:

- a premium of approximately 14.75% over the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 14.75% over the average closing price of approximately HK\$0.61 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 16.67% over the average closing price of approximately HK\$0.60 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 16.67% over the average closing price of approximately HK\$0.60 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;

- a premium of approximately 20.69% over the average closing price of approximately HK\$0.58 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 20.69% over the average closing price of approximately HK\$0.58 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 14.75% over the average closing price of approximately HK\$0.61 per Share per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 12.90% over the average closing price of approximately HK\$0.62 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 45.83% to the unaudited consolidated net asset value per Share in the Company of approximately HK\$0.48 as at 30 June 2024, based on the unaudited net assets of the Group as stated in the consolidated statement of financial position of the Company included in its interim report for the six months ended 30 June 2024, and 400,000,000 Shares in issue as at the Latest Practicable Date;
- a premium of approximately 42.86% to the audited consolidated net asset value per Share in the Company of approximately HK\$0.49 as at 31 December 2023, based on the audited net assets of the Group as stated in the consolidated statement of financial position of the Company included in its annual report for the financial year ended 31 December 2023, and 400,000,000 Shares in issue as at the Latest Practicable Date; and
- a premium of approximately 4.48% over the closing price of approximately HK\$0.67 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price has been determined on an arm's length commercial basis after taking into account, among others, the historical trading prices of the Shares traded on the Stock Exchange, the latest available financial position of the Group, and with reference to other similar privatisation transactions in Hong Kong in recent years.

Total consideration and financial resources

On the basis of the Cancellation Price of HK\$0.70 per Scheme Share and 104,686,000 Scheme Shares being in issue as at the Latest Practicable Date and assuming that no further Shares will be issued or repurchased before the Scheme Record Date, the Scheme Shares are in aggregate valued at approximately HK\$73,280,200, which represents the amount of cash required for the Proposal.

The Offeror's payment obligations to the Scheme Shareholders as at the Scheme Record Date in respect of the Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by the Offeror. The Offeror intends to finance the entire cash amount required for the Proposal from internal cash resources.

Ping An, the financial adviser to the Offeror in relation to the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with its terms.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Highest and lowest prices of the Shares

During the six-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.72 from 13 May 2024 to 16 May 2024 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.53 on 22 July 2024.

3. CONDITIONS OF THE PROPOSAL AND THE SCHEME

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on application of the Offeror or the Company may direct and in all cases, as permitted by the Executive), failing which the Scheme will not become effective and the Proposal will lapse. The Company has no right to waive any of the Conditions.

For details of the Conditions, your attention is drawn to the section headed “3. Conditions of the Proposal and the Scheme” in the Explanatory Memorandum in Part VII of this Scheme Document.

Shareholders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors of the Company should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

4. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each, of which 400,000,000 Shares are in issue. As at the Latest Practicable Date, the Scheme Shares, comprising 104,686,000 Shares, represent 26.17% of the total issued Shares.

As at the Latest Practicable Date, the Offeror does not hold any Shares, and the Offeror Concert Parties hold 295,314,000 Shares in aggregate, representing 73.83% of the total issued Shares.

As at the Latest Practicable Date, there are no outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

Assuming there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal:

	As at		Immediately upon	
	the Latest Practicable Date		completion of the Proposal	
	<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of</i>	<i>% of total</i>	<i>Number of</i>	<i>% of total</i>
	<i>Shares</i>	<i>issued Shares</i>	<i>Shares</i>	<i>issued Shares</i>
Offeror⁽¹⁾	–	–	104,686,000	26.17
Offeror Concert Parties				
Shui Wah Limited ⁽²⁾	248,700,000	62.18	248,700,000	62.18
Mr. Yik Tak Chi ⁽³⁾	8,208,000	2.05	8,208,000	2.05
Mr. Lui Chi Tat ⁽⁴⁾	36,020,000	9.01	36,020,000	9.01
Ms. Au Hoi Lam ⁽⁵⁾	12,000	0.01	12,000	0.01
Ms. Au Tung Ming ⁽⁶⁾	8,000	0.01	8,000	0.01
Mr. Chung Kin Man ⁽⁷⁾	40,000	0.01	40,000	0.01
Ms. Chung Wai Man ⁽⁸⁾	20,000	0.01	20,000	0.01
Mr. Yi Shaoguang ⁽⁹⁾	764,000	0.19	764,000	0.19
Mr. Yik Siu Tim ⁽¹⁰⁾	720,000	0.18	720,000	0.18
Ms. Wong Kit Yi ⁽¹¹⁾	40,000	0.01	40,000	0.01
Ms. Huang Weiyi ⁽¹²⁾	350,000	0.09	350,000	0.09
Ms. Zhong Huimei ⁽¹³⁾	160,000	0.04	160,000	0.04
Ms. Yi Weiji ⁽¹⁴⁾	272,000	0.07	272,000	0.07
<i>Aggregate number of Shares of the Offeror and the Offeror Concert Parties</i>	295,314,000	73.83	400,000,000	100.00
Scheme Shareholders	104,686,000	26.17		
Total number of Shares in issue	400,000,000	100.00	400,000,000	100.00

Notes:

1. The Offeror is a company incorporated in Hong Kong wholly owned by Multifield Investment Development Limited, which in turn is wholly owned by Mr. Yik Tak Chi. Shares in which the Offeror Concert Parties are interested will not form part of the Scheme Shares and will not be cancelled and extinguished.
2. Shui Wah Limited is a company incorporated in British Virgin Islands with limited liability. Shui Wah Limited is owned as to 100.00% by Lucky Expert Investments Limited, which is in turn owned as to 59.88% by the Offeror, 29.17% by Ms. Yik Wai Hang (a sister of Mr. Yik Tak Chi), 6.02% by Ms. Chung Wai Man (an executive Director and a sister-in-law of Mr. Yik Tak Chi) and 4.93% by Mr. Chung Kin Man (an executive Director and a brother-in-law of Mr. Yik Tak Chi).

3. Mr. Yik Tak Chi is a director and the ultimate beneficial owner of the Offeror, and an executive Director.
4. Mr. Lui Chi Tat is an executive Director and a son of a sibling of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror, Mr. Yik Tak Chi, is also a Director) pursuant to class (6) and class (8) of the definition of “acting in concert” in the Takeovers Code.
5. Ms. Au Hoi Lam (previously known as Ms. Au Ka Ming) is the spouse of Mr. Lui Chi Tat and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror, Mr. Yik Tak Chi, is also a Director) pursuant to class (6) of the definition of “acting in concert” in the Takeovers Code.
6. Ms. Au Tung Ming is the sister of Ms. Au Hoi Lam, the spouse of Mr. Lui Chi Tat, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror, Mr. Yik Tak Chi, is also a Director) pursuant to class (6) of the definition of “acting in concert” in the Takeovers Code.
7. Mr. Chung Kin Man is an executive Director and a brother-in-law of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror, Mr. Yik Tak Chi, is also a Director) pursuant to class (6) and class (8) of the definition of “acting in concert” in the Takeovers Code.
8. Ms. Chung Wai Man is an executive Director and a sister-in-law of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror, Mr. Yik Tak Chi, is also a Director) pursuant to class (6) and class (8) of the definition of “acting in concert” in the Takeovers Code.
9. Mr. Yi Shaoguang is a son of a sibling of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
10. Mr. Yik Siu Tim is a son of a sibling of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
11. Ms. Wong Kit Yi is a daughter of a sibling of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
12. Ms. Huang Weiyi is a daughter of a sibling of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
13. Ms. Zhong Huimei is a sister-in-law of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
14. Ms. Yi Weiji is a sister of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
15. Save as disclosed in this section and the paragraph headed “5. Shareholding Structure of the Company” in the section headed “Explanatory Memorandum” of this Scheme Document, no other Director holds Shares.

Immediately following the Effective Date and the withdrawal of the listing of the Shares on GEM of the Stock Exchange, approximately 26.17% and 73.83% of the total number of Shares in issue will be held by the Offeror and the Offeror Concert Parties, respectively, on the assumption that there are no other changes in shareholding in the Company before completion of the Proposal.

5. REASONS FOR, AND BENEFITS OF, THE PROPOSAL

Your attention is drawn to the section headed “6. Reasons for, and Benefits of, the Proposal” in the Explanatory Memorandum in Part VII of this Scheme Document.

6. INFORMATION ON THE GROUP, THE OFFEROR

The Group

The Company was incorporated in the Cayman Islands with limited liability and the Shares are listed on GEM of the Stock Exchange (Stock code: 8405). The Company is an investment holding company and the Group is an established operator of elderly residential care homes in Hong Kong providing comprehensive residential care home services to the elderly resident.

The Offeror

The Offeror is an investment holding company incorporated in Hong Kong with limited liability. The Offeror is a direct wholly-owned subsidiary of Multifield Investment Development Limited, which is in turn wholly owned by Mr. Yik Tak Chi.

As at the Latest Practicable Date, Mr. Yik Tak Chi is a director of the Offeror and an executive Director.

Your attention is drawn to the paragraph headed “7. Information on the Group, the Offeror” in the section headed “Explanatory Memorandum” of this Scheme Document.

7. INTENTION OF THE OFFEROR WITH REGARD TO THE COMPANY

The Board is pleased to note that as at the Latest Practicable Date, the Offeror intends for the Group to continue carrying on its existing businesses following the implementation of the Proposal and does not have any plan to make any material changes to the continued employment of the employees of the Group (other than in the ordinary course of business of the Group). The listing of the Shares will be withdrawn from GEM of the Stock Exchange following the Effective Date.

Your attention is drawn to the paragraph headed “8. Intention of the Offeror with regard to the Company” in the section headed “Explanatory Memorandum” of this Scheme Document.

8. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being issued as fully paid at par to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to GEM of the Stock Exchange, in accordance with Rule 9.23 of the GEM Listing Rules, for the withdrawal of the listing of the Shares on GEM of the Stock Exchange as soon as practicable after the Effective Date.

The Shareholders will be notified by way of an announcement of the exact dates of (i) the last day for dealing in the Shares on GEM of the Stock Exchange; (ii) the day on which the Scheme will become effective; and (iii) the day of withdrawal of the listing of the Shares on GEM of the Stock Exchange. A detailed expected timetable of the implementation of the Proposal will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

Your attention is drawn to the paragraphs headed “9. Withdrawal of Listing of the Shares” and “17. Registration and Payment” in the section headed “Explanatory Memorandum” of this Scheme Document.

9. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will not become effective and the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on the application of the Offeror or the Company may direct and in all cases, as permitted by the Executive). The listing of the Shares on GEM of the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that, neither the Offeror nor any person who acted in concert with it in the course of the Proposal, nor any person who is subsequently acting in concert with any of them, may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. If the Proposal is recommended by the Independent Board Committee, and is recommended as fair and reasonable by the Independent Financial Adviser, the Company and the Offeror have agreed that each party will bear their own costs, charges and expenses.

10. OVERSEAS SHAREHOLDERS

If you are an overseas Scheme Shareholder, your attention is drawn to the paragraph headed “11. Overseas Shareholders” in the section headed “Explanatory Memorandum” in Part VII of this Scheme Document.

11. TAXATION ADVICE

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal or the Scheme. It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company and Ping An or any of their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Proposal or the Scheme accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of the Proposal or the Scheme.

Your attention is drawn to the section headed “12. Taxation Advice” in the Explanatory Memorandum in Part VII of this Scheme Document.

12. INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee shall comprise all the non-executive Directors who have no direct or indirect interest in the Proposal.

An Independent Board Committee which comprises Mr. Lau Joseph Wan Pui, Mr. Chan Ching Sum Sam, Mr. Lau Tai Chim and Mr. Wong Wai Ho, being the non-executive Director and all of the independent non-executive Directors, has been established by the Board to make a recommendation to the Scheme Shareholders as to (i) whether the terms of the Proposal and the Scheme are fair and reasonable; and (ii) whether to vote in favour of the Scheme and the Proposal at the Court Meeting and the EGM, respectively.

The full text of the letter from the Independent Board Committee is set out in the “Letter from the Independent Board Committee” in Part V of this Scheme Document.

13. INDEPENDENT FINANCIAL ADVISER

The Board, with the approval of the Independent Board Committee, has appointed CCIC as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from the Independent Financial Adviser is set out in the “Letter from the Independent Financial Adviser” in Part VI of this Scheme Document.

14. SCHEME SHARES, COURT MEETING AND EGM

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each, of which 400,000,000 Shares are in issue. As at the Latest Practicable Date, the Offeror does not hold any Shares, and the Offeror Concert Parties hold 295,314,000 Shares in aggregate, representing 73.83% of the total issued Shares. Such Shares held by the Offeror Concert Parties will not form part of the Scheme Shares and will not be voted on at the Court Meeting.

Each of the Offeror and the Offeror Concert Parties will procure that any Shares in respect of which they are beneficially interested will not be represented or voted at the Court Meeting. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will comply with and be subject to the terms and conditions of the Scheme, and will execute and do all things as may be necessary or desirable to be executed and done by it for the purposes of the Scheme.

All Shareholders will be entitled to attend the EGM and vote on, among others, the special resolution to (i) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously maintain the issued share capital of the Company at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the reserve created as a result of the cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme for allotment and issue to the Offeror.

The Offeror and the Offeror Concert Parties have indicated that if the Scheme is approved at the Court Meeting, those Shares held by them will be voted in favour of the resolutions to be proposed at the EGM.

The Court Meeting will be held at 11:00 a.m. (Hong Kong time) on Wednesday, 19 February 2025 at Unit 1107, 11/F, Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong, and the EGM will be held at the same place and on the same date as the Court Meeting at 11:30 a.m. (Hong Kong time) (or, if later, immediately after the conclusion or adjournment of the Court Meeting).

For the purpose of exercising your right to vote at the Court Meeting and/or the EGM, your attention is drawn to the paragraph headed “15. Scheme Shares, Court Meeting and EGM” in the section headed “Explanatory Memorandum” of this Scheme Document, the section headed “Actions to be Taken” of this Scheme Document, and the notices of the Court Meeting and the EGM in Appendix IV and Appendix V, respectively, of this Scheme Document.

15. GENERAL

The Offeror has appointed Ping An as its financial adviser in connection with the Proposal. Accordingly, Ping An and persons controlling, controlled by or under the same control as Ping An are presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of “acting in concert” in the Takeovers Code.

16. RECOMMENDATION

Your attention is drawn to the recommendations of the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal as set out in the “Letter from the Independent Financial Adviser” in Part VI of this Scheme Document. We would advise you to read these letters carefully before you take any action in respect of the Proposal and the Scheme.

17. FURTHER INFORMATION

You are encouraged to read carefully (a) the sections headed “Letter from the Independent Board Committee”, “Letter from the Independent Financial Adviser” and “Explanatory Memorandum” in Part V, Part VI and Part VII of this Scheme Document; (b) the appendices of this Scheme Document, including the Scheme set out in Appendix III of this Scheme Document; (c) the notice of Court Meeting in Appendix IV of this Scheme Document; and (d) the notice of EGM in Appendix V of this Scheme Document.

In addition, a **PINK** form of proxy in respect of the Court Meeting and a **WHITE** form of proxy in respect of the EGM are enclosed with this Scheme Document.

Shareholders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived (as applicable), and therefore the Proposal may or may not be implemented. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Yours faithfully,
By order of the Board of
HANG CHI HOLDINGS LIMITED
Yik Tak Chi
Chairman and Executive Director



Hang Chi Holdings Limited

恒智控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8405)

Executive directors:

Mr. Yik Tak Chi (*Chairman*)

Mr. Lui Chi Tat

Mr. Chung Kin Man

Ms. Chung Wai Man

Registered office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Non-executive director:

Mr. Lau Joseph Wan Pui

Principal Place of Business in Hong Kong:

Unit 1107, 11/F

Independent non-executive directors:

Tower 3 Enterprise Square

Mr. Wong Wai Ho

No. 9 Sheung Yuet Road

Mr. Lau Tai Chim

Kowloon Bay

Mr. Chan Ching Sum Sam

Kowloon

Hong Kong

27 January 2025

To the Scheme Shareholders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF
HANG CHI HOLDINGS LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)
AND
(2) PROPOSED WITHDRAWAL OF LISTING**

We refer to the scheme document dated 27 January 2025 jointly issued by the Offeror and the Company in relation to the Scheme and the Proposal (the “**Scheme Document**”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in the Scheme Document.

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Scheme Shareholders in respect of the Proposal and the Scheme, details of which are set out in the sections headed “Part IV – Letter from the Board” and “Part VII – Explanatory Memorandum” of the Scheme Document.

CCIC has been appointed, with our approval, as the Independent Financial Adviser to advise us in connection with the Proposal and the Scheme. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the section headed “Part VI – Letter from the Independent Financial Adviser” of the Scheme Document.

In the section headed “Part VI – Letter from the Independent Financial Adviser” of the Scheme Document, the Independent Financial Adviser states that it considers the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders are concerned. Accordingly, the Independent Financial Adviser advises the Independent Board Committee to recommend the Scheme Shareholders to vote in favour of the Scheme at the Court Meeting and of the resolutions in connection with the implementation of the Proposal at the EGM, respectively.

The Independent Board Committee, having considered the terms of the Proposal and the Scheme, and having taken into account the opinion of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the Proposal (including the Cancellation Price) and the Scheme are fair and reasonable as far as the Scheme Shareholders are concerned.

Accordingly, the Independent Board Committee recommends the Scheme Shareholders and the Shareholders to vote in favour of the resolutions to be proposed at the Court Meeting and the EGM, respectively, to approve and implement the Proposal and the Scheme.

We draw the attention of the Scheme Shareholders to (a) the section headed “Letter from the Board” of the Scheme Document; (b) the section headed “Letter from the Independent Financial Adviser” of the Scheme Document which sets out the factors and reasons taken into account in arriving at its recommendations to the Independent Board Committee; and (c) the section headed “Explanatory Memorandum” as set out in Part VII of the Scheme Document.

