
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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



China DaDi Group Limited

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

Man Sang International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

**COMPOSITE OFFER AND RESPONSE DOCUMENT
IN RELATION TO
MANDATORY CONDITIONAL CASH OFFER BY**


KINGSTON SECURITIES

**FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN MAN SANG
INTERNATIONAL LIMITED (OTHER THAN THOSE ALREADY
OWNED OR TO BE ACQUIRED BY THE OFFEROR)**

Financial adviser to the Offeror


KINGSTON CORPORATE FINANCE

Financial adviser to the Company

Nuada Limited

Independent Financial Adviser to the Independent Board Committee


INCUCO Corporate Finance Limited

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

Shareholders should inform themselves of and observe any applicable legal or regulatory requirements. See the section headed "Important notices" on pages v to vi of this Composite Document and the section headed "Overseas Shareholders" of the "Letter from Kingston Securities" on page 11 of this Composite Document.

A letter from Kingston Securities containing, amongst other things, the details of the terms and Condition of the Offer are set out on pages 6 to 16 of this Composite Document. A letter from the Board is set out on pages 17 to 23 of this Composite Document. A letter from the Independent Board Committee containing its advice to the Shareholders is set out on pages 24 to 25 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 26 to 50 of this Composite Document.

The procedures for acceptance of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Hong Kong branch share registrar and transfer office of the Company, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Thursday, 1 November 2018 or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

11 October 2018

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change(s). Further announcement(s) will be made in the event of any change(s) to the timetable as and when appropriate.

Times & Dates 2018

Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer (*Note 1*) Thursday, 11 October

Latest time and date for acceptance of the Offer on the first Closing Date (*Note 3*) 4:00 p.m.
on Thursday, 1 November

Announcement of the results of the Offer as at the first Closing Date, to be posted on the website of the Stock Exchange (*Note 3*) no later than 7:00 p.m.
on Thursday, 1 November

Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offer on or before 4:00 p.m. on the first Closing Date assuming the Offer becomes or is declared unconditional on the first Closing Date (*Note 4*) Monday, 12 November

Latest time and date for the Offer remaining open for acceptance on the final Closing Date assuming the Offer becomes or is declared unconditional on the first Closing Date (*Note 5*) 4:00 p.m.
on Thursday, 15 November

Announcement of the results of the Offer as at the final Closing Date, to be posted on the website of the Stock Exchange no later than 7:00 p.m.
on Thursday, 15 November

Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offer on or before 4:00 p.m. on Thursday, 15 November 2018, being the latest date on which the Offer remains open for acceptances assuming the Offer becomes or is declared unconditional on the first Closing Date (*Note 4*) Monday, 26 November

Latest time and date by which the Offer can become or be declared unconditional as to acceptances (*Note 6*) no later than 7:00 p.m.
on Monday, 10 December

EXPECTED TIMETABLE

Notes:

- (1) The Offer, which is conditional, is open for acceptance on and from Thursday, 11 October 2018, being the date of posting of this Composite Document, and is capable of acceptance on and from that date until the close of the Offer Period.
- (2) Beneficial owners of the Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
- (3) The Offer will initially remain open for acceptances for at least 21 days following the date on which this Composite Document is posted and until 4:00 p.m. on Thursday, 1 November 2018 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offer, which announcement will state either the next Closing Date or, if the Offer is at that time unconditional as to acceptances, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Shareholders who have not accepted the Offer.
- (4) Subject to the Offer becoming unconditional, remittances in respect of the cash consideration for the Offer Shares tendered under the Offer will be despatched to the accepting Shareholder(s) (to the address specified on the relevant Form of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the later of the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and the date on which the Offer becomes or is declared unconditional in all respects.
- (5) In accordance with the Takeovers Code, where the Offer becomes or is declared unconditional in all respects, the Offer should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offer is closed. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as it may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue a press announcement in relation to any extension of the Offer, which will state the next Closing Date or, if the Offer has become or is unconditional at that time, then the Offer will remain open until further notice.
- (6) In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on Monday, 10 December 2018, being the 60th day after the day this Composite Document is posted. Accordingly, unless the Offer has previously become unconditional as to acceptances, the Offer will lapse on Monday, 10 December 2018 unless extended with the consent of the Executive and in accordance with the Takeovers Code. Therefore, the last day by which the Offer can become or be declared unconditional in all respects is Monday, 10 December 2018.
- (7) The latest time and date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning", in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances. Instead, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

EXPECTED TIMETABLE

- (8) Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code which is administered by the Executive.

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of joint announcement(s) on any change(s) to the expected timetable as soon as practicable.

All references to the dates and times contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong dates and times.

IMPORTANT NOTICES

NOTICE TO SHAREHOLDERS OUTSIDE HONG KONG

The Offer made to the Shareholders who are not residents in Hong Kong may be subject to the laws of the relevant jurisdictions where such persons are located. Such persons should inform themselves about and observe any applicable legal and regulatory requirements of their own jurisdictions and, where necessary, seek legal advice. It is the responsibility of any Overseas Shareholders wishing to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdictions.

The Offer is being made for the securities of a Bermuda company and is subject to Hong Kong disclosure and procedural requirements, which are different from those of the United States. The financial information included in this Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The Offer will be made to the Overseas Shareholders in the United States pursuant to applicable U.S. tender offer rules or an exemption therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offer will be subject to disclosure and other procedural requirements of Hong Kong, including with respect to withdrawal rights, the timetable of the Offer, settlement procedures and the timing of payments, which may be different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of the Offer Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other tax laws. Each holder of the Offer Shares is urged to consult his/her independent professional adviser immediately regarding the applicable tax consequences of the Offer.

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

IMPORTANT NOTICES

You should be aware that pursuant to Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, the Offeror hereby discloses that it or its affiliates and its advisers may from time to time bid for or purchase the Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk/>.

Please refer to the paragraph headed “Overseas Shareholders” of the letter from Kingston Securities in this Composite Document for further information.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Offeror from the Vendors pursuant to the Sale and Purchase Agreement
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day(s) on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	Thursday, 1 November 2018, being the first closing date of the Offer, or if the Offer is extended, any subsequent closing date as may be announced by the Offeror in accordance with the Takeovers Code
“Company”	Man Sang International Limited (stock code: 938), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition, which took place on 7 September 2018
“Composite Document”	this composite offer and response document dated 11 October 2018 in respect of the Offer jointly issued by the Offeror and the Company in accordance with the Takeovers Code
“Condition”	the condition of the Offer, as set out under the paragraph headed “Condition to the Offer” in the “Letter from Kingston Securities” in this Composite Document
“Consideration”	the consideration for the Sale Shares paid by the Offeror to the Vendors under the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company from time to time
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

