25 October 2023

*To the Independent Board Committee and the Independent Shareholders of*
*DL Holdings Group Limited*

Dear Sirs,

# DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF REMAINING EQUITY INTEREST IN DL FAMILY OFFICE (HK) LIMITED INVOLVING THE ISSUE OF PROMISSORY NOTE

## A. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" of the circular (the "**Circular**") issued by the Company to the Shareholders dated 25 October 2023 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

References are made to the Prior Announcements dated 23 May 2022, 26 May 2022 and 17 January 2023. As disclosed, the Purchaser and the Vendor entered into the Prior SPA, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell 8,195,441 shares of the Target Company, at the Prior Consideration of HK$63,000,000.00. Upon completion of the Prior Acquisition, which took place on 17 January 2023, and as at the Latest Practicable Date, the Purchaser legally and beneficially owns 8,195,441 shares of the Target Company, representing approximately 45.00% of the entire issued share capital of the Target Company, and the Vendor legally and beneficially owns the Sale Shares (i.e. 10,016,651 shares of the Target Company, representing approximately 55.00% of the entire issued share capital of the Target Company).

References are also made to the Company's announcements dated 14 September 2023, 20 September 2023, 6 October 2023 and 18 October 2023 in relation to, amongst other things, the proposed Acquisition. On 14 September 2023 (after trading hours of the Stock Exchange), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, which represent approximately 55.00% of the entire equity interest of the Target Company at the Consideration of HK$220,000,000.00, which will be satisfied by cash and the issue of the Promissory Note.

**Listing Rules Implications**

As at the Latest Practicable Date, one of the shareholders of the Vendor is Ms. Jiang Xinrong, a non-executive Director until her resignation on 28 April 2023 and the spouse of Mr. Chen Ningdi (an executive Director), and she owns approximately 36.60% of the issued share capital of the Vendor. Therefore, the Vendor is an associate of each of Ms. Jiang Xinrong and Mr. Chen Ningdi, and accordingly, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

On a standalone basis, with more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but all of them are less than 25%, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder (on a standalone basis) constitute disclosable transactions for the Company under Chapter 14 of the Listing Rules.

As disclosed in the Prior Announcements dated 23 May 2022, 18 October 2022 and 17 January 2023, the EW Acquisition was completed on 18 October 2022 and the Prior Acquisition was completed on 17 January 2023. With (A)(i) the Acquisition; and (ii) the completion of each of the EW Acquisition and the Prior Acquisition took place within a 12-month period; (B) the vendor of the sales of the entire issued share capital of Emerald Wealth Management Limited is the wholly-owned subsidiary of the Vendor; and (C) the vendor of the sales of shares in the Target Company is the same in both the Prior Acquisition and the Acquisition, the Acquisition, the Prior Acquisition and the EW Acquisition shall be aggregated as if they were one transaction pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules.

As more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition, the Prior Acquisition and EW Acquisition exceed 5% but all of them are less than 25%, the EW Acquisition, the Prior Acquisition, the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules.

In view of the above, the Acquisition is correspondingly subject to the reporting, announcement, the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Any Shareholders or their respective associates with a material interest in the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder shall abstain from voting at the EGM.

The relevant interested Shareholders, namely:

(i) Mr. Chen Ningdi, Ms. Jiang Xinrong and their respective associates, as they together held 779,928,099 Shares in aggregate, representing approximately 53.64% of the issued share capital of the Company as at the Latest Practicable Date;

(ii) Mr. Ai Kuiyu, his spouse and their respective associates, as they together held 6,667,299 Shares in aggregate, representing approximately 0.46% of the issued share capital of the Company as at the Latest Practicable Date;

(iii) Mr. Lang Joseph Shie Jay's spouse and the respective associates of Mr. Lang Joseph Shie Jay and hers, as they together held 1,427,400 Shares in aggregate, representing approximately 0.098% of the issued share capital of the Company as at the Latest Practicable Date; and

(iv) Ms. He Zhiying and her associates as they together held 6,044,874 Shares in aggregate, representing approximately 0.42% of the issued share capital of the Company as at the Latest Practicable Date,

will abstain from voting on the resolution approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above, as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

**Independent Board Committee**

The Independent Board Committee comprising Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) and Mr. Liu Chun, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. We have been appointed and approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and Independent Shareholders as a whole and whether the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

**Our Independence**

As at the Latest Practicable Date, we were not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independence Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. We are eligible to give independent advice and recommendations on the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. Apart from the normal professional fees payable to us in connection with the present appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

During the past two years, there was no engagement between the Group and us. Also, we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder.

## B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts, the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

We also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

The Directors collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed all currently available information and documents particularly, (i) the annual report of the Company for the year ended 31 March 2023 (the "**Annual Report 2022/23**"); (ii) the Sale and Purchase Agreement; (iii) the announcement of the Company dated 14 September 2023; (iv) the Prior SPA; (v) the Prior Announcements; (vi) the audited financial statements of the Target Company for the year ended 31 December 2022; (vii) the management accounts of the Target Company for the six months ended 30 June 2023; and (viii) the valuation report prepared by the Independent Valuer (the "**Valuation Report**"). Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Acquisition, entering into the Sale and Purchase Agreement and the transactions contemplated thereunder, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder and, except for its inclusion in the Circular, 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.

## C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the transaction, we have considered the following principal factors and reasons:

### 1. Background information of the Group

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the main board of the Stock Exchange (stock code: 1709).