Yours faithfully,
The Independent Board Committee

Lau Joseph Wan Pui	Chan Ching Sum Sam	Lau Tai Chim	Wong Wai Ho
<i>Non-Executive Director</i>	<i>Independent Non-Executive Director</i>	<i>Independent Non-Executive Director</i>	<i>Independent Non-Executive Director</i>

Set out below is the text of a letter received from Central China International Capital Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal and the Scheme for the purpose of inclusion in this Scheme Document.



27 January 2025

Dear Sirs or Madams,

**(1) PROPOSED PRIVATISATION OF HANG CHI HOLDINGS LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)
AND
(2) PROPOSED WITHDRAWAL OF LISTING**

I INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in respect of the Proposal and the Scheme. Details of the Proposal and the Scheme are set out in Part IV Letter from the Board contained in the Scheme Document dated 27 January 2025, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context requires otherwise.

On 6 November 2024, the Company announced that on 24 October 2024 the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under Section 86 of the Companies Act involving the cancellation and extinguishment of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders as at the Scheme Record Date of the Cancellation Price in cash for each Scheme Share cancelled and extinguished and the simultaneous allotment and issue of an equivalent number of new Shares to the Offeror, subject to the Conditions, and the withdrawal of the listing of the Shares on GEM of the Stock Exchange.

Subject to the Proposal being approved and implemented, under the Scheme, (a) all Scheme Shares on the Effective Date will be cancelled and extinguished in exchange for the payment of the Cancellation Price, i.e. HK\$0.70 per Scheme Share, in cash to each Scheme Shareholder as at the Scheme Record Date by the Offeror; (b) simultaneously with the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be maintained at its amount immediately prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue at par to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled and extinguished; (c) the Offeror and the Offeror Concert Parties will in aggregate hold the entire issued share capital of

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Company; and (d) the Company will apply to the Stock Exchange, in accordance with Rule 9.23 of the GEM Listing Rules, for the withdrawal of the listing of the Shares on GEM of the Stock Exchange as soon as practicable after the Effective Date.

II THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee which comprises Mr. Lau Joseph Wan Pui, Mr. Chan Ching Sum Sam, Mr. Lau Tai Chim and Mr. Wong Wai Ho, being the non-executive Director and all of the independent non-executive Directors, has been established by the Board to make a recommendation to the Scheme Shareholders as to (i) whether the Proposal and the Scheme are fair and reasonable; and (ii) whether to vote in favour of the Scheme and the Proposal at the Court Meeting and the EGM, respectively.

Having reviewed the Proposal, the Board has resolved to put forward the Proposal to the Scheme Shareholders. The Directors who have a conflict of interest have abstained from voting in relation to that resolution.

As the Independent Financial Adviser with respect to the Proposal and the Scheme, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to (a) whether the Proposal and the Scheme are, or are not, fair and reasonable; and (b) voting by the Scheme Shareholders at the Court Meeting and at the EGM, respectively.

We are independent of and not associated or connected with the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them. Save for the appointment as the Independent Financial Adviser to the Independent Board Committee, we did not act as a financial adviser to the Company and the Offeror within the two years immediately preceding the commencement of the Offer Period and up to and including the Latest Practicable Date. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee, no arrangement exists whereby we shall receive any other fees or benefits from the Company or the Offeror or their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them.

III BASIS OF OUR ADVICE

In forming our opinion and recommendation, we have relied on, amongst others, (i) the information, facts, representations and opinions contained or referred to in the Scheme Document, (ii) the information and facts provided by the Company, its advisers, the executive Directors and the management of the Company and its subsidiaries (the “**Management**”), (iii) the representations and opinions of the Directors and the Management, and (iv) our review of relevant public information, including but not limited to (v) the Announcement; (vi) the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”); (vii) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”) and; (viii) the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”). We have assumed that all the statements made and information provided, and all representations and opinions expressed to us or contained or referred to in the Scheme Document were true, accurate and complete in all respects at the time they were made and continue to be true as at the Latest Practicable Date and may be relied upon. We have also assumed that all statements of belief, opinions, expectations and intention of the Directors and the Management and those as set out or referred to in the Scheme Document were reasonably made after due and careful enquiry. We have sought and received confirmation from the Company that no material facts have been withheld or omitted from the information and representations provided and the opinions expressed, and that all information, facts, representations and opinions provided/expressed to us are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information, facts, representations and opinions provided to us by the Directors and the Management and/or the advisers of the Company, or that any relevant material facts have been withheld or omitted from the information provided, or the reasonableness of the opinions and representations provided/expressed to us by the Directors and the Management. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Scheme Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/ or change our opinion. Scheme Shareholders will be notified if there is any material change to such information and representations and our opinion contained in this letter as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We consider that we have been provided with sufficient information available and have taken all reasonable steps to reach an informed view and to provide a reasonable basis for our opinion. We however have not conducted any independent verification of the information included in the Scheme Document and/or provided to us by the Company, its advisers, the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or the Offeror or any of their respective subsidiaries or associates.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not considered the tax and regulatory implications on the Scheme Shareholders of acceptance or non-acceptance of the Proposal since these depend on their individual circumstances. In particular, Scheme 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.

Your attention is drawn to the responsibility statements as set out under the section headed “1. Responsibility Statement” in Appendix II General Information of the Scheme Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Scheme Document, save and except for this letter.

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

IV PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE PROPOSAL

1. Background information of the Company

The Company is an investment holding company which through its subsidiaries is principally engaged in the operation of elderly residential care homes in Hong Kong. The Group generates its revenue primarily from (i) rendering of elderly home care services, and (ii) sales of elderly related goods and provision of healthcare services.

The Group primarily generated revenue from three types of customers: (i) the Social Welfare Department (“**SWD**”) that leased a fixed number of residential care places at the Group’s elderly residential care homes that participate in the Enhanced Bought Place Scheme (the “**EBPS**”)^(Note 1) and the Bought Place Scheme on Day Care Units; (ii) the individual customers that include both EBPS-subsidised and non-subsidised customers; and (iii) non-governmental organisations (“**NGOs**”) which leased a few residential care places from the Group at the elderly residential care homes. The Group also generated revenue from sales of healthcare and medical consumable products such as adult nappies, nutritional milk, other medical consumables, daily supplies, and the provision of customisable add-on healthcare services to elderly residents of its elderly care homes.

Notes:

1. The EBPS is a publicly funded welfare programme of the SWD that offers leased residential care places at a subsidised rate to eligible elderly citizens in Hong Kong. The participating elderly care homes charge a fixed fee as determined by the SWD and periodically updated from time to time, for each care place (or “**bed space**”) leased by the SWD under the EBPS. The SWD sets different fixed fees for different categories of elderly care homes under the EBPS^(Note 2). The fixed fee is partly subsidised and paid for by the SWD (the amount of which is subject to annual review and adjustment by the SWD, and the eligible elderly resident would bear the remaining (un-subsidised) portion of the fixed fee).

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. EA1 and EA2 are the two categories of Residential Care Homes for the Elderly (“RCHE(s)”) eligible under the EBPS, under which EA1 homes have higher requirements in terms of staffing and per capita net floor area as compared to EA2 homes. Pursuant to the EBPS, the SWD determines the prices for the various types of residential care places in RCHEs participating in the EBPS. The monthly residential fees payable by the SWD and the resident (i.e. The “fixed fee” as referred to in Note 1 above) for a residential care place in residential care homes under the EA1 category are generally higher than those under the EA2 category.

1.1 Financial Information

Set out below is a table summarising certain financial information of the Group as extracted from (i) the 2022 Annual Report; (ii) the 2023 Annual Report and (iii) the 2024 Interim Report.

	Six months ended		Year ended 31 December		
	30 June		2023	2022	2021
	2024	2023	2023	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenue	112,645	102,551	211,214	193,041	203,849
– Rendering of elderly home care services	85,958	77,415	159,255	145,144	151,891
– Sales of elderly related goods and provision of healthcare services	26,687	25,136	51,959	47,897	51,958
Profit for the period/year	14,236	9,802	26,204	38,610	52,191
Profit attributable to owners of the Company	12,468	9,419	23,408	36,498	46,954

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 June 2024	As at 31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Non-current assets		
– <i>Property, plant and equipment</i>	19,405	21,219
– <i>Right-of-use assets</i>	114,820	81,122
– <i>Intangible assets</i>	2	2
– <i>Goodwill</i>	112,790	112,790
– <i>Deposits</i>	10,188	9,885
– <i>Deferred tax assets</i>	1,903	1,793
	<hr/>	<hr/>
	259,108	226,811
Current assets	74,462	71,473
Total assets	333,570	298,284
Current liabilities	70,432	59,789
Non-current liabilities	69,347	41,140
Total liabilities	139,779	100,929
Total equity	193,791	197,355
Total equity attributable to owners of the Company	184,857	188,389

1.1.1 Profit or loss

Year ended 31 December 2022 (“**FY2022**”) compared to year ended 31 December 2021 (“**FY2021**”)

Revenue

The Group’s revenue decreased from HK\$203.8 million in FY2021 to HK\$193.0 million in FY2022 as a combined result of revenue decrease from both (i) rendering of elderly home care services, which in turn was mainly driven by decrease in revenue received from individual customers (including both EBPS-subsidised and non-subsidised customers) from HK\$107.5 million for FY2021 to HK\$100.0 million for FY2022; and (ii) sales of elderly-related goods and provision of healthcare services, which decreased from HK\$52.0 million in FY2021 to HK\$47.9 million in FY2022. As disclosed in the 2022 Annual Report, the average occupancy rates for both elderly residential care homes under the EBPS and non-EBPS elderly residential care homes were lower in FY2022 compared to FY2021, which is indicative of fewer residents being admitted during FY2022 overall.

Profit for the year

The Group recorded a net profit of HK\$52.2 million in FY2021 and HK\$38.6 million in FY2022, respectively. The decrease in net profit was primarily due to a decrease in revenue and an increase in staff costs, as the Group allocated more resources for manpower and materials for epidemic prevention measures. This was partially offset by an increase in other income from government grants related to COVID-19 subsidies and special allowances for residential care homes and for staff under on-site quarantine or isolation, which were supported by the SWD.

Year ended 31 December 2023 (“**FY2023**”) compared to year ended 31 December 2022 (“**FY2022**”)

Revenue

The Group’s revenue increased from HK\$193.0 million in FY2022 to HK\$211.2 million in FY2023, primarily derived from an increase in revenue from the rendering of elderly home care services, particularly residential care places leased by the SWD under the EBPS. In FY2023, Guardian Home (Chun Shek) Limited, a subsidiary of the Group, has been admitted in the EBPS as EA1 and accordingly, the number of the Group’s elderly residential care homes classified as EA1 under the EBPS increased from two to three.

Profit for the year

The Group recorded a net profit of HK\$26.2 million in FY2023, which represented a decrease of HK\$12.4 million (or 32.1%) as compared to FY2022 despite an increase in revenue by HK\$18.2 million (or 9.4%) from FY2022 to FY2023. Such decrease in net profit was mainly attributable to a significant drop in other income from HK\$49.6 million in FY2022 to HK\$10.3 million in FY2023, which in turn was mainly resulting from the termination of the COVID-related special allowance received from the SWD in December 2022 (which amounted to HK\$34.6 million in FY2022) and the cessation of COVID-related government subsidies in FY2023 (including subsidy under the Employment Support Scheme which contributed HK\$5.2 million of other income to the Group in FY2022).

Six months ended 30 June 2024 (“**1H2024**”) compared to six months ended 30 June 2023 (“**1H2023**”)

Revenue

The Group’s revenue increased from HK\$102.6 million in 1H2023 to HK\$112.6 million in 1H2024, driven mainly by higher revenue from providing elderly home care services, which in turn was primarily resulting from the increase in revenue from residential care places leased to the SWD under the EBPS, driven by the upgrade of one of the Group’s residential care homes from EA2 to EA1 (having a higher per-care space fee charge compared to EA2 as stipulated by the SWD) under the EBPS in December 2023. As a result, the Group had four elderly residential care homes classified as EA1 under the EBPS in 1H2024, up from three in the same period in previous year, along with one classified as EA2. Additionally, the moderate improvement in average occupancy rates for both elderly residential care homes under the EBPS (the Group leased 373 residential care places under the EBPS in 1H2024 compared to 290 places in the same period the previous year) as well as non-EBPS elderly residential care homes of the Group also contributed to the overall revenue growth during 1H2024.

Profit for the period

The Group recorded a net profit of HK\$14.2 million in 1H2024 compared to HK\$9.8 million 1H2023. The increment was mainly due to the increased revenue derived from the leasing of additional residential care spaces by the SWD under the EBPS, coupled with the upgrade of one of the Group’s residential care homes from EA2 to EA1 (which charges a higher per-care space fee compared to an EA2 category care home as mentioned above).

1.1.2 Balance sheet

The Group recorded total equity of HK\$197.4 million and HK\$193.8 million as at 31 December 2023 and 30 June 2024, respectively. Total fixed bank deposits and cash and cash equivalents increased from HK\$58.3 million as at 31 December 2023 to HK\$60.3 million as at 30 June 2024. The Group’s gearing ratio increased from 18% as at 31 December 2023 to 28% as at 30 June 2024, partly resulting from increase in lease liabilities under the reporting requirement of IFRS 16 Leases.

1.1.3 Summary conclusion

The Company has seen signs of revenue recovery in FY2023 following the overall stabilization of the pandemic's impact. As noted from the 2023 Annual Report, the moderate recovery in revenue was mainly contributed from an increase in revenue derived from the SWD under the EBPS (from HK\$40.1 million in FY2022 to HK\$51.3 million in FY2023) as previously explained. However, this revenue source is inherently dependent on government policies and ongoing subsidies. The reliance on government support makes the financial health of these care homes vulnerable to policy changes.

Contrary to the moderate re-bounce in revenue, net profit of the Company has been on a declining trend from FY2021 to FY2023. This decline can be attributed to several factors, including, without limitation, (i) the impact of COVID-19 and thereafter the termination of COVID-related government subsidies and the special allowance received from the SWD for providing care support services to residents who were admitted to residential care homes for quarantine; and (ii) staff costs of the Group had increased from HK\$83.5 million in FY2021 to HK\$92.9 million in FY2023, reflecting a more challenging operating cost environment. These factors have collectively contributed to the downward trend in net profit during this period.

1.2 Prospect and outlook of the Group

1.2.1 Overview of the elderly care industry in Hong Kong

Demand for long-term care services in Hong Kong is largely influenced by the aging population, as indicated by the rise in the number of elderly individuals (aged 65 or over) and the increasing elderly dependency ratio.

Between 2021 and 2023, data from the Census and Statistics Department of the Hong Kong Government (the "CSD") shows that the population of the elderly surged from about 1,451,500 individuals (comprising about 19.6% of the total population) in 2021 to about 1,641,900 individuals (making up about 21.8% of the total population) in 2023. Concurrently, the elderly dependency ratio (calculated as the number of persons aged 65 and over per 1,000 persons aged between 15 and 64) escalated from about 282 in 2021 to 321 in 2023.

Moreover, according to the "Hong Kong Population Projections 2022–2046" from 15 August 2023, published by the CSD, the elderly dependency ratio is forecasted to rise from 282 in mid-2021 (as the base year) to 369 by mid-2026 and further to 441 by mid-2031.

According to the “Annual Service Provision and Statistics – Residential Care Services” published by the SWD, the capacity of subsidised and non-subsidised residential services for the elderly in Hong Kong stood at 32,396 and 46,751, respectively, as of 30 June 2024. Additionally, by 31 August 2024, a total of 16,570 applicants were waitlisted for various types of subsidised residential care services for the elderly in the central waitlist for subsidised long-term care services. The average waiting time was 9 months for care and attention places and 9 months for nursing home places.

Notwithstanding the generally positive demand-side drivers, the elderly services industry in Hong Kong is facing increasing operating challenges, including (without limitation) increasing rental costs, stringent licensing and compliance requirements, and persistent shortage in healthcare workers. In addition, changes and/or adjustments of governmental budgets and financial resources on social welfare and elderly care (such as EBPS) may also have varying degree of impact on the business and financial aspects of elderly residential care home operators.

1.2.2 Increasing rental and other operating costs

All elderly residential care homes operated by the Group are rented properties, and rental and related expenses have been a major contributor to the Group’s costs of services. During the year ended 31 December 2023 and the six months ended 30 June 2024, the average monthly rental payments incurred by the Group amounted to HK\$4,780,333 and HK\$4,995,333, respectively.

The Residential Care Homes Legislation (Miscellaneous Amendments) Ordinance 2023 (the “**RCH Ordinance**”) has been effective since 16 June 2024. The RCH Ordinance tightens the minimum staffing requirements including a higher nurse/health worker – resident ratio and an increase in the duty time required for high-care and medium-care level RCHEs, while providing grace periods of 2 to 4 years for implementation. Further, the RCH Ordinance introduces an increase in minimum area per resident from the current 6.5 m² to 9.5 m² (for high-care level RCHEs) and 8 m² (for medium-care level and low-care level RCHEs). Similarly, grace periods are available for orderly and controlled compliance with the enhanced statutory requirements. Combined with utilities, food, and labor, this upsurge is expected to translate into elevated operating expenses for care providers. These increased costs may strain the financial sustainability of elderly homes. In the long run, a continuous increasing trend in rental cost may obstruct the expansion and enhancement of elderly care services, posing challenges in meeting the increasing demand for elderly care for an aging demographic.

According to the Management, rental costs of the Group's elderly residential care facilities have been on an increasing trend. In this connection, we have obtained and reviewed the currently effective and most recently expired rental agreements from the period of 2019 to 2024 for each of the Group's operating elderly homes, which reveals an average increase of around 20% of rental charges. Coupled with the elevated legislative minimum requirement on per resident space introduced in the RCH Ordinance, the Management envisage that the Group will face continuously increasing pressure on rental costs.