DEFINITIONS

“Facility”	a loan facility of up to HK\$460 million granted by Kingston Securities (as lender) to the Offeror (as borrower) in accordance with the terms of the Facility Agreement for financing the Offer
“Facility Agreement”	the loan facility agreement entered into between Kingston Securities as lender and the Offeror as borrower dated 6 September 2018 in relation to the Facility
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer
“Independent Financial Adviser” or “INCU”	INCU Corporate Finance Limited, a corporation licensed by the SFC to conduct on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the terms of the Offer and as to their acceptance
“Independent Shareholder(s)”	the shareholder(s) other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement dated 10 September 2018 jointly published by the Offeror and the Company in relation to, amongst other things, the Acquisition and the Offer
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a corporation licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Kingston Securities”	Kingston Securities Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offer on behalf of the Offeror

DEFINITIONS

“Last Trading Day”	6 September 2018, being the last trading day of the Shares on the Stock Exchange prior to the halt of trading in the Shares prior to the release of the Joint Announcement
“Latest Practicable Date”	10 October 2018, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Hu”	Mr. Hu Xingrong, being the chairman of the Board and an executive Director and the sole director and the ultimate beneficial owner of the Offeror
“Mr. Leung”	Mr. Leung Alex, an executive Director, who is presumed to be a party acting in concert with the Offeror
“Offer”	the mandatory conditional cash offer made by Kingston Securities for and on behalf of the Offeror to acquire all the Offer Shares, on the terms and conditions set out in this Composite Document and in compliance with the Takeovers Code
“Offer Period”	the period commencing from 10 September 2018, being the date of the Joint Announcement, and ending on the Closing Date
“Offer Price”	HK\$0.50 per Offer Share
“Offer Share(s)”	all the issued Shares (other than those already owned or to be acquired by the Offeror)
“Offeror”	China DaDi Group Limited, a company incorporated in the BVI with limited liability, which is wholly and ultimately owned by Mr. Hu
“Overseas Shareholders”	the Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is/are outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, excludes Hong Kong, Macau and Taiwan
“Registrar”	Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrar and transfer office of the Company

DEFINITIONS

“Relevant Period”	the period commencing from 10 March 2018, being the date falling six months preceding the date of the commencement of the Offer Period, up to and including the Latest Practicable Date
“Rich Men”	Rich Men Limited, a company incorporated in the BVI with limited liability, which is wholly and ultimately owned by Mr. Cheng Chung Hing
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 6 September 2018 entered into between the Offeror (as purchaser) and the Vendors in relation to the sale and purchase of the Sale Shares
“Sale Share(s)”	an aggregate of 380,555,108 Shares acquired by the Offeror from the Vendors pursuant to the terms of the Sale and Purchase Agreement
“SDO”	the Stamp Duty Ordinance (Chapter 117 of the laws of Hong Kong)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charges”	collectively, (i) the share charge entered into between Kingston Securities as chargee and the Offeror as chargor dated 6 September 2018 whereby the Offeror has agreed to charge to Kingston Securities as security for the Facility all of the Sale Shares owned by the Offeror upon Completion; and (ii) the share charge entered into between Kingston Securities as chargee and the Offeror as chargor dated 6 September 2018 whereby the Offeror has agreed to charge to Kingston Securities as security for the Facility the Shares to be acquired by the Offeror (i.e. including the Shares to be acquired by the Offeror at or below the Offer Price and the Offer Shares to be acquired pursuant to the Offer)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented and/or otherwise modified from time to time

DEFINITIONS

“U.S.” or “United States” the United States of America

“Vendors” Mr. Cheng Chung Hing and Rich Men, being the vendors of the Sale Shares under the Sale and Purchase Agreement

“%” per cent.

The English transliteration of the Chinese name in this Composite Document is included for information and identification purpose only and should not be regarded as the official English name of such Chinese name.



11 October 2018

To the Shareholders

Dear Sir/Madam,

MANDATORY CONDITIONAL CASH OFFER BY



**FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN MAN SANG
INTERNATIONAL LIMITED (OTHER THAN THOSE ALREADY
OWNED OR TO BE ACQUIRED BY THE OFFEROR)**

INTRODUCTION

References are made to the Joint Announcement and the joint announcements of the Offeror and the Company dated 14 September 2018 and 28 September 2018, whereby the Offeror and the Company jointly announced that Kingston Securities will, for and on behalf of the Offeror, make a mandatory conditional cash offer to acquire all the Offer Shares.

This letter sets out, amongst other things, details of the terms and the Condition to the Offer, the intentions of the Offeror regarding the Group and its employees and information of the Offeror. Further details of the terms and the procedures for acceptance of the Offer are set out in “Further terms and procedures of acceptance of the Offer” in Appendix I to this Composite Document of which this letter forms part, and in the accompanying Form of Acceptance.

THE OFFER

Principal terms of the Offer

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

For each Offer Share. HK\$0.50 in cash

The Offer Price of HK\$0.50 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

LETTER FROM KINGSTON SECURITIES

The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights attached thereto, including but not limited to the right to receive all dividends and distributions which may be paid, made or declared on or after the date on which the Offer is made, being the date of posting of this Composite Document. Further details of the terms of the Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

As at the Latest Practicable Date, the Company has 1,906,171,856 Shares in issue. Save as aforesaid, the Company does not have any other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

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

Comparison of value

The Offer Price of HK\$0.50 per Offer Share represents:

- (i) a premium of approximately 3.09% over the closing price of HK\$0.485 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 7.53% over the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 7.30% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK\$0.466 per Share;
- (iv) a premium of approximately 7.07% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of HK\$0.467 per Share;
- (v) a premium of approximately 7.07% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day of approximately HK\$0.467 per Share;
- (vi) a discount of approximately 6.89% to the audited consolidated net asset value attributable to the equity holders of the Company of approximately HK\$0.537 per Share (based on a total of 1,906,171,856 Shares in issue as at the Latest Practicable Date and the consolidated net asset value of the Group of approximately HK\$1,024 million as at 31 March 2018, being the date to which the latest published audited financial results of the Group were made up); and

LETTER FROM KINGSTON SECURITIES

- (vii) a premium of approximately 4.60% to the consolidated net asset value attributable to the equity holders of the Company of approximately HK\$0.478 per Share (based on a total of 1,906,171,856 Shares in issue as at the Latest Practicable Date and the consolidated net asset value of the Group of approximately HK\$911 million as at 31 March 2018 taking into effect (a) the fair value change of the investment properties under construction with reference to the valuation report of the Group as at 31 July 2018 as detailed in the appendix III to this Composite Document; and (b) the depreciation of the RMB against HK\$ from 31 March 2018 to 31 July 2018.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period, were HK\$0.520 per Share (11 September 2018) and HK\$0.410 per Share (on 23 April 2018 and 24 April 2018), respectively.

