



13 May 2021

To the Independent Shareholders:

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF
HONG KONG AEROSPACE TECHNOLOGY GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
ETERNITY TECHNOLOGY HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement, where the Offeror and the Company jointly announced, among other things, that on 15 April 2021, the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor had agreed to sell and the Offeror had agreed to purchase the Sale Shares, being 191,250,000 Shares, representing 63.75% of the issued share capital of the Company, for the Consideration of HK\$286,875,000 (being HK\$1.50 per Sale Share).

Completion took place on 21 April 2021.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in an aggregate of 212,850,000 Shares, representing 70.95% of the issued share capital of the Company. The Offeror is required under Rule 26.1 of the Takeovers Code to make an Offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it).

This letter forms part of this Composite Document which sets out, among other things, the principal terms of the Offer, the information of the Offeror and the Offeror's intentions on the Company. Further details of the Offer and procedures for acceptance and settlement are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to consider carefully the information contained in the sections headed "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from the Independent Financial Adviser" in this Composite Document, the appendices to this Composite Document and the Form of Acceptance, and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

PRINCIPAL TERMS OF THE OFFER

The Offer is being made by Kingston Securities for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$2.00 in cash

The Offer Price of HK\$2.00 per Offer Share is equal to the highest purchase price per Share paid by the Offeror within six (6) months prior to the commencement of the Offer Period.

The Offer is unconditional in all aspects.

As at the Latest Practicable Date, there were 300,000,000 Shares in issue and the Company did not have any outstanding options, warrants, securities or derivatives which are convertible or exchangeable into Shares.

The Elite Foster Irrevocable Undertaking

As at the Latest Practicable Date, Elite Foster held 33,750,000 Shares, being the Elite Foster Shares, representing 11.25% of the issued share capital of the Company. On 21 April 2021, Elite Foster had given the Elite Foster Irrevocable Undertaking in favour of the Offeror and the Company, pursuant to which it had irrevocably and unconditionally undertaken that it, among other things, (a) would not tender or otherwise make any of the Elite Foster Shares available for acceptance under the Offer; and (b) would not whether directly or indirectly dispose of, charge, pledge, grant any option over or otherwise dispose of or create any encumbrances in respect of the Elite Foster Shares. The Elite Foster Irrevocable Undertaking shall be terminated and of no legal effect immediately if the Offer is withdrawn or closed.

As at the Latest Practicable Date, save for the Elite Foster Irrevocable Undertaking, none of the Offeror nor any parties acting in concert with it has received any irrevocable commitment not to accept the Offer. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made. The Company has not declared and has no intention of declaring any interim dividend before the close of the Offer.

Comparison of value

The Offer Price of HK\$2.00 per Offer Share represents:

- a discount of approximately 92.14% to the closing price of HK\$25.45 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a discount of approximately 45.95% to the closing price of HK\$3.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 29.43% to the average closing price of approximately HK\$2.83 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 17.66% to the average closing price of approximately HK\$2.43 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 16.99% to the average closing price of approximately HK\$2.41 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days prior to and including the Last Trading Day; and
- a premium of approximately 101.45% over the Group's audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.00 per Share as at 31 December 2020 (based on a total of 300,000,000 Shares and the Group's audited consolidated net asset value attributable to the Shareholders of approximately RMB250,290,000 (equivalent to approximately HK\$297,845,100) as at 31 December 2020).

Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$31.1 per Share on 26 April 2021; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$1.13 per Share on 30 December 2020.

Total value of the Offer

As at the Latest Practicable Date, there were 300,000,000 Shares in issue. On the basis of the Offer Price of HK\$2.00 per Offer Share, the issued share capital of the Company would be valued at HK\$600,000,000.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in an aggregate of 212,850,000 Shares, and after excluding the Elite Foster Shares pursuant to the Elite Foster Irrevocable Undertaking, and on the basis that there are 53,400,000 Shares subject to the Offer and assuming that there is no change in the issued share capital of the Company, in the event that the Offer is accepted in full, the aggregate value of the Offer is HK\$106,800,000.