While the Group may in theory raises its fee charges for care places leased by non-subsidised individual customers to counter its rental and other operating costs pressure, such commercial decision would likely be weighed against other considerations such as competitive market prices, affordability of the non-subsidised individual customers, public image and social responsibility. Moreover, the Group's participation in the EBPS has been on an increasing trend, as noted from its increasing percentage revenue contribution. As the per-care place fee charge is fixed and determined by the SWD, the Group has no autonomy in raising its fee charges for care places leased under the EBPS at will. All in all, if the Group is not able to substantially pass on the rising costs to its customers, either from user affordability and social responsibility perspective or otherwise, the Group's profit margin is likely to be faced with increasing downward pressure.

1.2.3 Stringent licensing and compliance requirements

According to the Management, legislative and regulatory requirements for licensing and operational compliance of elderly care facilities have been a key consideration of the Group when contemplating any business expansion, whether organically or through acquisitions. However, when considering organic growth, the Group must first be able to identify suitably located premises with sufficient size, which may involve consolidation of multiple, adjacent properties and complicated negotiation process with multiple property owners, and legally permissible usage which typically involves the stated usage on title deeds and/or approval of the incorporated owners association of relevant buildings. These practical hurdles have proved to be particularly challenging for the Group to expand through organic growth. Further, past attempts by the Group to grow through acquisitions were also met with practical difficulties, such as navigating through pre-existing non-compliance issues in rental spaces or acquisition targets and opposition from the owners' corporations of buildings. Consequently, in seven years since the listing of the Group on GEM in 2017, the Group only succeeded in adding one elderly residential care home to its portfolio through an acquisition from a connected party in 2019 (the "**2019 Acquisition**").

1.2.4 Persistent shortage in healthcare workers

Hong Kong has been experiencing shortage of healthcare workers in recent years. To cope with the additional manpower requirement and to assist the residential care homes sector in enhancing service quality, the LWB launched the Special Scheme to Import Care Workers for Residential Care Homes (the “**Special Scheme**”) in June 2023 with the total quota number for importation of care workers approved for this sector increasing from 4,000 to 7,000, i.e. additional 3,000 imported care workers. The Special Scheme aims to alleviate the operational challenges faced by the residential care homes sector arising from the acute shortage of care workers in the immediate term. Nevertheless, its effectiveness in catering for the rising demand for healthcare workers remains uncertain. The industry’s reliance on imported care workers due to local worker shortages underscores underlying issues within the workforce.

Adding to the industry challenge of persistent healthcare staff shortage, the RCH Ordinance raised the minimum statutory staffing requirements on care workers of residential care homes. The relevant applicable statutory requirements are expected to intensify the problem of the shortage of care workers.

According to the Management, the Group has been facing staff cost pressure driven by the increasingly stringent statutory staffing requirements coupled with persistent shortage in healthcare workers, and it is unclear if the situation would alleviate in the near term. In this connection, we have obtained and reviewed staff costs (particularly healthcare and nursing workers) of the Group for the past 5 years ended 31 December 2023, as well as for the six months ended 30 June 2023 and 2024 with the aim of understanding the general level of the Group’s staff costs throughout the pre-COVID to post-COVID normalization period. We noted that the Group’s healthcare staff costs increased from HK\$55.8 million in 2019 to HK\$82.6 million in 2023 (with average staff cost increased from HK\$164,000 in 2019 to HK\$196,000 in 2023). While the Group’s healthcare staff costs is noted to have somewhat stabilised since 2023, a persistent (or worse, deteriorating) healthcare staff shortage situation in the Hong Kong market may impose further staff costs pressure on, and negatively impact the financial performance of the Group.

1.2.5 Summary conclusion

As stated in the Scheme Document, (i) the rental of elderly residential care homes has been rocketing to the extent that “nothing is the most expensive but only more expensive”; (ii) the Group has been experiencing significant practical hurdles in identifying and securing suitable, compliant and willing premises for the operations of elderly care facilities, which has continue to impede the Group’s ability to pursue organic growth; (iii) the increments in salary costs are far higher than the inflation rate while the problem of caretaker labour shortage continues to persist in the industry in general; and (iv) the increasingly stringent licensing and compliance requirements associated with the operations of elderly care facilities has further hindered the Group’s efforts to expand organically. According to the Management, such operating challenges have not only impeded the Group’s ability to pursue growth, but also imposed increasing pressure on the Group’s ability to control costs and maintain its profitability.

Having considered the above analysis, we concur with the view of the Management that notwithstanding the overall demand-side drivers, the Group faces significant operational and business development challenges, ranging from increasing rental costs and the practical difficulties in identifying and securing suitable and compliant care home facilities, stringent licensing and compliance requirements, to the persistent shortage in healthcare workers and increasing staff costs, which are unfavourable to the Group’s pursuit in business and financial growth, and poses uncertainties in the future prospects of the Group.

2. Considerations of the Offeror, the Company and the Scheme Shareholders on the Proposal

2.1 From perspective of the Offeror and the Company

As stated in the section headed “6. Reasons for, and Benefits of, the Proposal - For the Offeror and the Company - The Listed Platform has Provided Limited Equity Financing Capabilities” set out in Part VII Explanatory Memorandum of the Scheme Document, since the Company was listed on GEM of the Stock Exchange, it has not engaged in any equity fundraising activities - typically one of the main benefits of being publicly listed. Such circumstance is largely due to the low liquidity of the Shares and the underperformance in the trading of the Shares. As such, the Offeror considers that the Company’s current listing platform may no longer serve as an effective fund-raising platform for the Company’s business and future growth.

Furthermore, the Offeror and the Company believe that implementing the Proposal will enable them to make strategic decisions focused on long-term growth and benefits, free from regulatory constraints, the pressure of market expectations and share price fluctuations which arise from being a publicly listed company. The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements. This, in turn, will allow greater flexibility for the Offeror and the Company to manage the Group's business.

We have reviewed the public announcements and past annual reports of the Company and noted that the Group has not announced or completed any equity fund raising since its listing on the GEM in 2017, notwithstanding the net proceeds from the initial public offering of the Company in 2017 were fully utilized in 2019. Taking into consideration the Share price and liquidity performance as further discussed in "3.1 Historical Performance of the Shares" below, we concur with the Offeror and the Company that maintaining the listing status may hold limited significance to the Group from a financing perspective as the listing costs and pressure outweigh the benefits from the listing of the Shares.

2.2 From perspective of the Scheme Shareholders

As disclosed in the section headed "6. Reasons for, and Benefits of, the Proposal – For Scheme Shareholders – An Opportunity to Secure Attractive Cash Returns and Mitigate Uncertainties on the Business Outlook" set out in Part VII Explanatory Memorandum of the Scheme Document, the Proposal provides an opportunity for the Scheme Shareholders to reduce exposure to the volatile elderly service industry and mitigate the risks associated with the broader macro-economic and business uncertainties. According to the Management, the Group is facing significant operational and business development challenges, ranging from increasing rental costs and the practical difficulties in identifying and securing suitable and compliant care home facilities, to the stringent licensing and compliance requirements and the persistent shortage in healthcare workers and increasing staff costs. Such challenges have not only impeded the Group's ability to pursue growth, but also imposed increasing pressure on the Group's ability to control costs and maintain its profitability.

Based on our review of the public announcements and past annual reports of the Company, aside from the fact that the Group has not announced or completed any equity fund raising since its listing on the GEM in 2017, we also note that: (i) due to difficulty in finding a suitable leased property in Hong Kong, the Board had, in 2018, resolved to adjust the allocation of the then unutilized net proceeds from setting up residential care home to acquisition of residential care home, which were ultimately applied towards the 2019 Acquisition; and (ii) save for the 2019 Acquisition, the Group had not added any residential care home to its portfolio.

In light of these circumstances, particularly with the uncertain sector dynamics and prospects in the foreseeable near term, we concur that the Proposal presents a valuable opportunity for the Scheme Shareholders to reduce exposure to the volatile elderly service industry and mitigate the risks associated with the broader macro-economic and business uncertainties.

In addition, as stated in the section headed “6. Reasons for, and Benefits of, the Proposal – For Scheme Shareholders – Low Trading Liquidity of the Shares” set out in Part VII Explanatory Memorandum of the Scheme Document, trading liquidity of the Shares has been at a low level over a long period in recent years. As set out in “3.1 Historical Performance of the Shares” below, the average daily trading volume of the Shares over the Review Period (as defined below) was only 120,111 Shares (or 0.030% of the total issued Shares as at the Latest Practicable Date), and if the block-trade of 32,000,000 Shares in January 2024 were excluded, the average daily trading volume of the Shares was a mere 29,202 Shares (or 0.007% of the total issued Shares as at the Latest Practicable Date). The low trading liquidity of the Shares has rendered it difficult for the Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares, if at all feasible.

Moreover, due to the low liquidity of the Shares, the Company has been unable to effectively utilise its listing platform as a viable venue for seeking funding for its long-term growth. Going forward, should the Group requires external funding to support its ongoing operations, it may need to resort to capital contribution from existing Shareholders for the necessary funding, which will not be favourable to Shareholders who do not have financial resources or who have shorter investment horizon.

From the point of view of the Scheme Shareholders, we believe one has to balance between (i) retaining a stake in the Group, which any future gain that may arise therefrom is uncertain; and (ii) receiving immediate cash proceeds through participation in the Scheme, the amount of which can then be deployed towards other investments.

Scheme Shareholders are also reminded that unlike a general offer to acquire all or part of a listed company's shares, Scheme Shareholders will not have the opportunity to partially tender to the Offeror their shareholding in the Company under the Scheme. Rather, the Proposal and the Scheme, if approved, will be effective and binding on the Company and all its Shareholders. As such, Scheme Shareholders will either have to accept the Proposal at the Cancellation Price for their entire shareholding interests or not accept the Proposal at all. If the Scheme is not effective or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not effective or the Proposal otherwise lapses, announce an offer or possible offer for the Company.

3. The Cancellation Price

As set out in the Scheme Document, the Cancellation Price of HK\$0.70 represents a premium over (i) the closing price of the Shares on the Last Trading Day as well as the average closing prices of the Shares for the 5, 10, 30, 60, 90, 120 and 180 trading days up to and including the Last Trading Day; and (ii) the consolidated net asset value (“NAV”) per Share as at 31 December 2023 and as at 30 June 2024. For details of the comparison of the Cancellation Price against the closing prices of the Shares and consolidated NAV per Share, please refer to the section headed “2. Terms of the Proposal – Cancellation Price” set out in the Part IV Letter from the Board in the Scheme Document.

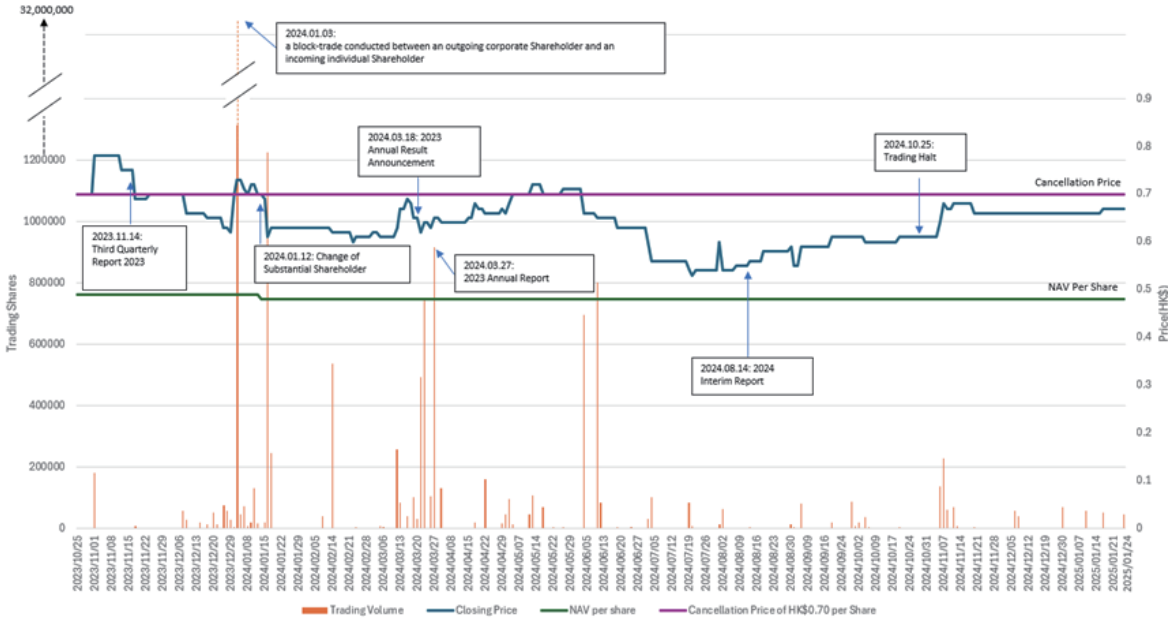
3.1 Historical performance of the Shares

The graph below illustrates the historical closing prices and trading volume of the Shares as quoted on the Stock Exchange during the period from 25 October 2023 (being one year prior to the Last Trading Day) and up to and including the Latest Practicable Date (the “**Review Period**”), against the Cancellation Price and NAV per Share. We consider the Review Period should be sufficiently recent yet able to capture short-term market fluctuations to be of reference value in reflecting the current market view on the Company. We consider the Review Period is reasonably representative of and is sufficient for a demonstration of the recent market performance of the Shares and reflect the market's current view on the performance, outlook and value of the Company in general. As an additional reference check for our adoption of the Review Period, we have also reviewed the published letters of independent financial advisers for privatisation transactions (excluding those conducted by way of exchange offer) completed during the Review Period and noted that eight out of 12 have adopted a comparable review period of around one year. We consider the Review Period is within norm from recent market practice.

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On the basis of the foregoing, we consider the Review Period is relevant and appropriate for our evaluation on the fairness and reasonableness of the Cancellation Price.

The following chart illustrate the price and trading volume performance of the Shares during the Review Period:



Source: the Stock Exchange (www.hkex.com.hk) and Bloomberg

3.1.1 Historical Share price performance

Over the Review Period, the highest closing price of the Shares was HK\$0.78 on 1 November 2023 (which remained so for seven additional trading days up to 10 November 2023 without any Share trading), whereas the lowest closing price of the Shares was HK\$0.53 on 22 July 2024, and the average closing prices of the Shares was HK\$0.643.

The Cancellation Price, aside from being a premium over the closing price of the Shares on the Last Trading Day and the average closing prices of the Shares for the 5, 10, 30, 60, 90, 120 and 180 trading days up to and including the Last Trading Day as detailed in the section headed “2. Terms of the Proposal – Cancellation Price” set out in “Part IV Letter from the Board” in the Scheme Document, also represented a premium of 8.86% and 32.08%, respectively, over the average closing prices and the lowest closing price of the Shares over the Review Period.

On the other hand, the Cancellation Price represented a discount of 10.26% from the highest closing price of the Share over the Review Period. In this connection, it is noted that there were 26 over the 309 trading days throughout the Review Period that reported a closing Share price higher than the Cancellation Price, out of which only eight trading days were reported to have Shares transacted.

Furthermore, the Cancellation Price of HK\$0.70 also represents a premium of 41.87% and 44.48% over the NAV per Share of HK\$0.4934 as at 31 December 2023 and HK\$0.4845 as at 30 June 2024, respectively.

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3.1.2 Historical Share trading volume

The table below sets out the average daily trading volume of the Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the Shares as compared to the total number of issued Shares and Shares held by Scheme Shareholders.

Month/period	Total trading volume of the Shares in each month/period	No. of trading days in each month/period	Average daily trading volume of the Shares	Percentage of the average daily trading volume of the Shares to the total number of Shares in issue <i>(Note 1)</i>	Percentage of the average daily trading volume of the Shares to the total number of Scheme Shares <i>(Note 2)</i>
2023					
October <i>(Note 3)</i>	0	5	0	0.000%	0.000%
November	188,000	22	8,545	0.002%	0.008%
December	340,000	19	17,895	0.004%	0.017%
2024					
January	33,848,000	22	1,538,545	0.385%	1.470%
January <i>(Note 4)</i>	1,848,000	22	84,000	0.021%	0.080%
February	580,000	19	30,526	0.008%	0.029%
March	2,780,000	20	139,000	0.035%	0.133%
April	372,000	20	18,600	0.005%	0.018%
May	336,000	21	16,000	0.004%	0.015%
June	1,588,000	19	83,579	0.021%	0.080%
July	224,000	22	10,182	0.003%	0.010%
August	92,000	22	4,182	0.001%	0.004%
September	200,000	19	10,526	0.003%	0.010%
October	64,000	21	3,048	0.001%	0.003%
November	504,000	21	24,000	0.006%	0.023%
December	164,000	20	8,200	0.002%	0.008%
2025					
January <i>(Note 5)</i>	152,000	17	8,941	0.002%	0.009%
Average			120,111	0.030%	0.115%
Average <i>(Note 6)</i>			29,202	0.007%	0.028%

Source: the Stock Exchange (www.hkex.com.hk)

Note 1: Calculated based on the total number of Shares in issue as at the end of the relevant month/period

Note 2: Calculated based on a total of 104,686,000 Scheme Shares as disclosed in the Scheme Document

Note 3: From 25 to 31 October 2023

Note 4: Trading volume data after excluding a block-trade of 32,000,000 Shares conducted on 3 January 2024

Note 5: From 1 to 24 January 2025

Note 6: Calculated with trading volume data after excluding the block-trade of 32,000,000 Shares conducted on 3 January 2024

As illustrated in the above table, during the Review Period, the liquidity of Shares was mostly very low, except for the month of January 2024 which reported a monthly trading volume of 33,848,000 Shares (corresponding to an average daily trading volume of 1,538,545 Shares and represented 0.385% of the average daily trading volume to the total number of issued Shares). Excluding January 2024 (which included a block trade of 32,000,000 Shares to be further explained below) and October 2023 (which only had 5 trading days and without any Share trading), the trading volume for each of the remaining months/periods under the Review Period ranged from merely 64,000 Shares (or 0.001% of the total number of issued Shares and 0.003% of the total number of Scheme Shares) for the month of October 2024 to 2,780,000 Shares (or 0.035% of the total number of issued Shares and 0.133% of the total number of Scheme Shares) for the month of March 2024.