The Group is principally engaged in (A) provision of financial services of licensed businesses including (i) financial advisory services; (ii) securities research services; (iii) securities trading and brokerage services; (iv) margin financing services; (v) referral services; (vi) asset management services; and (vii) investment management and advisory services to customers; (B) provision of money lending services; (C) sales of apparel products with the provision of supply chain management total solutions to customers; and (D) provision of enterprise solutions services.

Set out below in the Table A is a summary of the consolidated financial information of the Group for the year ended 31 March 2023 ("**FY2023**") and the year ended 31 March 2022 ("**FY2022**") as extracted from the Annual Report 2022/23:

*"Table A"*

| | FY2023 | FY2022 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| | (audited) | (audited) |
| **Revenue** | **191,116** | **309,065** |
| – Financial services of licensed business | 136,853 | 141,352 |
| – Money lending services | 16,656 | 15,042 |
| – Sales of apparel products | 22,327 | 130,381 |
| – Enterprise solutions services | 15,280 | 22,290 |
| (Loss)/profit for the year | (49,177) | 109,775 |

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| | (audited) | (audited) |
| Total assets | 894,686 | 914,780 |
| Total liabilities | 458,938 | 388,619 |
| Net assets | 435,748 | 526,161 |

*FY2023 vs FY2022*

With reference to the Annual Report 2022/23, the revenue of the Group decreased by approximately 38.2% from approximately HK$309.1 million in FY2022 to approximately HK$191.1 million in FY2023. The decrease in revenue was mainly attributable to the decrease in revenue from the apparel business of approximately HK$108.1 million and the slight decrease in revenue generated from the financial services businesses of approximately HK$4.5 million.

The Group recorded a loss for the year of approximately HK$49.2 million in FY2023 while a profit for year of approximately HK$109.8 million in FY2022, the difference of which was approximately HK$159.0 million. Such change was mainly attributable to (i) the decrease in gross profit of approximately HK$70.1 million; and (ii) the net losses on disposals of financial assets at fair value through profit or loss ("**financial assets at FVTPL**") of approximately HK$37.8 million in FY2023 as compared to the net fair value gains on financial assets at FVTPL of approximately HK$34.8 million recorded in FY2022.

The Group's audited total assets and total liabilities as at 31 March 2023 amounted to approximately HK$894.7 million and HK$458.9 million respectively. The Group's audited consolidated net assets value amounted to approximately HK$435.7 million as at 31 March 2023, representing a decrease of approximately 17.2% as compared to that of approximately HK$526.2 million as at 31 March 2022 mainly due to the reported loss. The gearing ratio, which was calculated by dividing total debts (including bank borrowing, bonds payable, promissory notes and lease liabilities) by total equity as at the end of the reporting period, remained stable at approximately 39.5% as at 31 March 2022 and approximately 40.0% as at 31 March 2023.

**2. Background information of the Target Company**

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of financial services of licensed businesses including securities advisory services and asset management services. The Target Company is a licensed corporation under the SFO permitted to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities. As at the Latest Practicable Date and immediately prior to the Completion, the Purchaser legally and beneficially owns 8,195,441 shares of the Target Company, representing approximately 45.00% of the entire issued share capital of the Target Company, and the Vendor legally and beneficially owns the Sale Shares (i.e. 10,016,651 shares of the Target Company, representing approximately 55.00% of the entire issued share capital of the Target Company).

Below is the key financial information of the Target Company:

*"Table B"*

| | **For the six months ended 30 June 2023**<br>*HK$*<br>(unaudited) | **For the year ended 31 December 2022**<br>*HK$*<br>(audited) | **For the year ended 31 December 2021**<br>*HK$*<br>(audited) |
|---|---|---|---|
| Revenue | 25,468,811 | 40,689,215 | 23,821,861 |
| Profit for the year/period | 12,081,371 | 20,258,819 | 9,490,605 |

*"Table C"*

| | As at 30 June 2023 *HK$* (unaudited) | As at 31 December 2022 *HK$* (audited) | As at 31 December 2021 *HK$* (audited) |
|---|---|---|---|
| Total assets | 60,574,558 | 47,253,522 | 24,473,074 |
| Total liabilities | 6,506,441 | 5,266,776 | 2,745,147 |
| Net assets | 54,068,117 | 41,986,746 | 21,727,927 |

The revenue generated by the Target Company were approximately HK$25.5 million for the six months ended 30 June 2023, approximately HK$40.7 million for the year ended 31 December 2022 and approximately HK$23.8 million for the year ended 31 December 2021. For the year ended 31 December 2022, the revenue increased by approximately HK$16.9 million as compared to 2021. The increase was mainly due to the increase in investment advisory fee of approximately HK$15.5 million and increase in management income fee of approximately HK$5.1 million. It is noted that the Target Company recorded a net profit of approximately HK$20.3 million for the year ended 31 December 2022, representing an increase of approximately HK$10.8 million as compared to a net profit of approximately HK$9.5 million for the year ended 31 December 2021. Such increase was mainly due to the increase in revenue as mentioned above. For the six months ended 30 June 2023, it is noted that the advisory fee income, referral fee income, client management fee and IFA management fee were approximately HK$11.3 million, HK$7.6 million, HK$5.7 million and HK$0.9 million, respectively, representing approximately 44.6%, 29.8%, 22.3% and 3.3% of the Target Company's total revenue, respectively.