Confirmation of financial resources available to the Offeror

The maximum amount of cash payable by the Offeror in respect of acceptance of the Offer is HK\$106,800,000, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer. The Offeror intends to finance the consideration for the acceptance of the Offer by the Facility. The voting rights of the Shares subject to the Share Charges would not be transferred to Kingston Securities unless and until the security under the Share Charges shall have become enforceable, and Kingston Securities has elected to enforce the security thereunder, pursuant to the terms and conditions thereof. The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the above Facility will not depend to any significant extent on the business of the Group.

Kingston Corporate Finance, the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for full acceptance of the Offer.

Effect of accepting the Offer

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

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

The Offer will be unconditional in all respects. Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Settlement of the consideration in cash in respect of acceptances of the Offer will be made as soon as possible within seven (7) Business Days following the date of receipt of a duly completed acceptance of the Offer. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

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

Hong Kong stamp duty

In Hong Kong, the seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Independent Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

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

Overseas Shareholders

As the Offer to persons not being resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in respect of such jurisdictions).

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

Taxation advice

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and parties acting in concert with it, the Company, the Registrar, Kingston Securities, Kingston Corporate Finance, Octal Capital Limited, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

DEALING AND INTERESTS IN SECURITIES OF THE COMPANY

Save for the off-market acquisitions of (i) 10,330,000 Shares at the consideration of HK\$16,528,000 (being HK\$1.60 per Share); (ii) 5,400,000 Shares at the consideration of HK\$9,720,000 (being HK\$1.80 per Share); (iii) 5,870,000 Shares at the consideration of HK\$11,740,000 (being HK\$2.00 per Share), all on 12 April 2021; and (iv) the Sale Shares pursuant to the Sale and Purchase Agreement, none of the Offeror nor any person acting in concert with it had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period.

OTHER INFORMATION

The Offeror confirms that as at the Latest Practicable Date:

- (i) save for the 212,850,000 Shares in which the Offeror is interested, none of the Offeror nor any person acting in concert with it owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (ii) save for the Sale and Purchase Agreement, the Facility and the Share Charges, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (iii) save for the Facility and the Share Charges, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror or any person acting in concert with it or any other associate of the Offeror and any other person;
- (iv) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was managed on a discretionary basis by any fund managers or principal traders connected with the Offeror or any person acting in concert with it, and no such person had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;
- (v) there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) none of 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;
- (vii) save for the Elite Foster Irrevocable Undertaking, none of the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept or reject the Offer or any irrevocable undertaking from any Shareholders not to sell or transfer (or cause the same to be done) or otherwise dispose of (or permit any such action to occur in respect of) any interest in any Shares held by he/she/it/them;

- (viii) there is no agreement or arrangement in relation to outstanding derivative in respect of the securities in the Company which was owned, controlled or directed by, or had been entered into by the Offeror, nor any person acting in concert with it;
- (ix) save for the Consideration, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the Vendor or any party acting in concert with it in connection with the sale and purchase of the Sale Shares under the Sale and Purchase Agreement;
- (x) save for the Facility and the Share Charges, there was no agreement, arrangement or understanding to transfer, charge or pledge any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror may acquire in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (xi) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between the Vendor and any parties acting in concert with it on one hand, and the Offeror or any parties acting in concert with it on the other hand; and
- (xii) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder; and (ii)(a) the Offeror and any parties acting in concert with it or (ii)(b) the Company, its subsidiaries or associated companies.

INFORMATION ON THE GROUP

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

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability on 9 July 2019, and is principally engaged in the Aerospace Business, being satellite precision manufacturing, satellite launch, aerospace measurement and control and aerospace data services to promote the marketisation of aerospace technology and to support regional aerospace commercialisation needs, and investment holding. As at the Latest Practicable Date, the Offeror had commenced the “Golden Bauhinia Constellation” project by successfully launching the initial two satellites of the first formation of satellites running in the solar synchronous orbit. It is expected that by the end of 2021, the follow-up satellite of the first formation of the “Golden Bauhinia Constellation” will also be launched, and the second formation satellite of the “Golden Bauhinia Constellation” will be launched in due course. After the close of the Offer, the “Golden Bauhinia Constellation” project would be performed by the Company. The initial two satellites, which were acquired by the Offeror and launched as part of the said project, would be transferred to the Company in accordance with the Listing Rules and the Takeovers Code, where appropriate. Upon completion of the said project, the Offeror would be able to provide aerospace data services in Guangdong-Hong Kong-Macao Greater Bay Area, to establish

a dynamic monitoring service system not affected by weather conditions. Such aerospace data will facilitate cities in Greater Bay Area to achieve fine management and ecological environment construction of the full-cycle monitoring in the fields of agricultural monitoring, disaster prevention and mitigation, comprehensive urban governance, watershed control and so on.