Based on relevant disclosure of interests information available on the website of the Stock Exchange, the trading volume of the Shares in January 2024 was largely contributed by a block-trade of 32,000,000 Shares (or 8% of the total number of issued Shares) conducted between an outgoing corporate Shareholder and an incoming individual Shareholder on 3 January 2024. It is noted that the average consideration price per Share of the said block-trade (of HK\$0.65) stood at a discount of 7.14% to the Cancellation Price.

Excluding such outlier event would reduce the January 2024 monthly trading volume to 1,848,000 Shares (or 0.462% of the total number of issued Shares and 1.765% of the total number of Scheme Shares), with a corresponding average daily trading volume of 84,000 Shares (or 0.021% of the total number of issued Shares and 0.080% of the total number of Scheme Shares).

Moreover, it is noted that out of a total of 309 trading days throughout the Review Period, only 82 trading days (less than 30%) were reported to have Shares transacted. Excluding the 32,000,000 Shares transacted under the

block-trade on 3 January 2024, throughout the Review Period of 309 trading days, the total trading volume of the Shares only amounted to 9,432,000 Shares (or 2.358% of the total number of issued Shares and 9.010% of the total number of Scheme Shares), with an overall average daily trading volume of 29,202 Shares (or 0.007% of the total number of issued Shares and 0.028% of the total number of Scheme Shares).

Considering the thin trading liquidity of the Shares throughout the Review Period, we concur that the liquidity condition is likely to cause significant difficulty for Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares.

3.2 Summary conclusion

In arriving at our view as to whether the Cancellation Price is fair and reasonable, we have taken into consideration of the following:

- (i) the Cancellation Price represents a premium of 14.75%, 14.75%, 16.67%, 16.67%, 20.69%, 20.69%, 14.75% and 12.90%, over the closing price of the Shares on the Last Trading Day and the average closing prices of the Shares for the 5, 10, 30, 60, 90, 120 and 180 trading days up to and including the Last Trading Day, a premium of 8.86% and 32.08% over the average closing prices and the lowest closing price of the Shares over the Review Period, and a premium of 41.87% and 44.48% over the NAV per Share as at 31 December 2023 and the six months ended 30 June 2024;
- (ii) while the Cancellation Price represents a moderate discount of 10.26% to the highest closing price of the Shares over the Review Period, there were only 26 over the 309 trading days throughout the Review Period that reported a closing Share price higher than the Cancellation Price, out of which only eight trading days were reported to have Shares transacted;
- (iii) the continuous operational and business development challenges faced by the Group, the uncertainties surrounding the Group's pursuit of business and financial growth and its future prospects as further discussed under "1.2. Prospect and Outlook of the Group" above, and the declining trend in the Group's net profit as mentioned in "1.1. Financial Information" above; and
- (iv) the poor liquidity performance of the Shares throughout the Review Period which is unlikely to support any substantial on-market disposals of the Shares by Scheme Shareholders, whereas the Scheme offers an opportunity for the Scheme Shareholders to exit their investment in the Shares at the assured Cancellation Price of HK\$0.70 per Share without any exposure to

price volatility and other market uncertainties associated with on-market disposals, allowing the Scheme Shareholders to re-deploy the cash proceeds towards other more attractive investments.

On the balance of the foregoing factors of consideration, we are of the view that the Cancellation Price is fair and reasonable so far as the Scheme Shareholders are concerned.

4. Market comparable analysis

4.1 Industry comparable analysis

The Company is an investment holding company which through its subsidiaries is principally engaged in the operation of elderly residential care homes in Hong Kong. The Group generates its revenue primarily from (i) rendering of elderly home care services, and (ii) sales of elderly related goods and provision of healthcare services.

Taking into consideration the principal business of the Company, we have conducted research on companies which are (i) listed on the Stock Exchange; and (ii) principally engaged in the provision of elderly home care services in Hong Kong with over 70% of the revenue generated from the provision of such services, for peer group comparison. Based on the aforesaid selection criteria, we have exhaustively identified one comparable company (the “**Industry Comparable Company**”).

Although the Industry Comparable Company exhibit differences in market capitalisation, size of financial assets, investment portfolio, financial performance and positions and capital structure as compared with the Company, the principal business and the primary geographical market of the Industry Comparable Company and the Company are considered to be significantly comparable, thus are likely subject to the same industry, regulatory and macro-economic factors such as economic outlook, applicable government policies, regulatory regimes and the market demand for the elderly care services. Therefore, notwithstanding the Industry Comparable Company is the only one identified as a valid industry comparable, we remain of the view that it represents the closest and most relevant benchmark for comparison, and its key financial indicators are considered as valid for reference to the fairness and reasonableness of the Cancellation Price.

In assessing the fairness and reasonableness of the Cancellation Price, we attempted to carry out a comparable analysis using the equity value multiples, namely, price-to-earnings ratio (“**PER**”) and price-to-book ratio (“**PBR**”), which are the most commonly used benchmarks in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information source and reflect the value of a company determined by the open market.

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	Market capitalization as at the Latest Practicable Date <i>(Note 1)</i> <i>HK\$ million</i>	Equity attributable to owners of the Comparable Company <i>(Note 2)</i> <i>HK\$ million</i>	Revenue <i>(Note 3)</i> <i>HK\$ million</i>	Net profit attributable to owners of the Comparable Company <i>(Note 3)</i> <i>HK\$ million</i>	PER <i>(Note 4)</i> <i>Times</i>	PBR <i>(Note 5)</i> <i>Times</i>
Kato (Hong Kong) Holdings Limited (2189.HK) (“Kato”)	480.0	440.9	271.3	64.2	7.48	1.09
	Implied market capitalisation <i>(Note 6)</i> <i>HK\$ million</i>	Equity attributable to owners <i>(Note 2)</i> <i>HK\$ million</i>	Revenue <i>(Note 3)</i> <i>HK\$ million</i>	Net profit attributable to owners <i>(Note 3)</i> <i>HK\$ million</i>	Implied PER <i>(Note 7)</i> <i>Times</i>	Implied PBR <i>(Note 8)</i> <i>Times</i>
The Company	280.0	184.9	211.2	23.4	11.96	1.51

Source: the website of the Stock Exchange and the respective companies’ latest published financial reports

Notes:

1. The market capitalisation is calculated based on the closing price of the shares of the Industry Comparable Company multiplied by the corresponding number of issued shares as at the Latest Practicable Date.
2. The equity attributable to owners of the Industry Comparable Company/the Company are extracted from their respective latest published financial reports/results announcement.
3. The revenue and the net profit attributable to owners of the Industry Comparable Company/the Company are extracted from their respective latest published annual reports.
4. The PER is calculated based on the market capitalisation of the Industry Comparable Company as at the Latest Practicable Date divided by the net profit attributable to owners of the Industry Comparable Company as extracted from its latest published financial report.
5. The PBR is calculated based on the market capitalisation of the Industry Comparable Company as at the Latest Practicable Date divided by its equity attributable to owners of the Industry Comparable Company as extracted from its latest published financial reports/results announcement.

6. The implied market capitalisation of the Company is calculated based on the Cancellation Price multiplied by the number of issued Shares as at the Latest Practicable Date.
7. The implied PER of the Cancellation Price is calculated based on the implied market capitalization (calculated in point (6) above) divided by the revenue as extracted from its latest published financial reports/results announcement.
8. The implied PBR of the Cancellation Price is calculated based on the implied market capitalization (calculated in point (6) above) divided by the equity attributable to owners of parent of the Company as extracted from its latest published financial reports/results announcement.

As shown above, shares of the Industry Comparable Company were trading at (i) the PER of 7.48 times, and (ii) the PBR of 1.09 times as at the Latest Practicable Date. The implied PER and the implied PBR of the Cancellation Price of 11.96 times and 1.51 times, respectively, are higher than the PER and the PBR of the Industry Comparable Company.

4.2 Transaction comparable analysis

Given that only one Industry Comparable Company was identified, we have additionally looked at privatization transactions of listed companies in Hong Kong to supplement our overall assessment on the Cancellation Price. For the purpose of this comparable exercise, we have conducted an exhaustive search for companies listed in Hong Kong which had successfully completed its privatisation during the Review Period, and applied the following elimination criteria in arriving at a list of comparable transactions:

- privatisation transactions involving exchange offer are excluded, as it involves non-cash cancellation/offer price;
- privatisation transactions of dual-listed companies (such as A+H and/or Singapore-Hong Kong listed companies) are excluded as they are likely subject to factors and circumstances that are not applicable to companies with Hong Kong as its a single listing venue; and
- listed companies having market capitalisation, at the time of announcement of its privatisation proposal, of over two times the largest market capitalisation reported by the Company since its listing (HK\$480 million as reported on 11 July 2018, compared to the market capitalisation of the Company as at the Last Trading Day and the Latest Practicable Date of HK\$244.0 million and HK\$268.0 million, respectively) are excluded, as the trading performance dynamics of companies of significantly different market capitalisations (such as small-cap versus large-cap companies) are likely to be different.

Based on the above elimination criteria, we have arrived at an exhaustive list of 12 comparable transactions (the “**Privatisation Comparables**”) for our assessment of the Cancellation Price. On the basis that the Privatisation Comparables encompass privatisation proposals by way of scheme of arrangement, voluntary cash offer and share buy-back involving cash-only consideration, and are selected with relatively comparable market size (market capitalization) and under a reasonable period which is relatively close to the time of the Proposal, we consider the Privatisation Comparables to be fair and representative for the purpose of our assessment on the Cancellation Price.

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	Company Name	Stock code	Rule 3.5 announcement date	Cancellation Price (HK\$)	52 Weeks Hi-Low up to and including the last trading day prior to the Rule 3.5 announcement (HK\$)	Market Capitalisation as at date of Rule 3.5 announcement (HK\$)	Premium over the closing price per share of the last trading day prior to the Rule 3.5 announcement	Premium over the average closing price per share for the 5 trading days up to and including the last trading day prior to the Rule 3.5 announcement	Premium over the average closing price per share for the 10 trading days up to and including the last trading day prior to the Rule 3.5 announcement	Premium over the average closing price per share for the 30 trading days up to and including the last trading day prior to the Rule 3.5 announcement	Delisting date
1	CM Hi-Tech Cleanroom Limited	2115.HK	14/10/2024	0.25	0.156-0.245	280,000,000	25.00%	23.80%	26.84%	30.20%	8/1/2025
2	Eggiculture Foods Ltd.	8609.HK	29/8/2024	1.103	0.19-0.54	245,000,000	125.10%	122.40%	125.60%	129.80%	6/1/2025
3	A8 New Media Group Limited	0800.HK	12/6/2024	0.36	0.111-0.285	379,878,344	162.77%	158.99%	168.66%	185.71%	24/9/2024
4	Kin Yat Holding Limited	0638.HK	18/4/2024	0.72	0.32-0.68	294,103,200	33.30%	43.40%	52.38%	51.50%	23/8/2024
5	Sinosoft Technology Group Limited	1297.HK	14/12/2023	0.33	0.238-0.54	311,708,073	29.41%	30.43%	31.21%	31.13%	4/3/2024
6	Weiqiao Textile Company Limited (Note)	2698.HK	4/12/2023	3.5	1.12-1.8	707,288,490	104.68%	104.92%	102.66%	104.68%	19/3/2024
7	Haikan Holdings Limited	2278.HK	8/5/2023	3.36	2.25-4.8	960,000,000	5%	5%	5%	5%	21/11/2023
8	Yongsheng Advanced Materials Company Limited	3608.HK	25/6/2023	1	0.58-0.94	446,045,097	58.70%	55.80%	61.00%	52.90%	7/2/2024
9	Poly Culture Group Corporation Limited (Note)	3636.HK	27/6/2023	8.88	2.95-5	447,238,000	77.60%	112.50%	125.20%	133.10%	14/11/2023
10	Lansen Pharmaceutical Holdings Limited	0503.HK	17/9/2023	1.8	1.024-1.757	595,446,376	26.76%	24.14%	22.45%	20.00%	19/12/2023
11	CST Group Limited	0985.HK	3/9/2023	1	0.52-2.3	299,911,894	61.29%	24.38%	21.36%	36.61%	4/12/2023
12	Pine Care Group Limited	1989.HK	6/10/2023	0.89	0.88-0.9	812,592,000	-1.11%	0.68%	0.91%	1.48%	29/2/2024
						Maximum:	162.77%	158.99%	168.66%	185.71%	
						Minimum:	-1.11%	0.68%	0.91%	1.48%	
						Average:	59.04%	58.87%	61.94%	65.18%	
						Median:	46.00%	36.92%	41.80%	44.06%	
	Hang Chi Holdings Limited	8405.HK	6/11/2024	0.7	0.53-0.78	256,000,000	14.75%	14.75%	16.67%	16.67%	

Note: Weiqiao Textile Company Limited and Poly Culture Group Corporation Limited were H share listed companies and their respective market capitalisation as indicated in the table were calculated based only on the listed H shares.

As noted from the above table,

- the premium of Cancellation Price over the closing price of the Shares on the Last Trading Day and the average closing prices of the Shares for the 5, 10 and 30 trading days up to and including the Last Trading Day all fall within the range (notwithstanding below the average and median) of the premium/discount of cancellation prices of the Privatisation Comparables for each of the various closing price benchmarks considered;
- five of the Privatisation Comparables had their respective cancellation prices falling within the 52-weeks high-low closing price range as in the case of the Cancellation Price (while the cancellation prices of the remaining seven Privatisation Comparables were above the 52-weeks high); and
- Pine Care Group Limited, which was engaged in the provision of senior care services in Hong Kong and the only Privatisation Comparable considered to be an industry comparable to the Company, had a cancellation price that represented either a discount, or had a smaller premium than that of the Cancellation Price, for the various closing price benchmarks considered.

4.3 Summary Conclusion

As drawn from the above two market comparable analyses,

- both the implied PER and the implied PBR of the Cancellation Price are higher than the PER and the PBR of the Industry Comparable Company;
- the premium of Cancellation Price over the closing price of the Shares on the Last Trading Day and the average closing prices of the Shares for the 5, 10 and 30 trading days up to and including the Last Trading Day all fall within the range of the premium/discount of cancellation prices of the Privatisation Comparables under the said comparable scenarios;
- notwithstanding that the Cancellation Price represented a smaller premium than the average and median of the Privatisation Comparables over each of the various closing price benchmarks considered, they were consistently higher than those in the case of the only Privatisation Comparable considered to be an industry comparable to the Company; and
- the 52-weeks high-low analysis suggests that having the Cancellation Price falling within the 52-weeks high-low range is not out of norm from recent market transactions.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On the balance of the foregoing, and having considered the poor liquidity of the Shares, we remain of the view that the Cancellation Price provides a fair and reasonable exit opportunity for the Scheme Shareholders to realise their investment in the Shares.

V RECOMMENDATION

Having considered the principal factors and reasons as set out in the section headed “IV Principal Factors and Reasons Considered for the Proposal” set out in this letter, including (without limitation):

- (a) the increasing cost control pressure and the decreasing trend in the net profit of the Company as noted from the financial performance of the Group between FY2021 and FY2023;
- (b) the continuous operational and business development challenges faced by the Group, ranging from increasing rental costs and the practical difficulties in identifying and securing suitable and compliant care home facilities, to the stringent licensing and compliance requirements and the persistent shortage in healthcare workers and increasing staff costs, which pose uncertainties to the future prospects of the Group;
- (c) the poor liquidity performance of the Shares has rendered the Company’s listing platform ineffective as a fund-raising platform for the Company’s business and future growth, losing a major benefit of maintaining the listing status of the Company;
- (d) the Cancellation Price represents a premium of 14.75%, 14.75%, 16.67%, 16.67%, 20.69%, 20.69%, 14.75% and 12.90% over the closing price of the Shares on the Last Trading Day and the average closing prices of the Shares for the 5, 10, 30, 60, 90, 120 and 180 trading days up to and including the Last Trading Day, a premium of 8.86% and 32.08% over the average closing prices and the lowest closing price of the Shares over the Review Period, and a premium of 41.87% and 44.48% over the NAV per Share as at 31 December 2023 and the six months ended 30 June 2024;
- (e) the premium of Cancellation Price over the closing price of the Shares on the Last Trading Day and the average closing prices of the Shares for the 5, 10 and 30 trading days up to and including the Last Trading Day all fall within the range of the premium/discount of cancellation prices of the Privatisation Comparables under the said comparable scenarios;
- (f) the Cancellation Price has an implied PER of 11.96 times and an implied PBR of 1.51 times, which are higher than the PER (of 7.48 times) and PBR (of 1.09 times) of the Industry Comparable Company; and

- (g) the poor liquidity performance of the Shares throughout the Review Period which is unlikely to support any substantial on-market disposals of the Shares by Scheme Shareholders, whereas the Scheme offers an opportunity for the Scheme Shareholders to exit their investment in the Shares at the assured Cancellation Price of HK\$0.70 per Share without any exposure to price volatility and other market uncertainties associated with on-market disposals, allowing the Scheme Shareholders to re-deploy the cash proceeds towards other more attractive investments.

On the balance of the foregoing, we (i) are of the opinion that the Proposal and the Scheme are fair and reasonable and in the interest of the Company and its shareholders as a whole; and (ii) recommend the Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting to approve the Scheme and implement the Proposal.

As different Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Central China International Capital Limited

Elain Wong
General Manager

Note: Ms. Elain Wong is a responsible officer of Central China International Capital Limited registered with the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 24 years of experience in securities industry.

This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 2023 (as revised).

**SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES ACT)**

1. INTRODUCTION

The Offeror and the Company jointly announce that on 24 October 2024, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under Section 86 of the Companies Act involving the cancellation and extinguishment of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders as at the Scheme Record Date of the Cancellation Price in cash for each Scheme Share cancelled and extinguished, the simultaneous allotment and issue of an equivalent number of new Shares to the Offeror, subject to the Conditions, and the withdrawal of the listing of the Shares on GEM of the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme:

- (a) all Scheme Shares on the Effective Date will be cancelled and extinguished in exchange for the payment of the Cancellation Price, i.e. HK\$0.70 per Scheme Share, in cash to each Scheme Shareholder as at the Scheme Record Date by the Offeror;
- (b) Simultaneously with the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be maintained at its amount immediately prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue at par to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so allotted and issued to the Offeror;
- (c) the Offeror and the Offeror Concert Parties will in aggregate hold the entire issued share capital of the Company; and
- (d) the Company will apply to the Stock Exchange, in accordance with Rule 9.23 of the GEM Listing Rules, for the withdrawal of the listing of the Shares on GEM of the Stock Exchange as soon as practicable after the Effective Date.

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and to provide Scheme Shareholders with additional information in relation to the Scheme.

Your attention is also drawn to the sections headed “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” in Part IV, Part V, Part VI of this Scheme Document and the Scheme set out in Appendix III of this Scheme Document.

2. TERMS OF THE PROPOSAL

Cancellation Price

Under the Proposal, if the Scheme is approved and implemented, the Scheme Shares will be cancelled and extinguished and, in consideration therefor, each Scheme Shareholder as at the Scheme Record Date will be entitled to receive the Cancellation Price of HK\$0.70 in cash for each Scheme Share cancelled and extinguished under the Scheme.

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Offeror in cash.

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such gross dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Scheme Document or any announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. As at the Latest Practicable Date, the Company (a) has not announced or declared any dividend, distribution or return of capital which has not been made or which remains unpaid; and (b) does not intend to announce, declare, make or pay any dividend, distribution or return of capital on or before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

The Cancellation Price of HK\$0.70 per Scheme Share represents:

- a premium of approximately 14.75% over the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 14.75% over the average closing price of approximately HK\$0.61 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 16.67% over the average closing price of approximately HK\$0.60 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;

- a premium of approximately 16.67% over the average closing price of approximately HK\$0.60 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 20.69% over the average closing price of approximately HK\$0.58 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 20.69% over the average closing price of approximately HK\$0.58 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 14.75% over the average closing price of approximately HK\$0.61 per Share per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 12.90% over the average closing price of approximately HK\$0.62 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 45.83% to the unaudited consolidated net asset value per Share in the Company of approximately HK\$0.48 as at 30 June 2024, based on the unaudited net assets of the Group as stated in the consolidated statement of financial position of the Company included in its interim report for the six months ended 30 June 2024, and 400,000,000 Shares in issue as at the Latest Practicable Date;
- a premium of approximately 42.86% to the audited consolidated net asset value per Share in the Company of approximately HK\$0.49 as at 31 December 2023, based on the audited net assets of the Group as stated in the consolidated statement of financial position of the Company included in its annual report for the financial year ended 31 December 2023, and 400,000,000 Shares in issue as at the Latest Practicable Date; and
- a premium of approximately 4.48% over the closing price of approximately HK\$0.67 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price has been determined on an arm's length commercial basis after taking into account, among others, the historical trading prices of the Shares traded on the Stock Exchange, the latest available financial position of the Group, and with reference to other similar privatisation transactions in Hong Kong in recent years.

Total consideration and financial resources

On the basis of the Cancellation Price of HK\$0.70 per Scheme Share and 104,686,000 Scheme Shares being in issue as at the Announcement Date and assuming that no further Shares will be issued or repurchased before the Scheme Record Date, the Scheme Shares are in aggregate valued at approximately HK\$73,280,200, which represents the amount of cash required for the Proposal.

The Offeror's payment obligations to the Scheme Shareholders as at the Scheme Record Date in respect of the Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by the Offeror. The Offeror intends to finance the entire cash amount required for the Proposal from internal cash resources.

Ping An, the financial adviser to the Offeror in relation to the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with its terms.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Highest and lowest prices of the Shares

During the six-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.72 from 13 May 2024 to 16 May 2024 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.53 on 22 July 2024.

3. CONDITIONS OF THE PROPOSAL AND THE SCHEME

The Proposal and the Scheme will become effective and binding on the Company and all the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (1) the approval of the Scheme (by way of a poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Shares held by all the Scheme Shareholders;
- (2) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to
 - (i) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and
 - (ii) contemporaneously maintain the issued share capital of the Company at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the reserve created as a result of the cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme for allotment and issue to the Offeror;
- (3) the sanction of the Scheme (with or without modification) by the Grand Court and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (4) all Authorisations in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (5) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any related matters, documents (including circulars) or things, in each case up to and at the time when the Scheme becomes effective;

- (6) all necessary consents which may be required for the implementation of the Proposal under any existing contractual obligations of the Group (including consents from the relevant lenders) being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group taken as a whole or in the context of the Proposal, and such consent or waiver remaining in effect;
- (7) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme; and
- (8) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading position, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms) whether or not as a result of the implementation of the Proposal.

With reference to Conditions (4) and (5), as at the Latest Practicable Date, save for the sanction of the Scheme (with or without modification) by the Grand Court, so far as the Offeror and the Company are aware, there are no other Authorisations which are required, nor is there any non-compliance with all necessary statutory or regulatory requirements or obligations in connection with the Proposal and the Scheme. The Offeror reserves the right to waive Conditions (4) to (8) either in whole or in part, either generally or in respect of any particular matter. Conditions (1) to (3) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on application of the Offeror or the Company may direct and in all cases, as permitted by the Executive), failing which the Scheme will not become effective and the Proposal will lapse. The Company has no right to waive any of the Conditions.

As at the Latest Practicable Date, with respect to the Condition in:

- (a) paragraphs (4) and (5), save for the sanction of the Scheme (with or without modification) by the Grand Court, each of the Offeror and the Company is not aware of any requirement for such Authorisations;
- (b) paragraph (6), each of the Offeror and the Company is not aware of any such consents; and
- (c) paragraph (7), each of the Offeror and the Company is not aware of any such action, proceeding, suit, investigation, enquiry, statute, regulation, demand or order.

If the Conditions are satisfied or waived (as applicable), the Scheme will be binding on the Company and all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

Shareholders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors of the Company should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

4. BINDING EFFECT OF THE SCHEME

Pursuant to section 86(1) of the Companies Act, where a compromise or arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

Section 86(2A) of the Companies Act further provides that if 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting convened as directed by the Grand Court as aforesaid, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

Upon the Scheme becoming effective, it will be binding on the Company and the Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the EGM.

5. SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal:

	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	<i>Number of Shares</i>	<i>Approximate % of total issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of total issued Shares</i>
Offeror⁽¹⁾	–	–	104,686,000	26.17
Offeror Concert Parties				
Shui Wah Limited ⁽²⁾	248,700,000	62.18	248,700,000	62.18
Mr. Yik Tak Chi ⁽³⁾	8,208,000	2.05	8,208,000	2.05
Mr. Lui Chi Tat ⁽⁴⁾	36,020,000	9.01	36,020,000	9.01
Ms. Au Hoi Lam ⁽⁵⁾	12,000	0.01	12,000	0.01
Ms. Au Tung Ming ⁽⁶⁾	8,000	0.01	8,000	0.01
Mr. Chung Kin Man ⁽⁷⁾	40,000	0.01	40,000	0.01
Ms. Chung Wai Man ⁽⁸⁾	20,000	0.01	20,000	0.01
Mr. Yi Shaoguang ⁽⁹⁾	764,000	0.19	764,000	0.19
Mr. Yik Siu Tim ⁽¹⁰⁾	720,000	0.18	720,000	0.18
Ms. Wong Kit Yi ⁽¹¹⁾	40,000	0.01	40,000	0.01
Ms. Huang Weiyi ⁽¹²⁾	350,000	0.09	350,000	0.09
Ms. Zhong Huimei ⁽¹³⁾	160,000	0.04	160,000	0.04
Ms. Yi Weiji ⁽¹⁴⁾	272,000	0.07	272,000	0.07
<i>Aggregate number of Shares of the Offeror and the Offeror Concert Parties</i>	295,314,000	73.83	400,000,000	100.00
Scheme Shareholders	104,686,000	26.17		
Total number of Shares in issue	400,000,000	100.00	400,000,000	100.00

Notes:

- The Offeror is a company incorporated in Hong Kong wholly owned by Multifield Investment Development Limited, which in turn is wholly owned by Mr. Yik Tak Chi. Shares in which the Offeror Concert Parties are interested will not form part of the Scheme Shares and will not be cancelled and extinguished.

2. Shui Wah Limited is a company incorporated in British Virgin Islands with limited liability. Shui Wah Limited is owned as to 100.00% by Lucky Expert Investments Limited, which is in turn owned as to 59.88% by the Offeror, 29.17% by Ms. Yik Wai Hang (a sister of Mr. Yik Tak Chi), 6.02% by Ms. Chung Wai Man (an executive Director and a sister-in-law of Mr. Yik Tak Chi) and 4.93% by Mr. Chung Kin Man (an executive Director and a brother-in-law of Mr. Yik Tak Chi).
3. Mr. Yik Tak Chi is a director and the ultimate beneficial owner of the Offeror, and an executive Director.
4. Mr. Lui Chi Tat is an executive Director and a son of a sibling of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror, Mr. Yik Tak Chi, is also a Director) pursuant to class (6) and class (8) of the definition of “acting in concert” in the Takeovers Code.
5. Ms. Au Hoi Lam (previously known as Ms. Au Ka Ming) is the spouse of Mr. Lui Chi Tat and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror, Mr. Yik Tak Chi, is also a Director) pursuant to class (6) of the definition of “acting in concert” in the Takeovers Code.
6. Ms. Au Tung Ming is the sister of Ms. Au Hoi Lam, the spouse of Mr. Lui Chi Tat, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror, Mr. Yik Tak Chi, is also a Director) pursuant to class (6) of the definition of “acting in concert” in the Takeovers Code.
7. Mr. Chung Kin Man is an executive Director and a brother-in-law of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror, Mr. Yik Tak Chi, is also a Director) pursuant to class (6) and class (8) of the definition of “acting in concert” in the Takeovers Code.
8. Ms. Chung Wai Man is an executive Director and a sister-in-law of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror, Mr. Yik Tak Chi, is also a Director) pursuant to class (6) and class (8) of the definition of “acting in concert” in the Takeovers Code.
9. Mr. Yi Shaoguang is a son of a sibling of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
10. Mr. Yik Siu Tim is a son of a sibling of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
11. Ms. Wong Kit Yi is a daughter of a sibling of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
12. Ms. Huang Weiyi is a daughter of a sibling of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
13. Ms. Zhong Huimei is a sister-in-law of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.
14. Ms. Yi Weiji is a sister of Mr. Yik Tak Chi, and therefore presumed to be acting in concert with the Offeror (as the ultimate beneficial owner of the Offeror is Mr. Yik Tak Chi) pursuant to class (8) of the definition of “acting in concert” in the Takeovers Code.

15. Save as disclosed in this section and the paragraph headed “4. Shareholding Structure of the Company” in the section headed “Letter from the Board” of this Scheme Document, no other Director holds Shares.

Immediately following the Effective Date and the withdrawal of the listing of the Shares on GEM of the Stock Exchange, approximately 26.17% and 73.83% of the total number of Shares in issue will be held by the Offeror and the Offeror Concert Parties, respectively, on the assumption that there are no other changes in shareholding in the Company before completion of the Proposal.

6. REASONS FOR, AND BENEFITS OF, THE PROPOSAL

For Scheme Shareholders

An opportunity to secure attractive cash returns and mitigate uncertainties on the business outlook

Notwithstanding the general market demand for elderly care services in Hong Kong, the elderly services industry is facing increasing operating challenges, including (without limitation) increasing rental costs, stringent licensing and compliance requirements, and persistent shortage in healthcare workers. More particularly, it is noted that (i) the rental of elderly residential care homes has been rocketing to the extent that “nothing is the most expensive but only more expensive”; (ii) the Group has been experiencing significant practical hurdles in identifying and securing suitable, compliant and willing premises for the operations of elderly care facilities, which has continued to impede the Group’s ability to pursue organic growth; (iii) the increments in salary costs are far higher than the inflation rate while the problem of caretaker labour shortage continues to persist in the industry in general; and (iv) the increasingly stringent licensing and compliance requirements and extended licensing approval process associated with the operations of elderly care facilities has further hindered the Group’s efforts to expand organically. Such operating challenges have not only impeded the Group’s ability to pursue growth, but also imposed increasing pressure on the Group’s ability to control costs and maintain its profitability.

In light of these circumstances, particularly with the uncertain sector dynamics and prospects in the foreseeable near term, the Proposal presents a valuable opportunity for the Scheme Shareholders to reduce exposure to the volatile elderly service industry and mitigate the risks associated with the broader macro-economic and business uncertainties.

Low trading liquidity of the Shares

The trading liquidity of the Shares has been at a low level over a long period in recent years. The average daily trading volume was approximately 165,000 Shares and 29,000 Shares for the 12 months up to and including the Last Trading Day and the Latest Practicable Date, respectively, representing less than approximately 0.041% and 0.007% of the total issued Shares as at the Last Trading Day and the Latest Practicable Date, respectively. The low trading liquidity of the Shares has rendered it difficult for the Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares, if at all feasible. Due to the considerably low liquidity in the trading of the Shares, the Offeror considers that the Company's current listing platform may no longer serve as an effective fund-raising platform for the Company's business and future growth.

For the Offeror and the Company*The listed platform has provided limited equity financing capabilities*

Since the Company was listed on GEM of the Stock Exchange, the Company has not engaged in any equity fundraising activities, which is typically one of the main benefits of being publicly listed. This is largely due to the low liquidity of the Shares and the underperformance in the trading of the Shares. As a result, the Company has been unable to effectively utilize its listing platform as a viable source of funding for its long-term growth.

Facilitate long-term growth

Implementation of the Proposal will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from regulatory constraints, the pressure of market expectations and share price fluctuations which arise from being a publicly listed company. The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements and, in turn, allows greater flexibility for the Offeror and the Company to manage the Group's business.

The Board is of the view that the Proposal and the Scheme are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Independent Board Committee, whose view is set out in the section headed "Letter from the Independent Board Committee" in Part V of this Scheme Document, having considered the terms of the Proposal and the Scheme, and having taken into account the opinion of the Independent Financial Adviser as set out in the section headed "Letter from the Independent Financial Adviser" in Part VI of this Scheme Document, considers that the Proposal (including the Cancellation Price) and the Scheme are fair and reasonable as far as the Scheme Shareholders are concerned.

7. INFORMATION ON THE GROUP AND THE OFFEROR

The Group

The Company was incorporated in the Cayman Islands with limited liability and the Shares are listed on GEM of the Stock Exchange. The Company is an investment holding company and the Group is an established operator of elderly residential care homes in Hong Kong providing comprehensive residential care home services to the elderly resident.

Based on the published consolidated financial statements of the Company, the table below sets out the financial information of the Group for the three financial years ended 31 December 2023 and the six months ended 30 June 2023 and 30 June 2024:

	For the six months ended 30 June		For the financial years ended 31 December		
	2024	2023	2023	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenue	112,645	102,551	211,214	193,041	203,849
EBITDA	43,566	36,016	81,587	91,117	97,872
Profit for the year/period	14,236	9,802	26,204	38,610	52,191
Net assets	193,791	180,953	197,355	211,151	179,141

Your attention is drawn to the sections headed “Financial Information of the Group” and “General Information” set out in Appendix I and Appendix II, respectively, of this Scheme Document.

The Offeror

The Offeror is an investment holding company incorporated in Hong Kong with limited liability. The Offeror is a direct wholly-owned subsidiary of Multifield Investment Development Limited, which is in turn wholly owned by Mr. Yik Tak Chi.

As at the Latest Practicable Date, Mr. Yik Tak Chi is a director of the Offeror and an executive Director.

8. INTENTION OF THE OFFEROR WITH REGARD TO THE COMPANY

As at the Latest Practicable Date, the Offeror intends for the Group to continue carrying on its existing businesses following the implementation of the Proposal and does not have any plan to make any material changes to the continued employment of the employees of the Group (other than in the ordinary course of business of the Group). The Offeror will conduct a strategic review of the Group's assets, corporate structure, capitalisation, operations, properties, policies and management to determine if any changes would be appropriate and desirable following the implementation of the Proposal with a view to optimising the Group's activities and development under the challenging sector dynamics and operating environment, and may make any adjustments and changes as the Offeror deems necessary and appropriate in light of its review of the Group or any future development. The listing of the Shares will be withdrawn from GEM of the Stock Exchange following the Effective Date.

9. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being issued as fully paid at par to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to GEM of the Stock Exchange, in accordance with Rule 9.23 of the GEM Listing Rules, for the withdrawal of the listing of the Shares on GEM of the Stock Exchange as soon as practicable after the Effective Date.

The Shareholders will be notified by way of an announcement of the exact dates of (i) the last day for dealing in the Shares on GEM of the Stock Exchange; (ii) the day on which the Scheme will become effective; and (iii) the day of withdrawal of the listing of the Shares on GEM of the Stock Exchange. An expected timetable of the implementation of the Proposal is included in the section headed "Expected Timetable" of this Scheme Document.

10. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will not become effective and the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on the application of the Offeror or the Company may direct and in all cases, as permitted by the Executive). The listing of the Shares on GEM of the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that, neither the Offeror nor any person who acted in concert with it in the course of the Proposal, nor any person who is subsequently acting in concert with any of them, may within 12 months from the

date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. If the Proposal is recommended by the Independent Board Committee, and is recommended as fair and reasonable by the Independent Financial Adviser, the Company and the Offeror have agreed that each party will bear their own costs, charges and expenses.

11. OVERSEAS SHAREHOLDERS

The making of the Proposal to the Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located.

Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to take an action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any approval by such Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including Ping An), that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

As at the Latest Practicable Date, there was no overseas Scheme Shareholder whose address as shown in the register of members of the Company was outside Hong Kong.

12. TAXATION ADVICE

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal or the Scheme. It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company and Ping An or any of their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Proposal or the Scheme accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of the Proposal or the Scheme.