Total consideration of the Offer

Based on the Offer Price and 1,906,171,856 Shares in issue as at the Latest Practicable Date of which 795,357,149 Shares are owned by the Offeror upon Completion, 1,110,814,707 Shares will be subject to the Offer (assuming there is no change to the issued share capital of the Company from the Latest Practicable Date up to the Closing Date), and based on the Offer Price and on the basis of full acceptance of the Offer, the cash consideration payable by the Offeror under the Offer will amount to approximately HK\$555 million.

Confirmation of financial resources available for the Offer

The Offeror intends to finance the consideration payable under the Offer through the Facility provided by Kingston Securities. On the date of the Sale and Purchase Agreement, the Offeror entered into the Facility Agreement in connection with the Facility, and the Offeror entered into the Share Charges in favour of Kingston Securities. The payment of interest on, repayment of or security for any existing liability (contingent or otherwise) in relation to the Facility, will not depend on the business of the Company to any significant extent. 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 Charge(s) shall have become enforceable, and Kingston Securities has elected to enforce the security thereunder, pursuant to the terms and conditions thereof.

Kingston Corporate Finance, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror under the Offer.

LETTER FROM KINGSTON SECURITIES

Payment

Subject to the Offer having become, or has been declared, unconditional in all respects, settlement of the consideration in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed and valid Form of Acceptance together with the relevant documents of title of the Shares in respect of such acceptances are received by the Offeror or its agent acting on its behalf to render each such acceptance of the Offer complete and valid, or the date on which the Offer has become or is declared unconditional in all respects, whichever is later.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent. Save for payment of stamp duty as set out in this Composite Document, settlement of the amounts due to the accepting Shareholders will be implemented in full without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be entitled against such Shareholder.

Return of documents

If the Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Shareholders who have accepted the Offer, by ordinary post at such Shareholders' own risk as soon as possible but in any event within ten (10) days after the Offer has lapsed.

Condition to the Offer

The Offer is conditional only on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), and the number of Shares in respect of which, together with Shares already owned by the Offeror and parties acting in concert with it and acquired or to be acquired before or during the Offer, resulting in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company in accordance with the Takeovers Code.

WARNING: The Offer is conditional. If the total number of Shares in respect of the valid acceptances, which the Offeror has received at or before 4:00 p.m. on the Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide) under the Offer together with the Shares acquired before or during the Offer, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offer will not become unconditional. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their own professional advisers.

LETTER FROM KINGSTON SECURITIES

The Offeror reserves the right to revise the terms of the Offer in accordance with the Takeovers Code.

In accordance with Rule 15.1 and Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer must also remain open for acceptance for at least fourteen (14) days after the Offer becomes or is declared unconditional in all respects. The Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period.

FURTHER TERMS OF THE OFFER

Effect of accepting the Offer

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

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code which is administered by the Executive.

Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of the acceptances by the Shareholders, or the value of the Shares as determined by the Collector of Stamp Revenue under the SDO, whichever is higher, will be deducted from the cash amount payable to the Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty so deducted on behalf of the Shareholders who accept the Offer and will pay its own buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares to the Stamp Duty Office in accordance with the SDO.

LETTER FROM KINGSTON SECURITIES

Overseas Shareholders

The Offeror intends to make the Offer available to all Shareholders including the Overseas Shareholders. According to the register of members of the Company as at the Latest Practicable Date, there were 29 Independent Shareholders whose addresses were located outside Hong Kong. However, the availability of the Offer to persons with registered addresses in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice.

As at the Latest Practicable Date, based on the record in the register of members of the Company, the Company had 26 Overseas Shareholders in the U.S., 1 Overseas Shareholder in Macau and 2 Overseas Shareholders in Canada.

The Offeror and the Company had been advised by the legal advisers as to U.S. law, Macau law and Canadian law respectively that this Composite Document and the accompanying Form of Acceptance may be forwarded to such Overseas Shareholders and will do so accordingly.

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 or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders of the Offer will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that all applicable local laws and requirements have been complied with. Overseas Shareholders who are in doubt as to the action they should take should consult their stockbrokers, licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers. The Offeror will comply with the requirements of the Takeovers Code in respect of the Overseas Shareholders.

Taxation advice

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. It is emphasized that none of the Company, the Offeror, parties acting in concert with them, or any of their respective directors, officers, advisers, agents or associates or any other persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptances or rejections of the Offer.

LETTER FROM KINGSTON SECURITIES

Close of the Offer

If the Condition is not satisfied on the Closing Date, the Offer will lapse.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment (or if permissible, waiver) of the Condition in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offer unconditional as to acceptance is 7:00 p.m. on Monday, 10 December 2018, being the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

If the Condition is satisfied, the Shareholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

Further terms of the Offer, including, amongst other things, the procedures for acceptance and settlement, the acceptance period and taxation matters are set out in “Further terms and procedures of acceptance of the Offer” in Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION OF THE GROUP

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

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability which is wholly and ultimately owned by Mr. Hu. Mr. Hu is also the sole director of the Offeror.

LETTER FROM KINGSTON SECURITIES

Mr. Hu is the chairman of the Board and an executive Director. Mr. Hu is currently responsible for the corporate management, business strategy and direction of the Group, provides leadership for the Board and ensures proper and effective function of the Board. He has over 15 years of experience in corporate management, investment and business development of companies in different industries, including but not limited to properties development in the PRC. During his 15 years of experience in corporate management, investment and business development, he has been involved in different property development projects, including but not limited to the development of a residential and commercial complex building in Sichuan Province, the PRC, and development of residential properties in Zhejiang Province, the PRC. Mr. Hu is also the chairman of the board of directors of Doof International Holding Group Limited[#] (多弗國際控股集團有限公司) (“Doof”), a company established in the PRC, which is also involved in the business of the properties development in the PRC. Mr. Hu serves as a committee member of the 12th Chinese People’s Political Consultative Conference of Xinjiang Uygur Autonomous Region and Hainan Foundation for Justice and Courage[#] (海南省見義勇為基金會) and he is also the Honorary President of Wenzhou Economic and Technological Development Zone Chamber of Commerce[#] (溫州經濟技術開發區總商會), Wenzhou Economic and Technological Development Zone Industrial Economic Federation[#] (溫州經濟技術開發區工業經濟聯合會), Wenzhou Economic and Technological Development Zone Entrepreneur Association[#] (溫州經濟技術開發區企業家協會), Wenzhou Enterprises Chamber of Commerce in Beijing[#] (北京溫州企業商會), Hong Kong Wenzhou Entrepreneurs Association Limited, Zhejiang Merchants Association of Chongqing[#] (重慶市浙商聯合會) and Chongqing General Chamber of Commerce Zhejiang Branch[#] (重慶市總商會浙江商會).