The Target Company's net assets increased from approximately HK$21.7 million as at 31 December 2021 to approximately HK$42.0 million as at 31 December 2022 and then to approximately HK$54.1 million as at 30 June 2023. The increase in net assets was mainly due to the net profit for the year/period.

### 3. Reasons for and benefits of the Acquisition

As disclosed in the Letter from the Board, in view of the Group's principal business and the businesses carried out by the Target Company, being the Type 4 (advising on securities) and Type 9 (asset management) regulated activities permitted under the SFO and the DL Family Office License granted, the Group entered into the Prior SPA to proceed with the Prior Acquisition in order to expand, strengthen and direct toward its development as a service provider with full-range and integrated financial services available. Throughout the past financial year since the completion of the Prior Acquisition and up to the Latest Practicable Date, there has been significant growth and development in the Group's businesses with such regulated activities in connection with the Target Company.

In view of the favourable track record in terms of the key financial metric stipulated in the section headed "Financial information of the Target Company" above and the business collaboration with the Target Company, the Company believes that the Acquisition proposed to acquire the Sale Shares, which represent the remaining approximately 55.00% of the entire issued share capital of the Target Company will be a meaningful step in realizing the Group's strategy of creating greater value for the Shareholders and also further strengthening the industry position of the Group. In addition, with the view to further expand its relevant financial services, the Company is of the view that the Acquisition enables the Group to explore and leverage the synergy between the Target Company and the Group, and will be complementary to the Group's existing operation and business layout, consolidate its existing advantageous position, generate synergies and accelerate the Group's development.

*Overview of family office industry*

According to a news "Hong Kong targets 200 family offices by 2025" issued by the Standard on 28 March 2023, Hong Kong plans to provide a series of policies that are expected to attract at least 200 family offices by 2025 and has received inquiries on listings and taxation from family office leaders.

On 24 March 2023, the Hong Kong Government ("**HKG**") issued "Policy Statement on Developing Family Office Businesses in Hong Kong" which set out the HKG's policy stance and measures on developing a vibrant ecosystem for global family offices and asset owners in Hong Kong:

(a) a new Capital Investment Entrant Scheme ("**CIES**"): based on the original CIES, the HKG propose the permissible assets for the scheme to include equities listed in Hong Kong; debts issued or fully guaranteed by companies listed in Hong Kong, by the HKG, or by other corporations, agencies or bodies wholly or partly owned by the HKG; subordinated debts issued by authorised institutions; and eligible collective investment schemes (including investment-linked assurance scheme (ILAS));

(b) offering tax concessions: subject to approval by the Legislative Council, profits tax exemption will be provided to family-owned investment holding vehicles (FIHVs) managed by single family offices in Hong Kong. The HKG will also further review the existing preferential tax regimes for funds and carried interest;

(c) market facilitation measures: the Securities and Futures Commission has set up a dedicated communication channel maintained by its licensing team for family office related enquiries both by e-mail or telephone. Having due regard to investor protection, our regulators will introduce a set of more risk-based measures to streamline intermediaries' suitability assessment and disclosure process for sophisticated or ultra-high-net worth individual clients;

(d) the Hong Kong Academy for Wealth Legacy: it will offer talent development services to industry practitioners and next-generation wealth owners, with a view to cultivating a deep talent pool for the family office sector in Hong Kong;

(e) art storage facilities at the airport: the Hong Kong Airport Authority is actively exploring the establishment of storage, display and appreciation facilities for art and treasures at Hong Kong International Airport. It will enable global family offices with capital allocation in art to benefit from the thriving art ecosystem in Hong Kong;

(f) Hong Kong as a philanthropic centre: the Inland Revenue Department (IRD) will devise a standard form to facilitate the submission of applications and streamline processing. The IRD will also provide further guidance for applicants to facilitate precise statement of charitable objects;

(g) the dedicated FamilyOfficeHK team in InvestHK: expand its role to also cover services like facilitating philanthropic endeavors of wealth owners and assisting in education related matters; and

(h) a new network of family office service providers: the FamilyOfficeHK team under InvestHK will convene and launch a new Network of Family Office Service Providers, covering private banks, accounting and legal firms, trusts and other professional services firms, which provide comprehensive services to family offices.

According to an article name "The Gloves Are Off: Hong Kong Vs. Singapore And The Fight To Lure Family Offices" written by Francois Botha and issued on Forbes (https://www.forbes.com/sites/francoisbotha/2023/07/09/the-gloves-are-off-hong-kong-vs-singapore-and-the-fight-to-lure-family-offices/?sh=fe18106226f5) on 9 July 2023, Singapore had over 1,100 family offices registered for tax incentives at the start of the year and launched their own support network in 2021. Singapore is also benefiting from an influx of ultra high net worth individuals coming directly from Hong Kong, which has added geopolitical tensions to complicate its situation. Meanwhile, Hong Kong has over 400 family offices and aims to attract over 200 in the next two years through new tax incentives as well as a recently launched dedicated family office service provider network. They also announced new tax incentives that exempt single family offices from the 16.5% tax on profits from specified transactions across securities, futures, forex and a host of other investment vehicles, while adding in the offer of residency in Hong Kong for investors and their families. Family offices have boomed in Asia in the last decade, with almost a quarter of family offices less than two years old, so the latest incentives by Hong Kong are a timely and necessary move in the competition with Singapore.