It is emphasised that none of the Offeror, the Company, Ping An, the Independent Financial Adviser, nor any of their respective directors, officers, employees, agents, advisers, associates, affiliates, or any other person involved in the Proposal or the Scheme accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of the Proposal or the Scheme.

13. INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee shall comprise all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Proposal.

An Independent Board Committee which comprises Mr. Lau Joseph Wan Pui, Mr. Chan Ching Sum Sam, Mr. Lau Tai Chim and Mr. Wong Wai Ho, being the non-executive Director and all of the independent non-executive Directors, has been established by the Board to make a recommendation to the Scheme Shareholders as to (i) whether the Proposal and the Scheme are fair and reasonable; and (ii) whether to vote in favour of the Scheme and the Proposal at the Court Meeting and the EGM, respectively.

The full text of the letter from the Independent Board Committee is set out in the “Letter from the Independent Board Committee” in Part V of this Scheme Document.

14. INDEPENDENT FINANCIAL ADVISER

The Board, with the approval of the Independent Board Committee, has appointed CCIC as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from the Independent Financial Adviser is set out in the “Letter from the Independent Financial Adviser” in Part VI of this Scheme Document.

15. SCHEME SHARES, COURT MEETING AND EGM

As at the Latest Practicable Date, the Offeror does not hold any Shares, and the Offeror Concert Parties hold 295,314,000 Shares in aggregate, representing 73.83% of the total issued Shares. Such Shares held by the Offeror Concert Parties will not form part of the Scheme Shares and will not be voted on at the Court Meeting.

Court Meeting

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering, and if thought fit, passing a resolution by way of a poll to approve the Scheme (with or without modification(s)).

All Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting.

Each of the Offeror and the Offeror Concert Parties will procure that any Shares in respect of which they are legally or beneficially interested will not be represented or voted at the Court Meeting. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will comply with and be subject to the terms and conditions of the Scheme, and will execute and do all things as may be necessary or desirable to be executed and done by it for the purposes of the Scheme. The Offeror Concert Parties will:

- (a) acknowledge that the Shares held by them will not form part of the Scheme Shares under the Scheme and will not be cancelled and extinguished when the Scheme becomes effective;
- (b) undertake that they will not sell, transfer, pledge or otherwise dispose of any Shares held by them, or directly or indirectly deal in or acquire any shares, securities or other interests of the Company before the end of the Offer Period; and
- (c) undertake that, unless the Scheme or the Proposal prejudices the legal rights and interests of them, they will not take any action or enter into agreements or arrangements which may: (i) restrict or delay the progress of the Scheme or the Proposal; or (ii) prejudice the successful outcome of the Scheme or the Proposal.

Notice of Court Meeting is set out in Appendix IV of this Scheme Document. The Court Meeting will be held at 11:00 a.m. (Hong Kong time) on Wednesday, 19 February 2025 at Unit 1107, 11/F, Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

EGM

All Shareholders will be entitled to attend the EGM and vote on, among others, the special resolution to (i) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) contemporaneously maintain the issued share capital of the Company at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the reserve created as a result of the cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme for allotment and issue to the Offeror.

The special resolution described in the paragraph above will be passed if not less than 75% of the votes cast by the Shareholders, present and voting in person or by proxy at the EGM, are in favour of the special resolution.

At the EGM, the resolutions will be put to the vote by way of poll under article 66 of the articles of association of the Company and as required by Rule 17.47(4) of the GEM Listing Rules. Each Shareholder present and voting, either in person or by proxy, will be entitled to vote all of their Shares in favour of (or against) the resolutions. Alternatively, such Shareholder may vote some of their Shares in favour of the resolutions and any of the balance of their Shares against the resolutions (and vice versa).

The Offeror and the Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, the Offeror (if it acquires any Shares) and the Offeror Concert Parties will vote in favour of the resolution(s) to be proposed at the EGM.

Notice of EGM is set out in Appendix V of this Scheme Document. The EGM will be held at the same place and on the same date at 11:30 a.m. (or as soon as practicable following the conclusion or adjournment of the Court Meeting).

Results of the Court Meeting and the EGM

A joint announcement will be made by the Company and the Offeror on the results of the Court Meeting and the EGM no later than 7:00 p.m. (Hong Kong time) on Wednesday, 19 February 2025.

If the requisite approval is obtained at the Court Meeting and the resolutions are passed at the EGM, the Court Hearing will be held for the Grand Court to hear the petition to sanction the Scheme. The Court Hearing is listed to be heard on Monday, 24 February 2025 at 9:30 a.m. (Cayman Islands time). Any Scheme Shareholder who voted at the Court Meeting and any Beneficial Owner who gave voting instructions to a custodian or a clearing house who voted at the Court Meeting has the right to attend, or appear by counsel, and be heard at the Court Hearing.

Further announcements will be made by the Offeror and the Company in relation to, among other things, the results of the Court Hearing, the Effective Date and the date of withdrawal of the listing of the Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the GEM Listing Rules.

16. ACTIONS TO BE TAKEN

The summary of actions to be taken by the Shareholders can be found in the section headed “Actions to be Taken” of this Scheme Document.

17. REGISTRATION AND PAYMENT**Closure of the register of members of the Company**

Assuming the Scheme Record Date falls on Friday, 28 February 2025, it is proposed that the register of members of the Company will be closed from Thursday, 27 February 2025 (or such other date as the Shareholders may be notified by an announcement) onwards in order to determine entitlements under the Scheme.

In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that the transfers of Shares to them are lodged with the Share Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Wednesday, 26 February 2025.

Payment of the Cancellation Price to the Scheme Shareholders

Upon the Scheme becoming effective, the Cancellation Price of HK\$0.70 per Scheme Share will be paid by the Offeror to the Scheme Shareholders whose names appear in the register of members of the Company as at the Scheme Record Date as soon as possible but in any event no later than 7 Business Days after the Effective Date. On the basis that the Scheme becomes effective on Friday, 28 February 2025 (Cayman Islands time), the cheques for the payment of the Cancellation Price are expected to be despatched on or before Tuesday, 11 March 2025. If any severe weather condition is 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 to despatch cheques for the payment of the Cancellation Price under the Scheme, the latest date to despatch cheques will remain on the same Business Day (i.e. Tuesday, 11 March 2025); or (b) at any time at or after 12:00 noon on the latest date to despatch cheques for the payment of the Cancellation Price under the Scheme, the latest date to despatch cheques will be rescheduled to the following Business Day (i.e. Wednesday, 12 March 2025) which does not have any of those warnings in force at 12:00 noon and/or thereafter (or another Business Day thereafter that does not have any severe weather condition at 12:00 noon or thereafter).

Cheques for the payment of the Cancellation Price will be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as at the Scheme Record Date, or, in the case of joint holders, to the registered address of that joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding. For Beneficial Owners that hold Scheme Shares through a nominee (other than HKSCC Nominees), cheques issued in the name of the nominee will be sent by post in pre-paid envelopes addressed to the nominee. All such cheques will be posted at the risk of the addressees and none of the Offeror, the Company, Ping An, the Independent Financial Adviser, the Share Registrar, nor any of their respective directors, officers, employees, agents, advisers, associates, affiliates, or any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

For Beneficial Owners whose Scheme Shares are deposited in CCASS and registered under the name of HKSCC Nominees, cheque(s) will be in envelope(s) addressed to and made available for collection by HKSCC Nominees. Upon receipt of the cheque(s), HKSCC Nominees will cause such cash payment to be credited to the designated bank accounts of the relevant CCASS Participants in accordance with the “General Rules of CCASS” and “CCASS Operational Procedures” in effect from time to time.

As provided in the Scheme:

- (a) on or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee);
- (b) the Offeror (or its nominee) shall hold such monies represented by such uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction required by law and expenses incurred. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies; and
- (c) on the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account in its name, including accrued interest subject to, if applicable, any deduction required by law and expenses incurred.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled will be implemented in full in accordance with the terms of the Proposal 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 Scheme Shareholder.

Assuming the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates for the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Friday, 28 February 2025 (Cayman Islands time).

18. COSTS OF THE SCHEME

If either the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all costs and expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

Since the Independent Board Committee has recommended the Proposal and the Independent Financial Adviser has recommended the Proposal as fair and reasonable, Rule 2.3 of the Takeovers Code is not applicable. The Company and the Offeror have agreed that each party shall bear their own costs, charges and expenses of and incidental to the Proposal and the Scheme.

19. RECOMMENDATION

Your attention is drawn to the recommendations of the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal as set out in the section headed “Letter from the Independent Financial Adviser” of this Scheme Document.

Your attention is also drawn to the recommendation of the Independent Board Committee to the Scheme Shareholders in respect of the Proposal as set out in the section headed “Letter from the Independent Board Committee” of this Scheme Document.

20. FURTHER INFORMATION

Further information is set out in the Appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

You should rely only on the information contained in this Scheme Document in order to vote your Shares at the Court Meeting and the EGM. None of the Offeror, the Company, Ping An, the Independent Financial Adviser, nor any of their respective directors, officers, employees, agents, advisers, associates, affiliates, or any other person involved in the Proposal has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

21. GENERAL

In case of any inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

If approved, the Scheme will involve the compulsory cancellation of all Scheme Shares in return for payment of the Cancellation Price. Given that the Proposal will be implemented by way of the Scheme, compulsory acquisition is not otherwise applicable.

1. FINANCIAL SUMMARY

The following summary financial information for each of the three years ended 31 December 2021, 2022 and 2023, and the six months ended 30 June 2023 and 2024, is extracted from the annual reports of the Company for the years ended 31 December 2021 (the “**2021 Annual Report**”), 2022 (the “**2022 Annual Report**”) and 2023 (the “**2023 Annual Report**”), and the interim reports of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”) and 30 June 2024 (the “**2024 Interim Report**”) respectively.

The audited consolidated financial statements of the Group for the years ended 31 December 2021 have been audited by Ernst & Young, and the years ended 31 December 2022 and 2023 have been audited by Prism Hong Kong and Shanghai Limited. The financial statements did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

	(Unaudited)		(Audited)		
	For the six months		For the year ended 31 December		
	ended 30 June				
	2024	2023	2023	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	112,645	102,551	211,214	193,041	203,849
Other income	5,610	5,134	10,269	49,595	31,462
Staff costs	(48,954)	(47,648)	(92,926)	(99,781)	(83,464)
Property rental and related expenses	(4,262)	(4,574)	(8,574)	(13,638)	(18,540)
Depreciation and amortization	(24,449)	(22,799)	(47,182)	(41,295)	(32,381)
Food	(3,420)	(3,338)	(6,857)	(5,723)	(5,641)
Medical fees	(5,571)	(5,052)	(9,933)	(10,797)	(11,256)
Professional and legal fees	(1,469)	(1,574)	(3,014)	(4,086)	(5,504)
Utility expenses	(2,379)	(2,356)	(5,394)	(4,364)	(4,053)
Consumables	(1,474)	(1,149)	(3,180)	(2,713)	(1,975)
Other operating expenses	(7,160)	(5,978)	(10,018)	(10,417)	(7,006)
Finance costs	(2,120)	(1,866)	(3,518)	(3,702)	(3,684)
(LOSS)/PROFIT BEFORE TAX	16,997	11,351	30,887	46,120	61,807
Income tax credit/(expense)	(2,761)	(1,549)	(4,683)	(7,510)	(9,616)

	(Unaudited)		(Audited)		
	For the six months		For the year ended 31 December		
	ended 30 June		2023	2022	2021
	2024	2023	2023	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	14,236	9,802	26,204	38,610	52,191
Attributable to:					
Owner of the Company	12,468	9,419	23,408	36,498	46,954
Non-controlling interests	1,768	383	2,796	2,112	5,237
(LOSS)/PROFIT FOR THE YEAR/PERIOD	14,236	9,802	26,204	38,610	52,191
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY					
– Basic and Diluted (in HK cents)	<u>3.12</u>	<u>2.35</u>	<u>5.85</u>	<u>9.12</u>	<u>11.74</u>

Dividends

	For the six months		For the year ended 31 December		
	ended 30 June		2023	2022	2021
	2024	2023	2023	2022	2021
Dividends per share (HK\$)	Nil	Nil	4.00 cents	10.00 cents	Nil
Final Dividends (HK\$'000)	–	–	16,000	40,000	–

For the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, there were no items of income or expense which were material.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows (if provided) and any other

primary statement as shown in (a) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”); (b) the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”); (c) the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Financial Statements**”), (d) the unaudited financial statements of the Group for the six months ended 30 June 2023 (the “**2023 Interim Financial Statements**”); and the unaudited financial statements of the Group for the six months ended 30 June 2024 (the “**2024 Interim Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2021 Financial Statements can be found on pages 73 to 131 of the 2021 Annual Report published on 30 March 2022.

The 2021 Annual Report is posted on the Company’s website at <http://www.shuionnc.com/>. Please also see below a direct link to the 2021 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033001215.pdf>

The 2022 Financial Statements can be found on pages 72 to 133 of the 2022 Annual Report published on 30 March 2023.

The 2022 Annual Report is posted on the Company’s website at <http://www.shuionnc.com/>. Please also see below a direct link to the 2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0330/2023033002698.pdf>

The 2023 Financial Statements can be found on pages 71 to 135 of the 2023 Annual Report published on 27 March 2024.

The 2023 Annual Report is posted on the Company’s website at <http://www.shuionnc.com/>. Please also see below a direct link to the 2023 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0327/2024032700932.pdf>

The 2023 Interim Financial Statements can be found on pages 23 to 44 of the 2023 Interim Report published on 14 August 2023.

The 2023 Interim Report is posted on the Company’s website at <http://www.shuionnc.com/>. Please also see below a direct link to the 2023 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0814/2023081401529.pdf>

The 2024 Interim Financial Statements can be found on pages 22 to 44 of the 2024 Interim Report published on 14 August 2024.

The 2024 Interim Report is posted on the Company's website at <http://www.shuionnc.com/>. Please also see below a direct link to the 2024 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0814/2024081400554.pdf>

The 2021 Financial Statements (but not any other part of the 2021 Annual Report), the 2022 Financial Statements (but not any other part of the 2022 Annual Report), the 2023 Financial Statements (but not any other part of the 2023 Annual Report), the 2023 Interim Financial Statements (but not any other part of the 2023 Interim Report), and the 2024 Interim Financial Statements (but not any other part of the 2024 Interim Report) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

No figures are comparable to a material extent because of a change in accounting policy for the last three financial years and two interim periods.

3. STATEMENT OF INDEBTEDNESS

As at 31 October 2024, being the latest practicable date for the purpose of this statement of the indebtedness prior to the printing of this Scheme Document:

(i) Bank borrowings

Total borrowings of the Group represented by the lease liabilities amounted to approximately HK\$122,994,000. Below is a breakdown of the total borrowings:

	<i>HK\$'000</i>
Non-current	
Lease liabilities	42,501
Current	
Lease liabilities	80,493
Total borrowing	122,994

(ii) Contingent liabilities

The Group did not have any significant contingent liabilities.

4. MATERIAL CHANGES

The Directors confirm that save for the renewal of tenancy agreement as referred to in the announcement of the Company dated 29 August 2024, which lead to an increase in rental spaces and corresponding increase in right-of-use assets, lease liabilities, depreciation of right-of-use assets and interest on lease liabilities, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up and up to the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information in relation to the Proposal, the Scheme, the Offeror and the Group.

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

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

2. SHARE CAPITAL

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each;
- (b) the issued and paid-up share capital of the Company comprised 400,000,000 Shares;
- (c) all of the Shares ranked pari passu in all respects including as to rights to capital, dividends and voting;
- (d) no new Shares had been issued by the Company since 31 December 2023 (being the end of the last financial year of the Company); and
- (e) there are no other outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into the Shares.

3. MARKET PRICES

The table below sets out the closing price of the Shares on the Stock Exchange on (a) the last Business Day of each of the calendar months during the Relevant Period, (b) the Last Trading Day, and (c) the Latest Practicable Date:

	Closing price for each Share (HK\$)
31 May 2024	0.71
28 June 2024	0.63
31 July 2024	0.54
30 August 2024	0.59
30 September 2024	0.61
24 October 2024 (being the Last Trading Day)	0.61
31 October 2024	0.61
29 November 2024	0.66
31 December 2024	0.66
24 January 2025 (being the Latest Practicable Date)	0.67

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.72 from 13 May 2024 to 16 May 2024, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.53 on 22 July 2024.

4. DISCLOSURE OF INTERESTS

(a) Interests and short positions in the Shares and underlying Shares of the Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard against which issuers and their directors must measure their conduct regarding transactions in securities of their issuers pursuant to Rule 5.48 to

5.67 of GEM Listing Rules (the “**required standard of dealings**”) or required to be disclosed under the Takeovers Code were as follows:

Interests in the Shares

Name of Directors	Capacity	Number of issued Shares held (Long positions)	Percentage of the issued share capital of the Company (Note 1)
Mr. Yik Tak Chi	(i) Interest in controlled corporation (Note 2)	256,908,000	64.23%
	(ii) Beneficial owner (Note 2)		
Mr. Lui Chi Tat	(i) Interest in controlled corporation (Note 3)	36,032,000	9.01%
	(ii) Interest of spouse (Note 3)		
Mr. Chung Kin Man	Beneficial owner	40,000	0.01%
Ms. Chung Wai Man	Beneficial owner	20,000	0.005%

- Notes:*
- The approximate percentage of shareholding is calculated based on 400,000,000 Shares in issue as at the Latest Practicable Date.
 - As at the Latest Practicable Date, Mr. Yik Tak Chi was interested in 256,908,000 Shares, of which 248,700,000 Shares were held by Shui Wah Limited and 8,208,000 Shares were directly held by him. Shui Wah Limited was owned as to 100.00% by Lucky Expert Investments Limited, which was in turn owned as to 59.88% by the Offeror, 29.17% by Ms. Yik Wai Hang (a sister of Mr. Yik Tak Chi), 6.02% by Ms. Chung Wai Man (an executive Director of the Company and a sister-in-law of Mr. Yik Tak Chi) and 4.93% by Mr. Chung Kin Man (an executive Director of the Company and a brother-in-law of Mr. Yik Tak Chi). Mr. Yik Tak Chi indirectly owned the entire issued share capital of the Offeror through Multifield Investment Development Limited. By virtue of the SFO, Mr. Yik Tak Chi is deemed to be interested in the same number of shares in Lucky Expert Investments Limited held by the Offeror, same number of shares in Shui Wah Limited held by Lucky Expert Investments Limited, and all the Shares held by Shui Wah Limited.
 - As at the Latest Practicable Date, Mr. Lui Chi Tat was interested in 36,032,000 Shares, of which 36,020,000 Shares were directly held by him and 12,000 Shares were held by his spouse. By virtue of the SFO, Mr. Lui Chi Tat is deemed to be interested in all the Shares held by his spouse.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their associate(s) had an interest or short position in the Shares or underlying Shares which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions in which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings or required to be disclosed under the Takeovers Code.