INTENTIONS OF THE OFFEROR REGARDING THE GROUP AND ITS EMPLOYEES

The Offeror believes that if the Offer becomes unconditional, it would allow the Offeror to consolidate its control in the Company and the Group would be able to leverage on Mr. Hu’s extensive commercial network with property developers and potential corporate customers in the PRC’s property market to support the Group’s business. In light of the interest alignment between the Group and the Offeror that the Group would be able to leverage on Mr. Hu’s experience in the PRC’s property market and his abovementioned business network, it is expected that the motivation for the Offeror to play a greater role in directing the future development of the Group would increase, which will improve the financial performance of the Group and create greater value for the Shareholders in a long term perspective. As at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group and has no specific or concrete plans in relation to the future development of the Group.

Upon completion of the Offer, while continuing the principal business of the Group, the Offeror will assist the Group in reviewing its existing capabilities and resources for the purpose of developing detailed business plans, strategies or to tap into new business opportunities in order to achieve commercially feasible and sustainable growth of the Group. However, as at the Latest Practicable Date, the Offeror and the Board have no intention and have not entered into any agreement, arrangements, understanding to (i)

LETTER FROM KINGSTON SECURITIES

acquire and/or develop any new business; or (ii) dispose of or scale down the Company's existing businesses and any of the Group's material operating assets, other than those in the ordinary and usual course of business of the Group.

The Offeror has no intention to terminate the employment of any employees of the Group (save for the proposed change of the Board composition, details of which will be disclosed in the paragraph headed "Proposed change of the Board composition" below) or to make material changes to the employment of the employees of the Group, nor to cease any existing businesses of the Group or to dispose or re-allocate any material assets of the Group (other than in the ordinary and usual course of business of the Group) as at the Latest Practicable Date.

Proposed change of the Board composition

The existing Directors, namely Ms. Cheng Ka Ki, Mr. Leung, Mr. Yuan Huixia, Mr. Lai Hok Lim, Mr. Lei Seng Fat and Mr. Wong Tak Chuen, intend to resign from the Board with effect from no earlier than (i) the date immediately after the Closing Date; or (ii) the earliest date as permitted for resignation of existing Directors under (or pursuant to any dispensation from) the Takeovers Code, the Listing Rules or other applicable laws or rules or regulations applicable to the Company or by the SFC, whichever is later.

The Offeror intends to nominate Mr. Jin Jiangui ("**Mr. Jin**") and Mr. Li Zhenyu ("**Mr. Li**") as new nominated executive Directors and Ms. Pau Yee Ling ("**Ms. Pau**"), Mr. Wong Kwan Kit ("**Mr. Wong**") and Mr. Yuen Hoi Po ("**Mr. Yuen**") as new nominated independent non-executive Directors to the Board for appointment with effect from no earlier than the despatch date of this Composite Document. An announcement will be made by the Company regarding the appointment of new Directors as and when appropriate pursuant to Rule 13.51(2) of the Listing Rules.

The personal biographical information of each of the new nominated Directors is set out below:

Executive Directors

Mr. Jin, aged 48, graduated from Hangzhou Dianzi University with a Bachelor's Degree in Finance. He has over 25 years of extensive experience in banking and finance sectors. Mr. Jin is currently working as a vice president in Doof.

Mr. Li, aged 44, graduated from Tsinghua University with a Doctor of Philosophy in Chemical Engineering. He has over 17 years of extensive experience in natural resources sector and before joining the Company, Mr. Li had been working in China National Petroleum Corporation from 1999 to 2017 and the position last held was the strategy research supervisor of the petrochemical institute. Mr. Li is currently working as a vice president in Doof.

LETTER FROM KINGSTON SECURITIES

Independent non-executive Directors

Ms. Pau, aged 39, holds a Bachelor degree of Business Administration in Accounting in the Hong Kong University of Science and Technology and a Master degree of Science in China Business Studies in the Hong Kong Polytechnic University. Ms. Pau has around 15 years of experience in several multi-national corporations and international accounting firms, expertise in Hong Kong, the PRC and overseas tax advisory, group restructuring, merger and acquisitions. Ms. Pau is currently a member of the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and fellow members of the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. She is currently a director of a multi-national corporation.

Mr. Wong, aged 47, holds a Master of Business Administration Degree from the Chinese University of Hong Kong. Mr. Wong has over 18 years of experience in accounting and financial management, mergers and acquisitions gained from certain senior finance related positions including companies listed in Hong Kong. Mr. Wong is a fellow member of the HKICPA. Mr. Wong is currently an independent non-executive director of Culturecom Holdings Limited (stock code: 343), a company listed on the Stock Exchange.

Mr. Yuen, aged 55, has been serving as an executive director of Huayi Tencent Entertainment Company Limited (stock code: 419) (“**Huayi Tencent**”), a company listed on the Stock Exchange, since 2010. For the period from 2010 to 2016, Mr. Yuen was also the chairman and chief executive officer of Huayi Tencent, as well as serving on its remuneration committee and chairing its nomination committee, executive committee and corporate governance committee.

Maintaining the listing status of the Company

The Offeror intends the Company to remain listed 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 are held by the public, or if the Stock Exchange believes that:

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

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

The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Compulsory acquisition

The Offeror does not intend to avail itself of any powers to compulsorily acquire any outstanding Offer Shares not acquired pursuant to the Offer after the close of the Offer.

LETTER FROM KINGSTON SECURITIES

GENERAL

To ensure equality of treatment of all Shareholders, those registered Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Offer Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser”, the accompanying Form of Acceptance and the additional information set out in the appendices which form part of this Composite Document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director



MAN SANG INTERNATIONAL LIMITED

民生國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

Executive Directors:

Mr. Hu Xingrong
Ms. Cheng Ka Ki
Mr. Huang Xiaohai
Mr. Leung Alex
Mr. Yuan Huixia

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

Mr. Lai Hok Lim
Mr. Lei Seng Fat
Mr. Wong Tak Chuen

Head office and

principal place of business:

Unit 1611, 16th Floor
Shun Tak Centre, West Tower
168–200 Connaught Road Central
Hong Kong

*With effect from 15 October 2018,
the above address will be changed to:*

Unit 1804, 18th Floor
Far East Finance Centre
16 Harcourt Road
Hong Kong

11 October 2018

To the Shareholders

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN
MAN SANG INTERNATIONAL LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
TO BE ACQUIRED BY THE OFFEROR)**

LETTER FROM THE BOARD

INTRODUCTION

References are made to the Joint Announcement and the joint announcements of the Offeror and the Company dated 14 September 2018 and 28 September 2018, whereby the Offeror and the Company jointly announced that Kingston Securities will, for and on behalf of the Offeror, make a mandatory conditional cash offer to acquire all the Offer Shares.

The Company was informed by the Vendors that on 6 September 2018 (after trading hours of the Stock Exchange), the Offeror (as purchaser) and the Vendors (as vendors) entered into the Sale and Purchase Agreement in relation to the sale and purchase of an aggregate of 380,555,108 Shares (representing approximately 19.96% of the entire issued share capital of the Company as at the Latest Practicable Date) for the total consideration of approximately HK\$190 million (equivalent to HK\$0.50 per Sale Share). Completion took place on 7 September 2018, with the Consideration fully settled on the same day by the Offeror's internal resources.