Taking into account (i) the vision on the family offices services; (ii) incentive by the HKG to family offices; and (iii) competition among the Asian cities, we are of view that the Acquisition would be advantageous for the Group to capture the abovementioned market opportunity and is in the interests of the Company and the Shareholders as a whole although it is not conducted in the ordinary and usual course of business of the Group.

## 4. Principal terms of the Sale and Purchase Agreement

Set out below is a summary of the principal terms of the Sale and Purchase Agreement. Independent Shareholders are advised to read further details of the Sale and Purchase Agreement set out in the Letter from the Board:

| | |
|---|---|
| Date: | 14 September 2023 (after trading hours of the Stock Exchange) |
| Parties to the Sale and Purchase Agreement: | (i) DL Asset Management Limited, as the Purchaser; and<br>(ii) DL Global Holdings Limited, as the Vendor. |
| Subject Matter: | Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire from the Vendor the Sale Shares (i.e. 10,016,651 shares of the Target Company), representing approximately 55.00% of the entire issued share capital of the Target Company. |
| Consideration: | The Consideration for the Acquisition is HK$220,000,000.00 in aggregate, which shall be payable by the Purchaser partially in cash to the Vendor's designated bank account by wire transfer and partially settled by the issue of Promissory Note by the Company and will be satisfied in the following manner:<br>(a) an initial refundable deposit in the sum of HK$22,000,000.00 shall be paid by the Purchaser in cash to the Vendor's designated bank account by wire transfer within five (5) Business Days from the date of the Sale and Purchase Agreement; and |

(b) the remaining total balance of the Consideration in the sum of HK$198,000,000.00 shall be, upon Completion, paid and settled by having:

i. part of the remaining total balance of the Consideration in the sum of HK$48,000,000.00 paid by the Purchaser in cash to the Vendor's designated bank account by wire transfer; and

ii. the remainder, in the sum of HK$150,000,000.00, settled by the Company's issue of Promissory Note to the Vendor.

As at the Latest Practicable Date, it is anticipated that the total consideration for the Acquisition will be satisfied by the internal resources of the Group.

The Consideration was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to (i) the fair value of the Sale Shares in the amount of HK$230,200,000.00 as at 30 June 2023 according to the valuation report prepared by the Independent Valuer, adopting the market approach; (ii) the audited net assets of the Target Company amounted to approximately HK$41.99 million as at 31 December 2022; (iii) the unaudited net assets of the Target Company amounted to approximately HK$54.07 million as at 30 June 2023; (iv) the financial position and track record as demonstrated from the key financial metrics of the Target Company; and (v) the existing synergies as a result of the Prior Acquisition and are anticipated to be enhanced between the Group and the Target Company as detailed in, and the factors further contemplated under the section headed "Reasons for and Benefits of the Acquisition" in the "Letter from the Board".

| | |
|---|---|
| Conditions precedent: | The Acquisition are conditional upon fulfillment (or waiver, as the case may be) of all the following conditions precedent of the Sale and Purchase Agreement on or before the Long Stop Date: |

(i) the Directors passing the ordinary resolutions approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated hereunder (including but not limited to the issue of the Promissory Note) in accordance with the requirements of the Listing Rules, the Company's constitutional documents and all applicable laws and regulations in Hong Kong and the Cayman Islands;

(ii) the passing of all resolution(s) by the Independent Shareholders in the EGM approving the entering into the Sale and Purchase Agreement by the Company and the performance of the transactions contemplated hereunder in accordance with the relevant provisions in the Listing Rules, the constitutional documents of the Company and all applicable laws and regulations in Hong Kong and the Cayman Islands;

(iii) the Purchaser having completed the due diligence on the Target Company's assets, legal conditions and conditions regarding its businesses and operations and being and remaining satisfied with the same in all material respects;

(iv) the DL Family Office License being valid, enforceable and operative as at the date of the Sale and Purchase Agreement, remains valid, enforceable and operative on Completion Date, and there being no statutes, statutory provisions, regulations, instruments, subordinate legislation, rules, orders, judgments, decisions, conditions and/or notices whatsoever proposed, granted or enforced by the SFC or any other applicable authority which prohibit, restrict, revoke or threaten to prohibit, restrict, revoke, the DL Family Office License entitlement by the Target Company on the Completion Date;

(v) the representations, warranties and undertaking provided each of the parties under the Sale and Purchase Agreement being true, accurate, valid and not misleading on the execution of the Sale and Purchase Agreement in all material respects and remain true, accurate, valid and not misleading in all material respects as at the Completion Date;

(vi) no material adverse change regarding the assets, financial position, business or prospects or results of operations of the Target Company up to the Completion Date; and

(vii) all authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the Sale and Purchase Agreement and the transactions contemplated hereunder having been complied, granted, received or obtained by the Purchaser and the Vendor and remain in full force and effect and not revoked up to the Completion Date.

Save for the conditions precedent set out under sub-paragraphs (iii) and (v) above by written notice, none of the above conditions precedent can be waived. If any of the conditions is not fulfilled (or as the case may be, waived) on or before 31 December 2023 (i.e. the long stop date contemplated under the Sale and Purchase Agreement for the fulfillment of the above conditions for the Acquisition), or such later date as the parties to the Sale and Purchase Agreement may agree in writing, the Sale and Purchase Agreement shall be terminated, and all rights, obligations and liabilities of the parties thereto shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the Sale and Purchase Agreement.