(b) Interests and short positions in the Shares and underlying Shares of the substantial Shareholders

As at the Latest Practicable Date, Shareholders (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who had interests and short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of issued Shares held (Long positions)	Percentage of the issued share capital of the Company (Note 1)
Shui Wah Limited	Beneficial owner (Note 2)	248,700,000	62.18%
Lucky Expert Investments Limited	Interest in controlled corporation (Note 2)	248,700,000	62.18%
Multifield Investment Development Limited	(i) Interest of controlled corporation (Note 2)	256,908,000	64.23%
	(ii) Interest held jointly with other person (Note 3)		
Offeror	(i) Interest of controlled corporation (Note 2)	256,908,000	64.23%
	(ii) Interest held jointly with other person (Note 3)		

Name of Shareholder	Capacity	Number of issued Shares held (Long positions)	Percentage of the issued share capital of the Company (Note 1)
Ms. Yik Wai Hang	Interest held jointly with other person (Note 3)	256,908,000	64.23%
Ms. Chung Shuk Man	Interest of spouse (Note 4)	256,908,000	64.23%
Mr. Lok Ko Yeung Benjiman	Beneficial owner	32,392,000	8.10%

- Note:*
- The approximate percentage of shareholding is calculated based on 400,000,000 Shares in issue as at the Latest Practicable Date.
 - As at the Latest Practicable Date, Shui Wah Limited held 248,700,000 Shares. Shui Wah Limited was owned as to 100.00% by Lucky Expert Investments Limited, which was in turn owned as to 59.88% by the Offeror. Mr. Yik Tak Chi indirectly owned the entire issued share capital of the Offeror through Multifield Investment Development Limited. By virtue of the SFO, each of Mr. Yik Tak Chi, Multifield Investment Development Limited, the Offeror and Lucky Expert Investments Limited is deemed to be interested in all the Shares held by Shui Wah Limited.
 - On 13 December 2016, Mr. Yik Tak Chi, Multifield Investment Development Limited, the Offeror and Ms. Yik Wai Hang entered into an acting in concert agreement (the “**Acting In Concert Agreement**”) to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in The Codes on Takeovers and Mergers and Share Buy-backs) in respect of each of the members of the Group from the date of which both Mr. Yik Tak Chi and Ms. Yik Wai Hang became the shareholders of Shui On Nursing Home Holdings Limited (i.e. 31 July 2013) and will continue to be parties acting in concert until such arrangement is terminated in writing by them pursuant to the Acting In Concert Agreement. As such, they are deemed to be interested in the Shares held by the others.

As disclosed above, as at the Latest Practicable Date, Mr. Yik Tak Chi was interested in 256,908,000 Shares. Accordingly, by virtue of the Acting in Concert Agreement, Mr. Yik Tak Chi, Multifield Investment Development Limited, the Offeror and Ms. Yik Wai Hang together control approximately 64.23% of the issued share capital of the Company.
 - Ms. Chung Shuk Man is the spouse of Mr. Yik Tak Chi. By virtue of the SFO, Ms. Chung Shuk Man is deemed to be interested in all the Shares in which Mr. Yik Tak Chi is interested.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who (a) had an interest or short position in the Shares and underlying Shares which (i) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (ii) were required, pursuant to Section 336 of the SFO, to be entered in the register referred therein; or (b) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

As at the Latest Practicable Date:

- (a) no subsidiary of the Company, pension fund of the Company or of any subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) 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;
- (c) none of the Company and the Directors had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (d) Save as disclosed in the section headed “Disclosure of Interests” in this Appendix above, none of the Offeror or the Offeror Concert Parties owned, controlled or had direction over any voting rights and rights over Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- (e) neither the Offeror nor the Offeror Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

5. DEALINGS IN THE SHARES

During the Relevant Period:

- (a) none of the Offeror or the Offeror Concert Parties had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) no Director had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror and/or any Offeror Concert Parties and/or other associates of the Offeror and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

From the commencement of the Offer Period and up to and including the Latest Practicable Date:

- (a) no subsidiary of the Company, pension fund of the Company or of any subsidiary of the Company or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) no fund managers connected with the Company (other than exempt fund managers) had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

6. INTERESTS AND DEALINGS IN THE OFFEROR’S SHARES

Save that the Offeror is wholly owned by Multifield Investment Development Limited, which in turn is wholly owned by Mr. Yik Tak Chi, none of the Directors or the Company was interested in any shares, convertible securities, warrants, options or derivatives in respect of the

shares in the Offeror and neither the Directors nor the Company had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.

7. ARRANGEMENTS IN CONNECTION WITH THE PROPOSAL

Arrangements affecting Directors

As at the Latest Practicable Date:

- (a) no benefit would be given to any Directors as compensation for loss of office or otherwise in connection with the Proposal;
- (b) there was no agreement, arrangement or understanding (including any compensation arrangement) between any Director and any other person having any connection with or dependence upon the Proposal;
- (c) as Mr. Yik Tak Chi, Mr. Lui Chi Tat, Mr. Chung Kin Man and Ms. Chung Wai Man, each being an executive Director, an Offeror Concert Party and holding Shares, each of such executive Directors will abstain from voting on the Scheme at the Court Meeting; and
- (d) there was no material contract entered into by the Offeror in which any Director had a material personal interest.

Arrangements with the Offeror in connection with the Proposal

As at the Latest Practicable Date:

- (a) no irrevocable commitment to vote for or against the Scheme has been received by the Offeror or any person acting in concert with it; The Offeror and the Offeror Concert Parties have indicated that if the Scheme is approved at the Court Meeting, any Shares held by them will be voted in favour of the resolutions to be proposed at the EGM;
- (b) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or any person acting in concert with it;
- (c) neither the Offeror nor any person acting in concert with it has entered into any outstanding derivative in respect of the securities in the Company;

- (d) save for the Proposal, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of the Offeror between the Offeror or any person acting in concert with it and any other person which might be material to the Proposal;
- (e) there are no agreements or arrangements to which the Offeror or any person acting in concert with it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Condition;
- (f) neither the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (g) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (1) any shareholder of the Company; and (2) either (a) the Offeror and any person acting in concert with it; or (b) the Company, its subsidiaries or associated companies; and
- (h) other than the Cancellation Price payable under the Scheme, the Offeror or any person acting in concert with it have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares.

Arrangements with the Company in connection with the Proposal

As at the Latest Practicable Date:

- (a) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code; and
- (b) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholder; and (b) the Company or the Company's subsidiaries or associated companies.

8. MATERIAL LITIGATION

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

9. SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Offer Period; (b) are continuous contracts with a notice period of 12 months or more; or (c) are fixed term contracts with more than 12 months to run irrespective of the notice period:

Name of Director	Date of service contract	Term and expiry date of service contract	Amount of fixed remuneration payable (excluding arrangements for pension payments)	Amount of any variable remuneration payable under the service contract
Yik Tak Chi ("Mr. Yik")	7 February 2017	For an initial fixed term of three years commencing from 7 February 2017 renewable automatically until terminated by not less than three months' notice in writing served by either party on the other at the end of the initial term or any time thereafter or Mr. Yik has not been re-elected as a Director at any general meeting of the Company.	HK\$960,000 per annum	Nil

Name of Director	Date of service contract	Term and expiry date of service contract	Amount of fixed remuneration payable (excluding arrangements for pension payments)	Amount of any variable remuneration payable under the service contract
Lui Chi Tat ("Mr. Lui")	27 February 2019	For an initial fixed term of three years commencing from 27 February 2019 renewable automatically until terminated by not less than three months' notice in writing served by either party on the other at the end of the initial term or any time thereafter or Mr. Lui has not been re-elected as a Director at any general meeting of the Company.	HK\$180,000 per annum	Nil
Lui Chi Tat	27 February 2019	Indefinite term as the Chief Executive Officer of the Company	HK\$516,000 per annum	Nil
Chung Kin Man ("Mr. Chung")	7 February 2017	For an initial fixed term of three years commencing from 7 February 2017 renewable automatically until terminated by not less than three months' notice in writing served by either party on the other at the end of the initial term or any time thereafter or Mr. Chung has not been re-elected as a Director at any general meeting of the Company.	HK\$696,000 per annum	Nil

Name of Director	Date of service contract	Term and expiry date of service contract	Amount of fixed remuneration payable (excluding arrangements for pension payments)	Amount of any variable remuneration payable under the service contract
Chung Wai Man ("Ms. Chung")	7 February 2017	For an initial fixed term of three years commencing from 27 February 2019 renewable automatically until terminated by not less than three months' notice in writing served by either party on the other at the end of the initial term or any time thereafter or Ms. Chung has not been re-elected as a Director at any general meeting of the Company.	HK\$696,000 per annum	Nil
Lau Joseph Wan Pui	7 February 2017 19 March 2021 (Side Letter)	For an initial fixed term of three years commencing from 7 February 2017. It has been acknowledged, clarified, and confirmed in a side letter dated 19 March 2021 that the appointment term shall be extended thereafter until either party terminates the appointment by giving the other party not less than three months' prior notice in writing. The appointment remains active and has neither been terminated nor expired.	HK\$180,000 per annum	Nil

Name of Director	Date of service contract	Term and expiry date of service contract	Amount of fixed remuneration payable (excluding arrangements for pension payments)	Amount of any variable remuneration payable under the service contract
Chan Ching Sum Sam	15 August 2022	For an initial fixed term of three years commencing from 15 August 2022 to 14 August 2025, and be extended thereafter for such period as the parties may agree provided that either party can at any time terminate the appointment by giving the other party not less than three months' prior notice in writing.	HK\$180,000 per annum	Nil
Lau Tai Chim	21 June 2017 19 March 2021 (Side Letter)	For an initial fixed term of three years commencing from 21 June 2017. It has been acknowledged, clarified, and confirmed in a side letter dated 19 March 2021 that the appointment term shall be extended thereafter until either party terminates the appointment by giving the other party not less than three months' prior notice in writing. The appointment remains active and has neither been terminated nor expired.	HK\$180,000 per annum	Nil

Name of Director	Date of service contract	Term and expiry date of service contract	Amount of fixed remuneration payable (excluding arrangements for pension payments)	Amount of any variable remuneration payable under the service contract
Wong Wai Ho	21 June 2017 19 March 2021 (Side Letter)	For an initial fixed term of three years commencing from 21 June 2017. It has been acknowledged, clarified, and confirmed in a side letter dated 19 March 2021 that the appointment term shall be extended thereafter until either party terminates the appointment by giving the other party not less than three months' prior notice in writing. The appointment remains active and has neither been terminated nor expired.	HK\$180,000 per annum	Nil

10. MATERIAL CONTRACTS

There were no material contracts entered into by any member of the Group within two years before the commencement of the Offer Period up to and including the Latest Practicable Date, other than contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group.

11. EXPERTS AND CONSENTS

The following are the qualifications of the experts which have given advice which is contained in this Scheme Document:

Name	Qualification
Ping An	a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Proposal
CCIC	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Independent Board Committee in relation to the Proposal

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of the text of its opinions, reports and/or letters (as the case may be) and/or the references to its name and/or opinions, reports and/or letters (as the case may be) in the form and context in which it appears.

12. MISCELLANEOUS

(a) The principal members of the Offeror Concert Parties are as follows:

Name	Director(s)	Registered office/Correspondence address
Offeror	Mr. Yik Tak Chi Ms. Chung Shuk Man	Units 903A–905, 9/F., 8 Observatory Road, Tsim Sha Tsui, Kowloon, Hong Kong
Shui Wah Limited	Mr. Yik Tak Chi	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Lucky Expert Investment Limited	Mr. Yik Tak Chi	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands

Name	Director(s)	Registered office/Correspondence address
Multifield Investment Development Limited	Mr. Yik Tak Chi	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Mr. Yik Tak Chi	N/A	Unit 1107, 11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Mr. Lui Chi Tat	N/A	Unit 1107, 11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Ms. Au Hoi Lam	N/A	Unit 1107, 11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Ms. Au Tung Ming	N/A	Unit 1107, 11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Mr. Chung Kin Man	N/A	Unit 1107, 11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Ms. Chung Wai Man	N/A	Unit 1107, 11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Ms. Chung Shuk Man	N/A	Unit 1107, 11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Mr. Yi Shaoguang	N/A	Unit 1107, 11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Mr. Yik Siu Tim	N/A	Unit 1107, 11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong

Name	Director(s)	Registered office/Correspondence address
Ms. Wong Kit Yi	N/A	Unit 1107,11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Ms. Huang Weiyi	N/A	Unit 1107,11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Ms. Zhong Huimei	N/A	Unit 1107,11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Ms. Yi Weiji	N/A	Unit 1107,11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong

- (b) The joint company secretaries of the Company comprises Ms. Leung Pui Shan, who is a member of the Hong Kong Institute of Certified Public Accountants, and Ms. Chu Kit Ying.
- (c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (d) The principal place of business of the Company in Hong Kong is situated at Unit 1107, 11/F, Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon.
- (e) The principal share registrar and transfer agent of the Company is Conyers Trust Company (Cayman) Limited, whose registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (f) The Share Registrar and Transfer Office in Hong Kong is Boardroom Share Registrars (HK) Limited, whose registered office is at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (g) The Offeror is a company incorporated in Hong Kong on 21 June 2005 with limited liability. The registered office of the Offeror is situated at Units 903A–905, 9/F., 8 Observatory Road, Tsim Sha Tsui, Kowloon, Hong Kong and the correspondence address of the Offeror is Flat G&H, 55th Floor, Block 3, Metro Town, Tseung Kwan O, New Territories, Hong Kong.

- (h) Shui Wah Limited is a company incorporated in British Virgin Islands on 11 February 2016 with limited liability. The registered office of Shui Wah Limited is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Mr. Yik Tak Chi is the sole director of Shui Wah Limited.
- (i) Lucky Expert Investments Limited is a company incorporated in British Virgin Islands on 2 June 2015 with limited liability. The registered office of Lucky Expert Investments Limited is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Mr. Yik Tak Chi is the sole director of Lucky Expert Investments Limited.
- (j) Multifield Investment Development Limited is a company incorporated in British Virgin Islands on 8 January 2010 with limited liability. The registered office of Multifield Investment Development Limited is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Mr. Yik Tak Chi is the sole director of Multifield Investment Development Limited.
- (k) The registered office of Ping An is situated at Units 3601, 07 & 11–13, 36/F The Center, 99 Queen’s Road Central, Hong Kong.
- (l) The registered office of CCIC is situated at Room 1304, 13/F, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong.

13. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the Company at www.shuionnc.com and the website of the SFC at www.sfc.hk from the date of this Scheme Document up to and including the Effective Date or the date of which the Scheme lapses or is withdrawn, whichever is the earlier:

- (a) the articles of association of the Offeror;
- (b) the memorandum and articles of association of the Company;
- (c) the annual reports of the Company for each of the financial years ended 31 December 2021, 2022 and 2023, and the interim reports of the Company for the six months ended 30 June 2023 and 2024;
- (d) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” of this Scheme Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this Scheme Document;

- (f) the letter from the Independent Financial Adviser, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” of this Scheme Document;
- (g) the service contract referred to in the section headed “12. Service Contracts” in this Appendix II of this Scheme Document;
- (h) the written consents referred to in the section headed “14. Experts and Consents” in this Appendix II of this Scheme Document; and
- (i) this Scheme Document.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

Cause No. FSD 0362 of 2024 (CRJ)

**IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2023 REVISION)
AND IN THE MATTER OF THE GRAND COURT RULES 2023 ORDER 102
AND IN THE MATTER OF HANG CHI HOLDINGS LIMITED**

SCHEME OF ARRANGEMENT

Between

Hang Chi Holdings Limited

and

**THE SCHEME SHAREHOLDERS
(as defined below)**

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set opposite them:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the Cancellation Price of HK\$0.70 for every Scheme Share cancelled and extinguished payable in cash by the Offeror to the Scheme Shareholders as at the Scheme Record Date pursuant to the Scheme

“CCIC”/“Independent Financial Adviser”	Central China International Capital Limited (中州國際金融控股有限公司), a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Independent Board Committee in relation to the Proposal
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands, as consolidated and revised from time to time
“Company”	Hang Chi Holdings Limited (恒智控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8405)
“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme, as set out in the paragraph headed “3. Conditions of the Proposal and the Scheme” in the Explanatory Memorandum in Part VII of the Scheme Document
“Court Meeting”	a meeting of the Scheme Shareholders to be convened and held at the direction of the Grand Court at 11:00 a.m. (Hong Kong time) on Wednesday, 19 February 2025 at Unit 1107, 11/F, Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix IV of this Scheme Document, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Effective Date”	28 February 2025 (Cayman Islands time), being the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the order of the Grand Court sanctioning the Scheme is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Act

“EGM”	an extraordinary general meeting of the Company to be convened and held as soon as practicable following the conclusion or adjournment of the Court Meeting for the purposes of passing all necessary resolution(s) for, amongst other things, a special resolution to (i) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; (ii) contemporaneously maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme; and (iii) apply the credit arising in the Company’s books of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares issued to the Offeror
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Scheme Shareholders in respect of the Proposal and the Scheme, comprising Mr. Lau Joseph Wan Pui, Mr. Chan Ching Sum Sam, Mr. Lau Tai Chim and Mr. Wong Wai Ho, being the non-executive Director and all of the independent non-executive Directors

“Latest Practicable Date”	24 January 2025, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Long Stop Date”	30 April 2025 (or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on application of the Offeror or the Company may direct and in all cases, as permitted by the Executive)
“Mr. Yik Tak Chi”	an executive Director of the Company and a director and the ultimate beneficial owner of the Offeror
“Multifield Investment Development Limited”	a company incorporated in the British Virgin Islands with limited liability, the immediate holding company of the Offeror
“Offeror”	Hang Chi Development & Investment Limited, a company incorporated in Hong Kong with limited liability
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including Shui Wah Limited, Mr. Yik Tak Chi, Mr. Lui Chi Tat, Ms. Au Hoi Lam, Ms. Au Tung Ming, Mr. Chung Kin Man, Ms. Chung Wai Man, Mr. Yi Shaoguang, Mr. Yik Siu Tim, Ms. Wong Kit Yi, Ms. Huang Weiyi, Ms. Zhong Huimei, and Ms. Yi Weiji
“Ping An”	Ping An of China Capital (Hong Kong) Company Limited (中國平安資本(香港)有限公司), a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Proposal
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme on the terms and subject to the Conditions

“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act (subject to the Conditions) involving the cancellation and extinguishment of all the Scheme Shares and the maintenance of the issued share capital of the Company at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares
“Scheme Document”	the composite scheme document, including each of the letters, statements, appendices and notices in it jointly issued by the Company and the Offeror
“Scheme Record Date”	28 February 2025, or such other date as shall have been announced to the Shareholders, being the record date for determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Scheme Share(s)”	Share(s) in issue other than those directly or indirectly held by the Offeror (if any) or the Offeror Concert Parties
“Scheme Shareholder(s)”	holder(s) of the Scheme Shares entered in the register of members of the Company as a holder of Scheme Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Registrar”	Boardroom Share Registrars (HK) Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Shareholder(s)”	holder(s) of the Share(s) entered in the register of members of the Company as a holder of Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“%”	per cent.