Immediately prior to Completion, the Offeror held 414,802,041 Shares, representing approximately 21.76% of the entire issued share capital of the Company. Immediately upon Completion and as at the Latest Practicable Date, the Offeror held an aggregate of 795,357,149 Shares, representing approximately 41.73% of the entire issued share capital of the Company as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make a mandatory conditional cash offer for all the Offer Shares.

This letter forms part of this Composite Document which provides you with, among other things, (i) details of the Offer (including the expected timetable and the terms and the Condition of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer; and (iv) information relating to the Group and the Offeror, together with the Form of Acceptance. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in this Composite Document.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Lai Hok Lim, Mr. Lei Seng Fat and Mr. Wong Tak Chuen (being all of the independent non-executive Directors), has been established by the Company to advise the Independent Shareholders in relation to the Offer, in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The above-named independent non-executive Directors have no direct or indirect interest or involvement in the Offer and are therefore considered appropriate to be members of the Independent Board Committee in this regard.

LETTER FROM THE BOARD

INCU has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, in particular as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer. The appointment of INCU has been approved by the Independent Board Committee.

You are advised to read the letter from the Independent Board Committee addressed to the Independent Shareholders, the letter from the Independent Financial Adviser, the letter from Kingston Securities and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offer.

THE OFFER

Principal terms of the Offer

The terms and the Condition of the Offer as set out in the letter from Kingston Securities contained in this Composite Document are extracted below. You are recommended to refer to the letter from Kingston Securities and the Form of Acceptance for further details.

Kingston Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below:

For each Offer Share HK\$0.50 in cash

The Offer Price of HK\$0.50 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer is being extended to all Shareholders in accordance with the Takeovers Code.

As at the Latest Practicable Date, save for the 1,906,171,856 Shares in issue, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares. The issued Shares are listed and traded on the Main Board of the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing and permission to deal in the securities of the Company is being or is proposed to be sought in, any other stock exchange.

The Offer is conditional only on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), and the number of Shares in respect of which, together with Shares already owned by the Offeror and parties acting in concert with it and acquired or to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company in accordance with the Takeovers Code.

Further details of the terms and the Condition of the Offer and the procedures for acceptance of the Offer are set out in the letter from Kingston Securities contained in, and Appendix I to, this Composite Document and the accompanying Form of Acceptance.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP

The Company is incorporated in Bermuda with limited liability, the Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 938). The Company is a Hong Kong-based investment holding company. The Group's businesses include the sales of residential apartments and leases of service apartments and retail units in a shopping mall, all of which comprise the property located in Chongqing, the PRC.

The following table sets out a summary of financial information of the Group for the two financial years ended 31 March 2017 and 2018 as extracted from the annual reports of the Company for respective financial years:

	For the year ended 31 March	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue (from continuing operation)	23,188	133,714
Loss before tax (from continuing operation)	87,046	51,940
Loss for the year	93,194	122,480

	As at 31 March	
	2018	
	<i>HK\$'000</i>	
	(audited)	
Total equity attributable to equity holders of the Company	1,024,301	

Your attention is drawn to the further financial and general information of the Group as set out in Appendices II and V to this Composite Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately upon Completion and as at the Latest Practicable Date:

Shareholders	Immediately prior to Completion		Immediately upon Completion and as at the Latest Practicable Date	
	Number of Shares	% (approximately) (Note 1)	Number of Shares	% (approximately) (Note 1)
The Offeror and parties acting in concert with it				
The Offeror	414,802,041	21.76	795,357,149	41.73
Mr. Leung (Note 2)	<u>1,800,000</u>	<u>0.09</u>	<u>1,800,000</u>	<u>0.09</u>
<i>Sub-total</i>	<i>416,602,041</i>	<i>21.86</i>	<i>797,157,149</i>	<i>41.82</i>
The Vendors	380,555,108	19.96	—	—
Other Shareholders	<u>1,109,014,707</u>	<u>58.18</u>	<u>1,109,014,707</u>	<u>58.18</u>
Total	<u>1,906,171,856</u>	<u>100.00</u>	<u>1,906,171,856</u>	<u>100.00</u>

Notes:

1. The percentages are subject to rounding error, if any. Accordingly, figures shown as totals of certain amounts may not be an arithmetic sum of such amounts.
2. Mr. Leung is presumed to be a party acting in concert with the Offeror by virtue of his directorship in the Company.

INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed “INFORMATION OF THE OFFEROR” in the letter from Kingston Securities as set out in this Composite Document for further information about the Offeror.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP AND ITS EMPLOYEES

Your attention is drawn to the section headed “Intentions of the Offeror regarding the Group and its employees” in the letter from Kingston Securities set out in this Composite Document.

As disclosed in the letter from Kingston Securities contained in this Composite Document, the Offeror believes that if the Offer becomes unconditional, it would allow the Offeror to consolidate its control in the Company and the Group would be able to leverage on Mr. Hu’s extensive commercial network with property developers and potential corporate customers in the PRC’s property market to support the Group’s business. In light of the interest alignment between the Group and the Offeror that the Group would be able to leverage on Mr. Hu’s experience in the PRC’s property market and his abovementioned

LETTER FROM THE BOARD

business network, it is expected that the motivation for the Offeror to play a greater role in directing the future development of the Group would increase, which will improve the financial performance of the Group and create greater value for the Shareholders in a long term perspective. As at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group and has no specific or concrete plans in relation to the future development of the Group.

Upon completion of the Offer, while continuing the principal business of the Group, the Offeror will assist the Group in reviewing its existing capabilities and resources for the purpose of developing detailed business plans, strategies or to tap into new business opportunities in order to achieve commercially feasible and sustainable growth of the Group. However, as at the Latest Practicable Date, the Offeror and the Board have no intention and have not entered into any agreement, arrangements, understanding to (i) acquire and/or develop any new business; or (ii) dispose of or scale down the Company's existing businesses and any of the Group's material operating assets, other than those in the ordinary and usual course of business of the Group.

As at the Latest Practicable Date, the Offeror had no intention to terminate the employment of any employees of the Group (save for the proposed change of the Board composition, details of which are set out in the paragraph headed "Proposed change of the Board composition" under the section headed "INTENTIONS OF THE OFFEROR REGARDING THE GROUP AND ITS EMPLOYEES" in the letter from Kingston Securities set out in this Composite Document) or to make material changes to the employment of the employees of the Group, nor to cease any existing businesses of the Group or to dispose or re-allocate any material assets of the Group (other than in the ordinary and usual course of business of the Group).