As at the Latest Practicable Date, save and except for the condition precedent set out under sub-paragraph (ii) above, all other conditions precedent have been fulfilled. Despite the conditions precedent set out under sub-paragraph (iii) and (v) being capable to be waived, it is, in any event, not the Purchaser's intention to serve any written notice to waive such conditions precedent.

Completion:

Subject to all the conditions precedent under the Sale and Purchase Agreement being fulfilled (or waived, as the case may be), the Completion shall take place at or before 2:30 p.m. on the Business Day falling on the fifth Business Day upon the fulfillment (or, as the case may be, the waiver) of the conditions set out above (or such later date as may be agreed between the parties to the Sale and Purchase Agreement in writing), at the office of the Purchaser or such other place as may be agreed in writing by the parties to the Sale and Purchase Agreement.

Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the Target Company's financial results will be consolidated into the financial statements of the Company.

## 5. Basis of the Consideration

### *5.1 Valuation report*

As disclosed in the Letter from the Board, the Consideration was determined with reference to the preliminary valuation of the Target Company as at 30 June 2023 of HK$230,200,000 conducted by the Independent Valuer using market approach.

*Valuation of the Target Company*

In order to assess the fairness and reasonableness of the Consideration, we have obtained and reviewed the Valuation Report in relation to the valuation of the Target Company and the underlying basis and assumptions prepared by the Independent Valuer. As stated in the Valuation Report, the market value of 55% equity interest of the Target Company as at 30 June 2023 (the "**Valuation Date**") is estimated to be HK$230,200,000. Accordingly, the Consideration represents a discount of approximately 4.43% to such value.

*Scope of work*

We have reviewed the terms of engagement of the Independent Valuer and consider that its scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might adversely impact on the degree of assurance given by the Valuation Report. Furthermore, we noted that the Valuation Report is prepared in accordance with the International Valuation Standards (the "**IVS2022**") effective from 31 January 2022 published by the International Valuation Standards Council.

*Qualification, experience and independence of the Independent Valuer*

We have assessed the qualification, experience and independence of the Independent Valuer in relation to the preparation of the Valuation Report. We understand that Vincent Cheung, being the managing director and Freddie Chan, being the executive director of the Independent Valuer respectively, are persons-in-charge of the Valuation Report, who have over 10 years of experience in the valuation and advisory industry respectively. We have also obtained information on the Independent Valuer's track records on other valuations and noted that the Independent Valuer has provided a wide range of valuation services to numerous companies listed on the Stock Exchange in the past. The Independent Valuer has also confirmed that it is independent from the Group, the Target Company and their respective associates. Based on the above, we are satisfied with the qualification and experience of the Independent Valuer in relation to the valuation of the Target Company.

*Basis and major assumptions adopted by the Independent Valuer*

We have enquired with and were advised by the Independent Valuer that it had performed necessary due diligence works for the preparation of the Valuation Report, which included, among others, review of financial statements of the Target Company and discussion with the management of the Group and/or the Target Company in relation to its development, operations, prospect, and other relevant information.

According to the Valuation Report, the valuation of the Target Company has been valued on a market value basis. Market value is defined as estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. We also note that the Independent Valuer has made major assumptions in valuing businesses of similar nature, including but not limited to that (i) there will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Company; (ii) the conditions in which the Target Company is operated, and which are material to revenue and costs of the businesses of the Target Company will have no material change; (iii) the information has been prepared on a reasonable basis after due and careful consideration by the client; (iv) competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Target Company; (v) all licenses and permits that is essential for the operation of the Target Company can be obtained and are renewable upon expiry; and (vi) there are no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value. Further, the Independent Valuer assumes no responsibility for changes in market conditions after the Valuation Date.

*Selection of valuation methodology*

We have further discussed with the Independent Valuer on the selection of valuation methodology. In arriving at the Valuation, the Independent Valuer made reference to three generally accepted approaches, namely the market approach, cost approach and income approach. According to the Valuation Report, the market approach was adopted for the valuation of the Target Company.

As advised by the Independent Valuer, the cost approach values assets with reference to the accumulating costs that would incur in order to replace or reproduce the assets in its current condition. This approach is not considered to be an appropriate approach to valuing income-generating assets as it generally does not capture the future expected returns to the asset. Therefore, cost approach is not appropriate to estimate the equity interest of the Target Company and is not adopted in the valuation. For the income approach, it values assets with reference to the capitalised value of income, cash flows or cost savings that could hypothetically be earned or achieved by a market participant owing the assets. However, the principle of this approach is that the value of the asset can be measured by the present worth of the economic benefits to be received over the asset life. This approach estimates the future economic benefits and discounts these benefits to their present value using an appropriate discount rate for all risks associated with realising those benefits. The income approach is not optimal to value the Target Company as this approach involves financial forecast information and the adoption of more assumptions than the other two approaches, not all of which can be easily justified or ascertained. When considering the market approach, the Independent Valuer noted that there is a group of listed companies which engaged in similar business operation as the Target Company. Such comparable companies provided a benchmark of valuation multiples for the assessment of the Target Company. We also understand from the Independent Valuer that the market approach reflects the value obtained from a consensus of market participants over the corresponding industry. It is generally agreed that such an approach involves less subjective assumptions and judgements in a valuation as this is principally based on comparison. We concur with the Independent Valuer that the market approach is the most appropriate approach for the valuation of the Target Company.