- (B) In this Scheme, unless the context otherwise requires or otherwise expressly provides: (a) references to Parts, Clauses and Sub-Clauses are references to parts, clauses and sub-clauses respectively of this Scheme; (b) references to a “person” include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency; (c) references to a statute, statutory provision, enactment or subordinate legislation include the same as subsequently modified, amended or re-enacted from time to time; (d) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto; (e) the singular includes the plural and vice-versa and words importing one gender shall include all genders; (f) headings to Parts, Clauses and Sub-Clauses are for ease of reference only and shall not affect the interpretation of this Scheme; and (g) all references to time are references to Hong Kong time.
- (C) The Company was incorporated as an exempted company on 16 February 2016 with limited liability under the laws of the Cayman Islands with registration number 308763. The Company’s registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (D) As at the Latest Practicable Date, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each, of which 400,000,000 Shares are in issue, with the remainder being unissued. Since 12 July 2017, the issued shares of the Company have been listed on GEM of the Stock Exchange with Stock Code 8405.
- (E) The Offeror has proposed the privatisation of the Company by way of this Scheme.

(F) The primary purpose of this Scheme is to privatise the Company by cancelling and extinguishing all of the Scheme Shares in consideration for the Cancellation Price, so that thereafter the Offeror and the Offeror Concert Parties will hold (in aggregate) the entire issued share capital of the Company. Simultaneously with the cancellation of all the Scheme Shares, the issued share capital of the Company will be maintained at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue at par to the Offeror of the same number of new Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the books of accounts of the Company as a result of the cancellation and extinguishment of the Scheme Shares will be applied in paying up in full at par the new Shares so allotted and issued to the Offeror.

(G) As at the Latest Practicable Date:

- (i) the Company has 400,000,000 Shares in issue;
- (ii) the Offeror does not legally or beneficially own any Shares, and the Offeror Concert Parties beneficially own 295,314,000 Shares in aggregate, representing approximately 73.83% of the total number of Shares in issue, among which are held by:

	As at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate % of total issued Shares</i>
Offeror Concert Parties		
Shui Wah Limited	248,700,000	62.18
Mr. Yik Tak Chi	8,208,000	2.05
Mr. Lui Chi Tat	36,020,000	9.01
Ms. Au Hoi Lam	12,000	0.01
Ms. Au Tung Ming	8,000	0.01
Mr. Chung Kin Man	40,000	0.01
Ms. Chung Wai Man	20,000	0.01
Mr. Yi Shaoguang	764,000	0.19
Mr. Yik Siu Tim	720,000	0.18
Ms. Wong Kit Yi	40,000	0.01
Ms. Huang Weiyi	350,000	0.09
Ms. Zhong Huimei	160,000	0.04
Ms. Yi Weiji	272,000	0.07
<i>Aggregate number of Shares of the Offeror and the Offeror Concert Parties</i>	295,314,000	73.83

- (iii) the remaining 104,686,000 Shares, representing approximately 26.17% of the total issued Shares, constituted the Scheme Shares.
- (H) The Offeror and the Offeror Concert Parties will procure that any Shares in respect of which they are legally or beneficially interested will not be represented or voted at the Court Meeting convened at the direction of the Grand Court for the purpose of considering and, if thought fit, approving the Scheme.
- (I) The Offeror has undertaken to the Grand Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed and done by it for the purpose of giving effect to the Scheme.

SCHEME OF ARRANGEMENT**PART I****CANCELLATION OF THE SCHEME SHARES**

1. On the Effective Date:
 - (a) the Scheme Shares shall be cancelled and extinguished and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares, except the right to receive the Cancellation Price;
 - (b) contemporaneously with the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company shall be maintained at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue at par to the Offeror of the same number of new Shares as the number of Scheme Shares cancelled and extinguished; and
 - (c) the Company shall apply the reserve created as a result of the cancellation and extinguishment of the Scheme Shares to pay up in full at par the new Shares issued to the Offeror.

PART II**CONSIDERATION FOR CANCELLATION OF THE SCHEME SHARES**

2. In consideration of the cancellation of the Scheme Shares, the Offeror shall pay or cause to be paid the Cancellation Price to each Scheme Shareholder.

PART III**GENERAL**

3. (a) As soon as possible but in any event no later than 7 Business Days following the Effective Date, the Offeror shall post or cause to be posted cheques to the Scheme Shareholders in respect of such sums payable to such Scheme Shareholders pursuant to paragraph 2 under the section headed “Part II – Consideration for Cancellation of the Scheme Shares” of the Scheme.

- (b) All such cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as appearing in the register of members of the Company as at the Scheme Record Date, or in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
- (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 3(b) under this section headed “Part III – GENERAL” of the Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.
- (d) All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Ping An, the Independent Financial Adviser, the Share Registrar, nor their respective directors, officers, employees, agents, advisers, associates, affiliates, or any other persons involved in the Proposal will be responsible for any loss or delay in transmission.
- (e) On or after the day being 6 calendar months after the posting of the cheques pursuant to paragraph 3(b) under this section headed “Part III – GENERAL” of the Scheme, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror. The Offeror (or its nominee) shall hold such monies represented by such uncashed cheques until the expiry of 6 years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 under the section headed “Part II – Consideration for Cancellation of the Scheme Shares” of the Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror (or its nominee) shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction required by law and expenses incurred. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

- (f) On the expiry of 6 years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in paragraph 3(e) under this section headed “Part III – GENERAL” of the Scheme, including accrued interest subject to, if applicable, any deduction required by law and expenses incurred.
 - (g) Paragraph 3(f) under this section headed “Part III – GENERAL” of the Scheme shall take effect subject to any prohibition or condition imposed by law.
4. From and including the Effective Date:
- (a) all certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Offeror, to deliver up such certificates to the Offeror, or to any person appointed by the Offeror, to receive the same for cancellation;
 - (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
 - (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
5. Subject to the Conditions having been fulfilled or waived, as applicable, the Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning the Scheme under section 86 of the Companies Act has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act.
6. Unless the Scheme shall have become effective on or before the Long Stop Date, the Scheme shall lapse.
7. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to the Scheme or to any condition which the Grand Court may see fit to approve or impose.
8. The compromise and arrangement effected by this Scheme shall apply to all Scheme Shares and is binding on all Scheme Shareholders.
9. If any provision (or any part of any provision) of this Scheme is found by the Grand Court to be illegal or unenforceable, it shall be severed from this Scheme and the remaining provisions of this Scheme shall continue in force.

10. All costs, charges and expenses shall be borne and paid in the manner described in the Scheme Document.

11. The terms of this Scheme shall be governed by, and construed in accordance with, the laws of the Cayman Islands and the courts of the Cayman Islands shall have exclusive jurisdiction to hear and determine any proceeding and to settle any dispute which arises out of or in connection with the terms of this Scheme or its implementation (or out of any action taken or omitted to be taken under this Scheme or in connection with the administration of this Scheme) and for such purposes, the parties irrevocably submit to the exclusive jurisdiction of the Courts of the Cayman Islands (provided, however, that nothing in this Clause shall affect the validity of other provisions determining governing law and jurisdiction between the parties whether contained in any contract or otherwise).

12. The terms of this Scheme and the obligations imposed on the Company and the Offeror hereunder shall take effect subject to any prohibition or condition imposed by any applicable law.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

Cause No. FSD 0362 of 2024 (CRJ)

**IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2023 REVISION)
AND IN THE MATTER OF THE GRAND COURT RULES 2023 ORDER 102
AND IN THE MATTER OF HANG CHI HOLDINGS LIMITED**

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (“**Order**”) dated 21 January 2025 made in the above matter, the Grand Court of the Cayman Islands (“**Grand Court**”) has directed a meeting (“**Court Meeting**”) of the Scheme Shareholders to be convened and held for the purpose of considering and, if thought fit, approving, with or without modifications, a scheme of arrangement (“**Scheme**”) proposed to be made between Hang Chi Holdings Limited (“**Company**”) and the Scheme Shareholders. Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.

The Court Meeting will be held at 11:00 a.m. on Wednesday, 19 February 2025 (Hong Kong time) at Unit 1107, 11/F, Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong at which all Scheme Shareholders are requested to attend either in person, by a fully authorised representative (if a corporation) or by proxy.

A copy of the Scheme and a copy of the explanatory memorandum (“**Explanatory Memorandum**”) explaining the effect of the Scheme are incorporated in the scheme document, of which this notice forms a part (“**Scheme Document**”), has been despatched to the Shareholders. A copy of the Scheme Document may also be obtained by any Shareholder from the Company’s Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong. The Scheme Document is also published on the website of the Stock Exchange at www.hkexnews.hk and on the Company’s website at <http://www.shuionnc.com/>.

At the Court Meeting, the following resolution will be proposed:

“THAT the Scheme of Arrangement in the form contained in the composite scheme document dated 27 January 2025, a print of which has been submitted to this Court Meeting and, for the purpose of identification, signed by the chairman of this Court Meeting in its original form or with such modifications, additions or conditions as may be approved or imposed by the Cayman Islands Grand Court be and is hereby approved.”

Any Scheme Shareholder may attend and vote in person at the Court Meeting or he/she/it may appoint another person (who must be an individual), whether a member of the Company or not, as his/her/its proxy to attend and vote in his/her/its stead. Any Scheme Shareholder who is the holder of two or more Scheme Shares may appoint more than one proxy to represent him/her/it. If more than one proxy is appointed, the number of Scheme Shares in respect of which each such proxy is so appointed must be specified in the relevant form of proxy. A **PINK** form of proxy for use at the Court Meeting is enclosed with the Scheme Document. Such form is also published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at <http://www.shuionnc.com/>.

In the case of joint holders of a Scheme Share, any one of such joint holders may vote at the Court Meeting, either in person or by proxy, in respect of such Scheme Share as if he/she was solely entitled thereto. However, if more than one such joint holders be present at the Court Meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

It is requested that the **PINK** form of proxy in respect of the Court Meeting, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, be deposited at the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible, but in any event no less than 48 hours before the time appointed for the holding of the Court Meeting or any adjournment thereof. The **PINK** form of proxy may alternatively be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).

Completion and return of the **PINK** form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting or any adjournment thereof, and in such event, the relevant form of proxy will be revoked by operation of law.

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Friday, 14 February 2025 to Wednesday, 19 February 2025 (Hong Kong time) (both days inclusive), and during such period, no transfer of the Shares will be effected. In order to qualify to attend and vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Thursday, 13 February 2025.

By the Order, the Grand Court has appointed any one of the independent non-executive directors of the Company, or failing them, any other person who is an officer of the Company as at the date of the Court Meeting, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Grand Court within 7 days of the Court Meeting. The results of the Court Meeting will be the subject of a public announcement to be published on the Stock Exchange.

NOTICE IS FURTHER GIVEN THAT, if approved at the Court Meeting, the Scheme will be subject to the subsequent approval and sanction of the Grand Court at the Court Hearing, which is listed to be heard at the Law Courts, George Town, Grand Cayman at 9:30 a.m. on Monday, 24 February 2025 (Cayman Islands time) (i.e. equivalent to 10:30 p.m. on Monday, 24 February 2025 (Hong Kong time)), or as soon as practicable thereafter as it may be heard. Any Scheme Shareholder is entitled (but not obliged) to attend the Sanction Hearing, through legal counsel, to support or oppose the sanction of the Scheme.

By Order of the Grand Court
HANG CHI HOLDINGS LIMITED
Yik Tak Chi
Chairman and Executive Director

Dated 27 January 2025

Registered Office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Unit 1107, 11/F
Tower 3 Enterprise Square
No. 9 Sheung Yuet Road
Kowloon Bay
Kowloon, Hong Kong

As at the date of this notice, the executive Directors are Mr. YIK Tak Chi, Mr. LUI Chi Tat, Mr. CHUNG Kin Man and Ms. CHUNG Wai Man, the non-executive Director is Mr. LAU Joseph Wan Pui and the independent non-executive Directors are Mr. WONG Wai Ho, Mr. LAU Tai Chim and Mr. CHAN Ching Sum Sam.

Notes:

- (1) Voting at the Court Meeting will be taken by way of poll as required under the GEM Listing Rules and the Takeovers Code.
- (2) If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or “extreme conditions” caused by super typhoons is or is expected to be in force at any time after 8:00 a.m. (Hong Kong time) on the date of the Court Meeting, the Court Meeting will be adjourned in accordance with the articles of association of the Company and in compliance with the Takeovers Code. If the Court Meeting is adjourned, the Company will post an announcement on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at <http://www.shuionnc.com/> notifying its members of the date, time and venue of the rescheduled Court Meeting.



Hang Chi Holdings Limited
恒智控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8405)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Hang Chi Holdings Limited (“**Company**”) will be held at 11:30 a.m. (Hong Kong time) (or as soon as practicable after the conclusion or adjournment of the Court Meeting (as defined in the Scheme Document) on Wednesday, 19 February 2025 (Hong Kong time) at Unit 1107, 11/F, Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong, for the purpose of considering and, if thought fit, passing the resolutions set out below.

Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.

SPECIAL RESOLUTION

1. **“THAT:**

- (a) for the purpose of giving effect to the scheme of arrangement between the Company and the Scheme Shareholders (as defined in the Scheme Document) (the “**Scheme**”) as set out in the composite scheme document dated 27 January 2025 (the “**Scheme Document**”) on the Effective Date (as defined in the Scheme Document), any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme Document) be and is hereby approved; and (b) contemporaneously with (a) above the maintenance of the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme for allotment and issue to the Offeror (as defined in the Scheme Document), be and are hereby approved.”

ORDINARY RESOLUTION

2. “THAT:

any one director of the Company be and is hereby authorised to do all acts and things and/or execute all such documents as considered by them to be necessary for or desirable in connection with the implementation of the Proposal (as defined in the Scheme Document) and the Scheme, including (without limitation)

- (i) the making of an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange, subject to the Scheme taking effect;
- (ii) the allotment and issue of the Shares to the Offeror referred to above; and
- (iii) the giving, on behalf of the Company, of any required consent to any modification of, or addition to, the Scheme which the Grand Court of the Cayman Islands may see fit to impose.”

On behalf of the board of directors of
HANG CHI HOLDINGS LIMITED
Yik Tak Chi
Chairman and Executive Director

Hong Kong, 27 January 2025

Registered Office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Unit 1107, 11/F
Tower 3 Enterprise Square
No. 9 Sheung Yuet Road
Kowloon Bay
Kowloon, Hong Kong

As at the date of this notice, the executive Directors are Mr. YIK Tak Chi, Mr. LUI Chi Tat, Mr. CHUNG Kin Man and Ms. CHUNG Wai Man, the non-executive Director is Mr. LAU Joseph Wan Pui and the independent non-executive Directors are Mr. WONG Wai Ho, Mr. LAU Tai Chim and Mr. CHAN Ching Sum Sam.

Notes:

- (1) Voting at the EGM will be taken by poll as required under the GEM Listing Rules and the Takeovers Code.
- (2) A **WHITE** form of proxy for use at the EGM is enclosed with the Scheme Document.

- (3) Any member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote in their stead. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to attend and vote on their behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (4) In order to be valid, the **WHITE** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged at the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the **WHITE** form of proxy will not preclude a member from attending and voting in person at the EGM or any adjournment thereof. In the event that a member attends and votes at the EGM after having lodged a form of proxy, the form of proxy shall be revoked by operation of law.
- (5) In the case of joint holders of a Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Share.
- (6) For the purpose of determining the entitlements of Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 14 February 2025 to Wednesday, 19 February 2025 (Hong Kong time) (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong before 4:30 p.m. (Hong Kong time) on Thursday, 13 February 2025.
- (7) If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or "extreme conditions" caused by super typhoons is or is expected to be in force at any time after 8:00 a.m. (Hong Kong time) on the date of the EGM, the EGM will be adjourned in accordance with the articles of association of the Company and in compliance with the Takeovers Code. If the EGM is adjourned, the Company will post an announcement on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at <http://www.shuionnc.com/> notifying its members of the date, time and venue of the rescheduled EGM.