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

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

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

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

The Board is pleased to note the Offeror's intentions set out above and is willing to render co-operation with the Offeror and will continue to act in the best interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 24 to 25 of this Composite Document and the letter from the Independent Financial Adviser set out on pages 26 to 50 of this Composite Document, which contain, among other things, their advice in relation to the terms of the Offer and the principal factors considered by them in arriving at their recommendations.

Taking into account the terms of the Offer and the advice from the Independent Board Committee, and the principal factors and reasons taken into account in arriving at its recommendations, the Board (save for Mr. Hu, the ultimate beneficial owner of the Offeror, and Mr. Leung, who is presumed to be a party acting in concert with the Offeror by virtue of his directorship in the Company, and therefore both of them have a conflict of interest and do not join the remainder of the Board in the expression of its views on the Offer) considers that the terms of the Offer are fair and reasonable so far as the Shareholders are concerned. Accordingly, the Board recommends the Shareholders to accept the Offer.

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

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

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

Yours faithfully,
By the order of the Board
MAN SANG INTERNATIONAL LIMITED
Huang Xiaohai
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the terms of the Offer.



MAN SANG INTERNATIONAL LIMITED
民生國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 938)

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER
BY KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES
IN MAN SANG INTERNATIONAL LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
TO BE ACQUIRED BY THE OFFEROR)**

11 October 2018

We refer to the composite offer and response document dated 11 October jointly issued by the Offeror and the Company (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer. We have declared that we are independent and have no direct or indirect interest in the Offer, and are able to consider the terms of the Offer and to make recommendation to the Independent Shareholders.

INCUB has been appointed, with our approval, as the independent financial adviser to advise us in respect of the Offer and its terms and the Condition. Details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation in respect of the Offer are set out in the letter from the Independent Financial Adviser on pages 26 to 50 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the letter from Kingston Securities set out on pages 6 to 16 of the Composite Document which contains, among other things, information about the Offer, the letter from the Board set out on pages 17 to 23 of the Composite Document which contains information about the Group, the additional information set out in the appendices to the Composite Document, and the accompanying Form of Acceptance in respect of the terms of the Offer and procedures for acceptance of the Offer.

RECOMMENDATION

Having taken into account the advice and recommendation of the Independent Financial Adviser, in particular, the factors and reasons taken into consideration by it in arriving at its opinion as set out in the letter from the Independent Financial Adviser, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and therefore we recommend the Independent Shareholders to accept the Offer. The Independent Shareholders are recommended to read the full text of the letter from the Independent Financial Adviser set out on pages 26 to 50 of the Composite Document.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the Offer. Should the market price of the Shares exceed the Offer Price during the period of the Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may wish to consider selling their Shares in the market instead of accepting the Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
Independent Board Committee of
MAN SANG INTERNATIONAL LIMITED
Lai Hok Lim Lei Seng Fat Wong Tak Chuen
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



INCU Corporate Finance Limited
Unit 1701, 17/F, Wings Building,
110–116 Queen's Road Central,
Central, Hong Kong

11 October 2018

*To the Independent Board Committee,
the Independent Shareholders of
Man Sang International Limited*

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFER
BY KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN MAN SANG
INTERNATIONAL LIMITED (OTHER THAN THOSE ALREADY
OWNED OR TO BE ACQUIRED BY THE OFFEROR)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer, details of which are set out in the Composite Document. This letter contains our advice to the Independent Board Committee and the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

References are made to the Joint Announcement of the Company dated 10 September 2018 and the joint announcements of the Offeror and the Company dated 14 September 2018 and 28 September 2018. On 6 September 2018 (after trading hours of the Stock Exchange), the Vendors and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendors agreed to sell and the Offeror agreed to purchase of an aggregate 380,555,108 Shares, representing an aggregate of 19.96% of the issued Shares as at the date of the Joint Announcement, for a total cash consideration of approximately HK\$190 million (equivalent to HK\$0.50 per Sale Share). Completion took place on 7 September 2018, with the Consideration fully settled on the same day by the Offeror's internal resources.

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Immediately prior to Completion, the Offeror and the parties acting in concert with it held 416,602,041 Shares, representing approximately 21.86% of the entire issued share capital of the Company. Immediately upon Completion and as at the date of the Joint Announcement, the Offeror and the parties acting in concert with it held an aggregate of 797,157,149 Shares, representing approximately 41.82% of the entire issued share capital of the Company as at the date of the Joint Announcement.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or to be acquired by the Offeror).

THE INDEPENDENT BOARD COMMITTEE

In accordance with Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising all the non-executive Directors, to make recommendation to the Independent Shareholders in respect of the Offer. As a result, the Independent Board Committee comprising all non-executive Directors, namely Mr. Lai Hok Lim, Mr. Lei Seng Fat and Mr. Wong Tak Chuen, has been established by the Company to advise the Independent Shareholders in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We, INCU Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Our appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We have not acted as an independent financial adviser and has not provided any other services to the Company during the past two years. We are not associated or connected with the Company, the Vendors or the Offeror, their respective controlling shareholders or any party acting, or presumed to be acting in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company, the Vendors or the Offeror, their respective controlling shareholders or any party acting, or presumed to be acting in concert with any of them.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete. We have reviewed the published information of the Company, including but not limited to, the announcements of the Company, the annual reports for the year ended 31 March 2016 (the “**2016 Annual Report**”), 31 March 2017 (the “**2017 Annual Report**”) and 31 March 2018 (the “**2018 Annual Report**”), the information contained in the Composite Document and certain published information from the public domain. We have sought and received confirmation from the Directors and the management of the Group that no material information have been omitted or withheld from the information supplied and opinions expressed by them. The Company will notify the Shareholders of any material changes during the offer period (as defined under the

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Takeovers Code) as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Shareholders will also be informed by us as soon as possible if we become aware of any material changes for the information contained or referred to herein throughout the offer period. We consider that the information which we have received is sufficient for us to reach our opinion and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information provided. We have also assumed that all representations contained or referred to in the Composite Document are true at the time they were made and at the date of the Composite Document.

We have not considered the tax consequences on the Independent Shareholders in respect of their acceptance or non-acceptance of the Offer since they vary depending on respective individual circumstances. The Independent Shareholders should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

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

For each Offer Share. HK\$0.50 in cash

The Offer Price of HK\$0.50 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

As at the Latest Practicable Date, save for the 1,906,171,856 Shares in issue, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares. The issued Shares are listed and traded on the Main Board of the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing and permission to deal in the securities of the Company is being or is proposed to be sought in, any other stock exchange.