Under the market approach, there are two commonly used methods of valuation, namely (i) guideline public company method and (ii) the comparable transaction method. The Independent Valuer has determined that guideline public company method is to be applied as there are certain number of publicly traded companies engaged in the same or similar line of business as the Target Company that can be identified. The prices of publicly traded stocks in the same or a similar industry provide objective evidence as to the values at which investors are willing to buy and sell the interest of the companies in that industry. In applying guideline public company method, the Independent Valuer computes a valuation multiple (i.e. the P/E as explained below) for various benefit streams for each guideline public company. The appropriate valuation multiple is determined and adjusted for the unique aspects of the Target Company being valued. This valuation multiple is then applied to the Target Company to arrive at an estimate of value for the appropriate ownership interest. Since the purpose of the valuation is to determine the equity interest, the valuation multiples are based on equity value. A valuation multiple represents a ratio that uses a comparable company's market value as at the Valuation Date as the numerator and the comparable company's operating results (or financial position) as the denominator.

The Target Company is principally engaged in provision of financial services of licensed businesses including securities advisory services and asset management services. Further to our enquires with the management of the Group and the Independent Valuer, the Target Company is mainly engaged in providing a full range of asset management services and family office operations and services for ultra high net worth families including cash management, venture capital, family trust, oversea structure, worldwide asset allocation, insurance business, fixed asset investment, corporate governance, family governance, charity, and education consulting. As set out in the Valuation Report, the Independent Valuer has identified six comparable companies (the "**Comparable Companies**") with reference to data as extracted from publicly available information including S&P Capital IQ. In selecting the appropriate comparable companies, the Independent Valuer has adopted the following selection criteria:

(i) the comparable companies derive the sales mainly in the family office investment services or asset management services for high-net-worth clients;

(ii) the comparable companies are listed in well-recognized stock exchange;

(iii) the comparable companies have recorded net profits for the two financial years prior to the Valuation Date;

(iv) the comparable companies have sufficient operating histories; and

(v) The financial information of the comparable companies is available to the public.

For further details of the Comparable Companies, please refer to the Valuation Report as set out in Appendix I to the Circular. As confirmed by the Independent Valuer, the list of Comparable Companies is exhaustive based on the selection criteria set out above.

We have discussed with the Independent Valuer on such selection criteria and reviewed the scope of business of the Comparable Companies. We have also obtained and reviewed the report of screening of the Comparable Companies with the input of the selection criteria set out above. Further, we have checked the market capitalisation and the published financial results of the Comparable Companies. We did not note any information which would cause us to doubt the accuracy and completeness of the information in respect of the Comparable Companies set out in the Valuation Report. We noted that the Comparable Companies are listed companies whereas the Target Company is a private company. Based on our discussion with the Independent Valuer, we consider that the Independent Valuer's selection criteria are appropriate and sufficient for the Valuation as (i) it enables the Independent Valuer to identify companies with similar business, and (ii) it has sufficient data publicly available for it to conduct the Valuation. We understand from the Independent Valuer that the first criteria above would help identify companies with operating in the similar industry of the Target Company. Also, in regard to point (iii) above, we have discussed with the Independent Valuer and understand that (i) the adoption of profit-making requirement is the necessary condition to derive a positive P/E; (ii) the Independent Valuer has selected Comparable Companies which recorded net profit for two years prior to the Valuation Date in order to reduce the impact of the short-term changes in the performance of the Comparable Companies. Based on the above, we are of the view that the adoption of net profits for the two financial years prior to the Valuation Date is fair and reasonable. Based on our search on S&P Capital IQ, a third-party database service provider designed by Standard & Poor's, with reference to the above selection criteria, we have identified six comparable companies which are the same as those identified by the Independent Valuer as set out in the Valuation Report. We consider that no other suitable comparable company is omitted as our independent research results are identical to those identified by the Independent Valuer. Based on our independent research on the Comparable Companies, we are of the view that all of the Comparable Companies fit the selection criteria and are fair and representative. In view of the above, we consider that the selection criteria adopted by the Independent Valuer in identifying the Comparable Companies are appropriate.

We noted that the Independent Valuer has considered the price-to-sale ratio ("**P/S**"), price-to-earnings ratio ("**P/E**") and price-to-book ratio ("**P/B**"). However, when a company operates at its normal earnings level, the use of P/S and P/B may not be an effective measure of the earnings capability of the company. They do not account for the profitability of the business, and fail to reflect the true earnings power and value of the business. Furthermore, the Target Company is engaged in provision of asset management services which is asset-light in nature. Based on the above, we concur with the Independent Valuer that P/S and P/B is not appropriate. We understand from the Independent Valuer that they consider P/E to be the most appropriate multiple as earnings is the primary determent of the Target Company's value.