Meanwhile, the Offeror is in the course of conducting its research and development (R&D) as part of the Aerospace Business. The Offeror is also in the course of identifying suitable location in Guangdong-Hong Kong-Macao Greater Bay Area for the manufacturing of satellites. Taking into account the time for identifying location, construction and installation of plant facility and equipment, it is expected that the Offeror will only manage to commence the manufacturing of satellites in a few years' time in furtherance of its provision of aerospace data services.

The entire issued share capital of the Offeror comprises 62.36% ordinary shares (class A) ("Class A Shares") and 37.64% ordinary shares (class B) ("Class B Shares"), of which 64.61% (comprising of 62.36% Class A Shares and 2.25% Class B Shares) is owned by Vision International Group Limited, which in turn is wholly-owned by Mr. Sun Fengquan ("Mr. Sun"), and the remaining 35.39% Class B Shares is owned by a group comprising 32 individuals, corporates and private equity funds. Amongst those 32 individuals, corporates and private equity funds, each of them holds less than 5% and the largest shareholder amongst them is a fund which holds 3.40%. Vision International Group Limited has the exclusive right to nominate a simple majority of the board of directors of the Offeror, whereas the other shareholders do not have such right.

Mr. Sun has over 30 years of experience in asset management. Mr. Sun has been the chairman and chief executive officer of Vision International Group Limited since 2016. From 2015 to 2016, he was the chairman of Great Wall International Finance Inc. Ltd. From 1993 to 2013, he was the chairman of Far East International Capital Management Ltd., and prior to that, he was the deputy manager of Jincheng Asset Management Ltd.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror is the controlling shareholder of the Company and is interested in 70.95% of the issued share capital of the Company. The Group is principally engaged in the business of electronics manufacturing services. The Offeror is of the view that the Group is an attractive investment whose current businesses have established networks and reputation in the electronics manufacturing industry. Further, the Offeror is of the view that the Acquisition will allow the Company to act as a platform for its business development and operation. Hence, the Offeror also intends to expand the business coverage of the Group by engaging in the Aerospace Business immediately following Completion. As the Aerospace Business is a capital intensive business, the Offeror is of the view that the Company, being a listed company in Hong Kong, would be the alternate debt and equity fund raising platform for its business. As at the Latest Practicable Date, neither the Offeror nor the Aerospace Business had any capital commitment. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate). Despite that the Aerospace Business and the existing principal businesses of the

Group are of a different nature, following the close of the Offer, the Offeror intends that the Group will engage in the Aerospace Business and will also continue the existing principal businesses of the Group in parallel. Given the Offeror has knowledge on a pool of personnel who have expertise in the Aerospace Business, through the referral of the Offeror, the Company will employ new management and employees with the relevant expertise to carry out the Aerospace Business as and when appropriate in accordance with the Listing Rules and the Takeovers Code; while the existing management and employees of the Group will continue to manage and operate the existing principal businesses of the Group. The Offeror will continue to review the business operations and financial position of the Group from time to time for development of a sustainable business plan and strategy to the Group. Save for the potential change(s) to the composition of the Board (save for Mr. Ma) as mentioned below, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror may re-deploy the human resources from time to time when it is deemed necessary or appropriate to the benefit of the Group.

Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror has no intention to make material changes to the employment of the employees of the Group (except for a proposed change to the members of the Board (save for Mr. Ma) at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate); (ii) the Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (iii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any asset or business into the Group. The Offeror confirmed that save and except that Mr. Ma is the ultimate shareholder of the Vendor, there is no relationship between Mr. Ma and the Offeror or parties acting in concert with it. The Offeror considered that Mr. Ma has extensive experience in the existing business of the Group and is also the founder of the Group, Mr. Ma's continuous acting as the executive Director will be beneficial to the development of the existing business of the Group.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of six Directors, comprising three executive Directors, being Mr. Ma Fujun, Ms. Chen Xiaoyuan and Mr. Cheng Bin; and three independent non-executive Directors, being Mr. Wu Chi-luen, Mr. Chan Chung Kik, Lewis and Mr. Chow Kit Ting.