The Offer is conditional only on valid acceptance of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), and the number of Shares in respect of which together with Shares already owned by the Offeror and parties acting in concert with it and acquired or to be acquired before or during the Offer, resulting in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, adverse interests, pre-emption rights and all third party rights of any nature, and will be sold together with all rights attaching thereto as at the date on which the Offer is made and any rights subsequently attaching

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thereto, including the right to receive all dividends and other distributions recommended or declared, if any, paid or made on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

Based on the Offer Price and 1,906,171,856 Shares in issue as at the Latest Practicable Date of which 795,357,149 Shares are owned by the Offeror upon Completion, 1,110,814,707 Shares will be subject to the Offer (assuming there is no change to the issued share capital of the Company from the Latest Practicable Date up to the Closing Date), and based on the Offer Price and on the basis of full acceptance of the Offer, the cash consideration payable by the Offeror under the Offer will amount to approximately HK\$555 million.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code which is administrated by the Executive.

Further details of the Offer (including the terms and procedures for acceptance of the Offer) are contained in the “Letter from Kingston Securities” and Appendix I to the Composite Document and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to read the relevant sections in the Composite Document in full.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation in respect of the terms of the Offer, we have considered the following principal factors and reasons:

1. Information of the Group

1.1 Background information

The Company was incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange.

With reference to the information contained in the 2016 Annual Report, 2017 Annual Report and 2018 Annual Report, the Group was principally engaged in operating industrial properties in Shenzhen, the PRC (the “**Shenzhen Property**”) and developing the China Pearls and Jewellery City (the “**CP&J City**”) in the PRC. The Shenzhen Property and the CP&J City were disposed of in March 2016 and January 2018 respectively.

As at the Latest Practicable Date, the Group is solely engaged in the sale of residential apartments and lease of service apartments and retail units in a shopping mall, all of which comprising the property located in Chongqing, the PRC (the “**Chongqing Property**”). The Chongqing Property was acquired by the Group in April 2016.

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1.2 Financial performance

Set forth below are the audited consolidated financial results of the Group for the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018 (“FY2016”, “FY2017” and “FY2018”, respectively) as extracted from the 2017 Annual Report and the 2018 Annual Report:

	For the year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
	<i>(Note 1)</i>	(restated)	
<i>Continuing operation</i>			
Revenue	190,698	133,714	23,188
Gross profit	107,616	91,825	7,198
Profit (Loss) before tax	106,104	(51,940)	(87,046)
Profit (Loss) after tax	67,481	(120,852)	(109,672)
<i>Discontinued operation (Note 2)</i>			
Revenue	—	60,483	41,482
Gross profit	—	41,215	29,430
Loss after tax	—	(1,628)	(1,594)
Gain on disposal of subsidiaries	—	—	18,072
(Loss) Profit from discontinued operation	—	(1,628)	16,478
<i>Profit (Loss) attributable to equity holders of the Company from</i>			
Continuing operation	51,192	(120,852)	(109,672)
Discontinued operation	—	(1,074)	17,022
	<u>51,192</u>	<u>(121,926)</u>	<u>(92,650)</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings (Loss) per Share from continuing and discontinued operations (basic and diluted)	<u>3.30</u>	<u>(6.96)</u>	<u>(4.86)</u>

Note 1: Key financial figures for FY2016 are shown in the table above for comparative purpose.

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Note 2: During FY2018, the Group had disposed of the entire equity interest in a direct wholly-owned subsidiary, namely Smartest Man Holdings Limited (together with its subsidiaries, the “**Smartest Man Group**”), which was principally engaged in the leasing and sale of the properties in the CP&J City, which consisted of a large-scale international pearl and jewellery trading platform and the related commercial properties including residential apartments, factories buildings, a composite building and a commercial plaza located in Eastern China (collectively, the “**Discontinued Operation**”). Performance arising from the Smartest Man Group for FY2016 was classified as the continuing operation while that for FY2017 was restated as discontinued operation in the 2018 Annual Report which conform with the presentation of the consolidated financial statements.

FY2017 compared to FY2016

The revenue of the Group, including the Discontinued Operation, slightly increased from approximately HK\$190.7 million in FY2016 to approximately HK\$194.2 million in FY2017. The slight increase was mainly attributable to the net effect of (i) the new source of revenue from sale of residential apartments in the Chongqing Property of HK\$133.7 million in FY2017 (FY2016: nil); (ii) the decrease in rental income of approximately HK\$21.0 million as a result of the disposal of a subsidiary which owned, managed and operated the Shenzhen Property completed in March 2016; and (iii) the decrease in sales of residential apartments and commercial plaza in the CP&J City which were completed in FY2016 of approximately HK\$109.2 million as a result of the completion of two residential apartments and a commercial complex in FY2016 where significant contracted sales were recognised in FY2016 and no new property was completed in the CP&J City in FY2017.

Gross profit of the Group increased from approximately HK\$107.6 million in FY2016 to approximately HK\$133.0 million in FY2017. Gross profit margin has been increased from approximately 56.4% in FY2016 to approximately 68.5% in FY2017. As advised by the Directors, the increase was mainly due to the higher gross profit margin has been generated from the sale of residential properties of the Chongqing Property since those sold units were designed as luxurious residential properties, which the Group could charge higher premium to the customers.

During FY2017, the Group recorded a loss attributable to the equity holders of the Company (including the Discontinued Operation) of approximately HK\$121.9 million, representing a substantial decrease of approximately HK\$173.1 million from a profit of approximately HK\$51.2 million in FY2016. Such decrease was mainly due to (i) an increase in finance costs of approximately HK\$103.4 million as a result of the promissory notes (the “**Promissory Notes**”) with interest rate of 8% per annum issued by the Company as partial consideration of acquisition of the Chongqing Property (the “**Chongqing Acquisition**”) and the increase of secured trustee loan and unsecured loans acquired through the Chongqing Acquisition; (ii) a loss in fair values of investment properties and investment properties under

construction of approximately HK\$41.7 million in FY2017 in contrast to a gain of approximately HK\$5.9 million in FY2016; and (iii) a decrease of other gains of approximately HK\$22.6 million from approximately HK\$22.8 million in FY2016 to approximately HK\$0.2 million in FY2017, which the amount included in FY2016 was mainly the gain on disposal of subsidiaries of approximately HK\$19.4 million.

FY2018 compared to FY2017

The revenue of the Group, arising from the continuing operation, significantly decreased by approximately HK\$110.5 million or 82.6% from approximately HK\$133.7 million in FY2017 to approximately HK\$23.2 million in FY2018. Such decrease was mainly attributable to the implementation of the Group's business strategy to slowly and gradually offer the residential apartments of the Chongqing Property for sale to the public in order to enjoy the anticipated growth in property price in Chongqing, given the property price in Chongqing has increased since July 2016 when the Group acquired the Chongqing Property and it was anticipated the property price in Chongqing would continue to increase in the foreseeable future based on the current market trend.

Gross profit of the Group decreased from approximately HK\$91.8 million in FY2017 to approximately HK\$7.2 million in FY2018. The gross profit margin decreased from approximately 68.7% in FY2017 to approximately 31.0% in FY2018, as the luxurious residential properties with higher gross profit margin has been sold in FY2017, while standard residential properties with lower gross profit margin has been sold in FY2018.