We noted that the Comparable Companies are listed in different countries and have different size in terms of market capitalisation. As confirmed by the Independent Valuer, though the selected comparable companies are listed in different stock exchanges, it is not observed that such factor is correlated to any material premium or discount on the valuation multiples of the selected comparable companies. Based on our independent research, the Comparable Companies are listed in the United Kingdom and the United States which are matured exchanges and considered to have (i) active securities markets with high trading volume; (ii) comparable accounting standards; and (iii) international investors. We have reviewed the IVS2022 and made enquires with the Independent Valuer and note that the listing on a well-recognised stock exchange is an appropriate indication for selection of comparable companies. As the Comparable Companies are listed in stock exchanges with similar background mentioned in above, we concur with the view of the Independent Valuer that no adjustment is applied to address for the aforementioned factor. As advised by the Independent Valuer, a size premium is adopted for adjusting the multiples. The size premium differential reflects the additional risk premium required by investors for companies that are relatively smaller. Smaller companies are perceived as riskier in relation to business operation and financial performance, resulting in lower valuation multiple. Small company risk premium is the additional return required by small company investors to compensate the higher perceived risks of small companies. The small company risk premium is made reference to 2022 Valuation Handbook – Guide to Cost of Capital ("**Handbook**"). The Handbook is the study of historical capital markets data in the United States. Commonly used by valuers, consultants, and analysts to analyse asset class performance, the Handbook contains the CRSP Decile Size Premia Study. We have obtained and reviewed the Handbook and we have checked the size premium of each of the Comparable Companies and the Target Company was selected based on their market capitalisations. As such, we are of the view that the size premium is fair and reasonable.

We also noted that the Comparable Companies are listed companies whereas the Target Company is a private company. Therefore, the Independent Valuer adopted a lack of marketability discount ("**DLOM**") to adjust the market value of the Target Company in according with Stout Restricted Stock Study Companion Guide 2022 Edition (the "**Stout Guide**"), which we consider a reliable reference as it is published by Stout Risius Ross, LLC, a global investment bank and advisory firm providing services including mergers and acquisitions advice, private capital raising, and other financial advisory services to family-owned businesses, private equity firms and their portfolio companies, divisions of large corporations, and secured and unsecured creditors of middle market debtors. We consider it a reasonable adjustment for making appropriate comparison. For our due diligence purpose, we have reviewed the result of the Stout Guide obtained from the Independent Valuer and noted that the adopted lack of marketability discount of 20.6% is the mean of the transaction discounts of 763 private company transactions globally over since July 1980. After our independent research, we have also checked that in various recent circulars of the listed companies in Hong Kong, the DLOM was adopted with reference to the Stout Guide in respective valuation reports. The discount was calculated by dividing the difference between the private placement price and the market reference price by the market reference price.

Control Premium is the premium an investor is willing to pay in addition to a marketable minority equity value to obtain controlling interest in a business subject. The published market price of the identified comparable companies represents the market transaction of minority interests, therefore adjustment has been made to reflect the degree of control associated with a 100% equity interest in the Group. The Independent Valuer adopted Control Premium of 33.3% based on Factset Mergerstat Control Premium Study. For our due diligence purpose, we have independently reviewed Factset Mergerstat Control Premium Study obtained from the Independent Valuer and noted that the Control Premium was the median of invested capital control premiums of a list of 131 deals of majority control and/or privatisations globally in the finance, insurance and real estate industry during the third quarter in 2022 based on Factset Mergerstat Control Premium Study. Given the statistics on recent acquisition of majority control and/or privatisations, we concur with the view of the Independent Valuer that the average control premium of the relevant transactions is a valid reference for determining the control premium for the Target Group and the control premium of approximately 33.3% applied by the Independent Valuer to be reasonable.

In arriving at the valuation of the Target Company of HK$418,603,606, the Independent Valuer derived the equity value of 100% equity interest of the Target Company by multiplying the normalised annual net profit of the Target Company for trailing twelve months ended 30 June 2023 by the mean of adjusted P/E of the Comparable Companies, and then adjusted for (i) a discount for lack of marketability of 20.6%; and (ii) a control premium of 33.3%.

Below is the summary of the calculation of the Valuation extracted from the Valuation Report:

| | Per Valuation Report *(HK$)* |
|---|---|
| P/E | 16.97 x |
| Unaudited TTM Net Profits as of 30 June 2023 | 23,299,401 |
| 100% Equity Value (before DLOM and Control Premium) | 395,505,305 |
| Adjustments: | |
| Less: Lack of marketability discount (20.6% discount) | (81,474,093) |
| 100% Equity Value (after DLOM and before Control Premium) | 314,031,212 |
| Add: Control premium (33.3% premium) | 104,572,394 |
| **100% Equity Value (after DLOM and Control Premium)** | **418,603,606** |
| **55% Equity Value (after DLOM and Control Premium)** | **230,231,983** |
| **55% Equity Interest of Target Company by P/E (Rounded)** | **230,200,000** |

Based on our review on the Valuation Report and our discussion with the Independent Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology and the principal basis and assumptions adopted in arriving at the valuation of the Target Company.

Based on above, we are of the view that the valuation of the Target Company was arrived at after due and careful consideration while the Consideration is set at a discount to the valuation of the Target Company, we concur with the view of the Directors that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

## 6. Principal terms of the Promissory Note

Subject to the terms and conditions of the Sale and Purchase Agreement, the Company shall issue the Promissory Note to the Vendor for settlement of part of the Consideration. The principal terms and conditions of the Promissory Note are as follows:

***Parties to the Promissory Note***

(i) the Company, as the issuer of the Promissory Note; and

(ii) the Vendor, as the noteholder of the Promissory Note.