Pursuant to the Sale and Purchase Agreement, each of Ms. Chen Xiaoyuan, Mr. Cheng Bin, Mr. Wu Chi-luen, Mr. Chan Chung Kik, Lewis and Mr. Chow Kit Ting has resigned with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. the Closing Date).

The Offeror intends to nominate new director(s) to the Board to facilitate the business operation, management and strategy of the Group. The Offeror intends to appoint new Directors with effect not earlier than such date as permitted under Rule 26.4 of the Takeovers Code (i.e. with effect from immediately after the despatch of this Composite Document); accordingly, the Board proposed the appointment of the following individuals as new Directors in compliance with the Takeovers Code and the Listing Rules:

- (a) Dr. LAM Lee G. as an intended non-executive Director; and

(b) Mr. LIAO Pin-tsung as an intended executive Director.

Any changes to the members of the Board will be made in compliance with the Takeovers Code and the Listing Rules. Further announcement(s) (including the biographies of the new Directors) will be made immediately after their appointments.

CHANGE IN BOARD LOT SIZE

The board lot size of the Shares will be changed from 5,000 Shares to 200 Shares with effect from 27 May 2021, which falls within the period when the Offer is open for acceptance. In this relation, new share certificates in board lots of 200 Shares each are available for free exchange from 12 May 2021 to 21 June 2021. Details of the expected timetable for the change in board lot size are set out in the announcement of the Company dated 5 May 2021.

Shareholders will not be precluded from accepting the Offer by reason of the aforesaid change in board lot size. All existing share certificates in board lots of 5,000 Shares each will continue to be good evidence of title to such Shares and be valid for transfer, delivery and settlement purposes under the Offer. For those Shareholders who have exchanged for new share certificates will lodge their new share certificates for acceptance of the Offer, whereas existing share certificates of those Shareholders who have not exchanged for new share certificates will also be accepted for such purpose.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange.

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

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

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. Each of the Offeror, the Directors to be appointed after the issue of this Composite Document and the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Immediately following Completion, 53,400,000 Shares, representing 17.80% of the issued share capital of the Company, are held by the public. Accordingly, the Company does not fulfil the public float requirement as set out under the Listing Rules. The Offeror considers that the selling of any Shares by it or its parties acting in concert during the Offer Period is not encouraged as it may invoke unnecessary speculation from the market as to the reason why the Offeror on the one hand offers to acquire the Shares from the market, while on the other hand continuously sells the Shares held by it. To avoid any confusion and to ensure there is an orderly market, the Offeror considers that it would be more appropriate to place down part of its interest after the close of the Offer. As such, the Company has made an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules and the Stock Exchange has granted the waiver.

The Offeror has undertaken to the Stock Exchange that it shall use all reasonable endeavours to take appropriate steps, which may include placing down part of the interest of the Offeror or parties acting in concert with it in the Company following the close of the Offer, to ensure restoration of the minimum percentage of the Shares as required under Rule 8.08(1)(a) of the Listing Rules to public hands. To restore the public float, the Offeror will either directly in the market dispose of or engage a placing agent for placing of 21,600,000 Shares together with all other Shares acquired by the Offeror upon the acceptance of the Offer. To expedite the restoration of the public float, the Offeror shall enter into a placing agreement on the Closing Date to allow the placing agent to commence placing procedure immediately following the close of the Offer so as to accelerate the placing process.

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

COMPULSORY ACQUISITION

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

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

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

The attention of the Overseas Shareholders is drawn to the section headed "Important notice" in this Composite Document and the paragraph headed "7. Overseas Shareholders" in Appendix I to this Composite Document.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. None of the members of the Offeror and parties acting concert with it, the Company, Kingston Securities, Kingston Corporate Finance, Octal Capital Limited, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

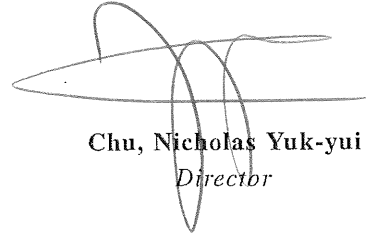
WARNING

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

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
Kingston Securities Limited

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Chu, Nicholas Yuk-yui
Director