***Terms of the Promissory Note***

| | |
|---|---|
| Principal Amount: | HK$150,000,000.00 |
| Interest: | Nil |
| Maturity Date: | The Company shall repay the outstanding principal sum on the date falling two years from the date of issue of the Promissory Note (or if that is not a Business Day, the first Business Day thereafter). |
| Security: | The obligations of the Company under the Promissory Note are unsecured. |
| Transferability: | The Promissory Note may be transferred or assigned by the noteholder(s) to any persons (except for connected persons of the Company) provided that the noteholder(s) shall serve a prior written notice to the Company of not less than ten (10) Business Days. |

In respect of the settlement method of the Consideration, we have compared the Promissory Note against other possible means for settlement of the Consideration of the Acquisition (including but not limited to issue of consideration shares and convertible bonds, equity financing such as placing of new shares and rights issue/open offer). Taking into account the facts that settling the Consideration by way of (i) solely on cash would incur an immediate impact on the working capital of the Group as the cash and cash equivalents of the Group was approximately HK$83.5 million as at 31 March 2023 which is not sufficient to settle the Consideration and the Company needs to maintain flexibility by keeping sufficient cash and cash equivalents for its operations; (ii) issue of consideration share and/or convertible bonds would dilute the shareholding of the existing Shareholders; (iii) rights issue/open offer will not result in any dilution to shareholdings but the fund raising exercise would be more costly and time consuming; and (iv) issue of the Promissory Note would not incur an immediate impact on the working capital of the Group nor dilute the shareholding of the existing Shareholders, with nil interest rate, we are of the view that settling part of the Consideration by way of issue of the Promissory Note is in the interests of the Company and the Shareholders as a whole.

In order to assess the fairness and reasonableness on the terms of the Promissory Note, we have conducted search on the website of the Stock Exchange for relevant transactions which involved the issue of promissory note for acquisitions, announced by companies listed on the Stock Exchange (the "**PN Comparables**") during the 18 months prior to 14 September 2023 (being the date of the Sale and Purchase Agreement) (the "**Comparable Period**"). In our assessment, we have attempted to identify an exhaustive and complete list of six PN Comparables.

We consider that (i) the PN Comparables serve as a general reference of the recent promissory notes transactions being conducted under similar market conditions; and (ii) the number of the PN Comparables identified demonstrate the market practice during the period and allow the Independent Shareholders to have a general understanding of recent issues of promissory note being conducted in the capital market of Hong Kong. Shareholders should note that the businesses, operations and prospects of the Company may not be the same as, or even substantially vary from, that of the PN Comparables, and we have not conducted any detailed investigation into the respective businesses and operations of the PN Comparables. Set out below is the summary of the PN Comparables:

| Date of announcement | Stock code | Company name | Whether it is a connected transaction | Principal amounts | Term | Interest rate per annum |
|---|---|---|---|---|---|---|
| | | | | *HK$* | *(years)* | *(%)* |
| 30 December 2022 | 1069 | China Bozza Development Holdings Limited | No | 120,000,000 | 5 | nil for the first year, 2% per annum for the second year, 3% per annum for the third year; 4% per annum for the fourth year, and 6% per annum for the fifth year |

| Date of announcement | Stock code | Company name | Whether it is a connected transaction | Principal amounts *HK$* | Term *(years)* | Interest rate per annum *(%)* |
|---|---|---|---|---|---|---|
| 23 September 2022 | 3882 | Sky Light Holdings Limited | No | 94,242,883 | 2 | Nil |
| 16 August 2022 | 8195 | Legendary Group Limited | No | 12,400,000 | 3 | 5 |
| 12 August 2022 | 851 | Sheng Yuan Holdings Limited | No | 230,724,000 | 2-2.58 | 12.5 |
| 5 August 2022 | 1481 | Smart Globe Holdings Limited | No | 156,000,000 | 1-2 | Nil |
| 10 June 2022 | 348 | China Healthwise Holdings Limited | No | 15,000,000 | 3 | 9 |
| | | **Promissory Note** | Yes | 150,000,000 | 2 | Nil |

We noted that (i) the principal amounts of the PN Comparables ranged from approximately HK$12.4 million to approximately HK$230.7 million while the principal amounts of the Promissory Note is HK$150 million; (ii) the term of the PN Comparables ranged from 1 year to 5 years while the term of the Promissory Note is 2 years; and (iii) the interest rates of the PN Comparables ranged from nil to 12.5%, while the interest rate of the Promissory Note was nil.

In view of the above and taking into account the reasons for and benefits of the Acquisition as discussed in the sub-section above headed "3. Reasons and benefits of the Acquisition", we are of the view that the principal terms of the Sale and Purchase Agreement including the Consideration, and the principal amounts, the interest rate and the term of the Promissory Note are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## 7. Financial effects of the Acquisition on the Group

Upon Completion, the Target Company will become a subsidiary of the Company and accordingly, the financial results and financial position of the Target Company will be consolidated into the consolidated financial statements of the Group.

***Total assets and total liabilities***

As advised by the management of the Group, the total assets and liabilities of the Group will increase upon completion of the Acquisition as enlarged by the assets and liabilities of the Target Group.

*Earnings*

As disclosed in "Table B" in the section "2. Background information of the Target Company" above, the Target Company recorded revenue of approximately HK$40.7 million and profit after tax of the Target Company of approximately HK$20.3 million for the year ended 31 December 2022. As advised by the management of the Group, it is expected that the revenue and profits of the enlarged Group will increase upon completion of the Acquisition as a result of the consolidation of financial performance of the Target Company.

## OPINION

Having considered the above reasons, we are of the view that the Acquisition is not in the ordinary and usual course of business of the Group, but the Acquisition, terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and we recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM approving the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
**Vinco Financial Limited**

**Alister Chung**
*Managing Director*

*Note:* Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Financial Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.