During FY2018, the Group recorded a loss attributable to the equity holders of the Company from continuing operation of approximately HK\$109.7 million, decreased by approximately HK\$11.2 million as compared to FY2017. Such loss was dwindled, mainly attributable to net effect of (i) the sales of properties of the Group in FY2018 as abovementioned; (ii) a gain in fair value of investment properties under construction of approximately HK\$54.1 million in FY2018 (FY2017: HK\$6.1 million); (iii) an increase in finance income of approximately HK\$29.3 million (FY2017: nil) due to interest income earned from refundable deposit for the proposed acquisition of properties located in Shanghai, which has been terminated in August 2017 (the "**Proposed Acquisition**"); (iv) an increase in finance costs of approximately HK\$18.1 million mainly due to the increase in interest expenses incurred from bank and other borrowings and the Promissory Notes; and (v) a gain on disposal of the Smartest Man Group of approximately HK\$18.1 million.

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1.3 Financial position

Set out below is the summary of the consolidated financial position of the Group as at 31 March 2016, 31 March 2017 and 31 March 2018 as extracted from the 2017 Annual Report and the 2018 Annual Report:

	As at 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Non-current assets	803,150	2,916,328	2,663,603
Current assets	1,024,826	1,439,577	648,617
Non-current liabilities	172,696	2,542,490	1,871,554
Current liabilities	491,147	684,648	416,365
Net current assets	533,679	754,929	232,252
Net assets	1,164,133	1,128,767	1,024,301
Equity attributable to equity holders of the Company	1,008,051	987,381	1,024,301
Gearing ratio	—	194.7%	193.1%

As at 31 March 2017

As at 31 March 2017, the Group's property interests of approximately HK\$3,578.3 million comprised investment properties under construction of approximately HK\$1,502.4 million, investment properties of HK\$652.1 million, construction in progress included in the property, plant and equipment of approximately HK\$443.0 million and prepaid lease payments of approximately HK\$262.0 million, classified as non-current assets; and properties under development of approximately HK\$463.3 million and completed properties held for sale of approximately HK\$255.5 million, classified as current assets.

As at 31 March 2017, the Group's net current assets amounted to approximately HK\$754.9 million, representing an increase of approximately HK\$221.2 million compared to that approximately HK\$533.7 million as at 31 March 2016. Such increase was mainly attributable to the net effect of (i) the increase of properties under development arising from the Chongqing Acquisition; (ii) the decrease in cash and cash equivalents as a result of settlement of the cash consideration of HK\$300 million for the Chongqing Acquisition; (iii) the increase of the deposits, prepayments, trade and other receivables mainly due to the payment of refundable deposit for the Proposed Acquisition; and (iv) the increase in bank and other borrowings for financing the Group's the Proposed Acquisition and general working capital.

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The Chongqing Acquisition also led to an increase in non-current assets as at 31 March 2017, as compared to the balance as at 31 March 2016. It was mainly attributable to the additions of investment properties under construction, property, plant and equipment and prepaid lease payments to the Group, amounted to approximately HK\$1,445.2 million, HK\$423.0 million and HK\$273.5 million respectively as at 28 July 2016 (i.e. completion date of the Chongqing Acquisition).

Gearing ratio, representing total of the Promissory Notes and borrowings, comprising secured bonds, secured trusted loan, unsecured revolving loan and unsecured loans (including current and non-current portions) divided by the total equity, increased from nil as at 31 March 2016 to approximately 194.7% as at 31 March 2017. Such increase was mainly attributable to (i) the Promissory Notes issued as part of the consideration of the Chongqing Acquisition; (ii) the secured trustee loan acquired through the Chongqing Acquisition to finance the redevelopment of the Chongqing Property; (iii) the secured bonds issued to finance the Proposed Acquisition; and (iv) unsecured revolving loan received to finance the Group's funding needs.

Based on 1,906,171,856 issued Shares as at 31 March 2017, the net asset value per Share as at 31 March 2017 amounted to approximately HK\$0.592, representing a 19.2% decrease from approximately HK\$0.733 as at 31 March 2016 as calculated using the number of issued Shares of 1,588,643,856 as at 31 March 2016.

As at 31 March 2018

As at 31 March 2018, the Group's property interests of approximately HK\$3,224.1 million comprised investment properties under construction of approximately HK\$1,791.7 million, construction in progress included in the property, plant and equipment of approximately HK\$578.7 million and prepaid lease payments of approximately HK\$290.1 million, classified as non-current assets; and properties under development of approximately HK\$563.6 million, classified as current assets.

As at 31 March 2018, the Group's net current assets amounted to approximately HK\$232.3 million, representing a decrease of approximately HK\$522.6 million compared to that approximately HK\$754.9 million as at 31 March 2017. The decrease in net current assets was mainly attributable to the net effect of (i) the settlement of secured loans (include in non-current liabilities) by utilising HK\$400 million deposit for the Proposed Acquisition (terminated in August 2017) refunded during the year; (ii) the repayment of bank and other borrowings (net of proceeds from new borrowings) of approximately HK\$356.6 million during the year; and (iii) the net cash inflows upon disposal of the Smartest Man Group of approximately HK\$238.1 million.

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The equity attributable to equity holders of the Company amounted to approximately HK\$1,024.3 million as at 31 March 2018, representing a slight increase of approximately HK\$36.9 million compared to that approximately HK\$987.4 million as at 31 March 2017. Such increase was mainly resulting from the gain on disposal of the Smartest Man Group of approximately HK\$18.1 million.

Gearing ratio, representing total of the Promissory Notes and borrowing comprising unsecured loans (including current and non-current portions) divided by the total equity, remained high at 193.1% as at 31 March 2018 (31 March 2017: 194.7%). This was mainly due to the net effect of (i) repayment of bank and other borrowings (net of proceeds from new borrowings) of approximately HK\$356.6 million during FY2018; and (ii) decrease in total equity of approximately HK\$104.5 million, mainly resulting from the loss incurred for FY2018 of approximately HK\$93.2 million. We noted the gearing ratio remained high despite the disposal of the Smartest Man Group during FY2018. This can be explained by the fact that the Smartest Man Group did not carry any borrowings at the date of the disposal with reference to the disclosure in the 2018 Annual Report. The disposal of the Smartest Man Group did not reduce the Group's borrowings balance and hence had limited effect on the gearing ratio as at 31 March 2018.

Based on 1,906,171,856 issued Shares as at 31 March 2018, the net asset value per Share amounted to approximately HK\$0.537, representing a 9.3% decrease from approximately HK\$0.592 as at 31 March 2017.

1.4 Analysis

In light of the facts that (i) the Group recorded loss in both FY2017 and FY2018 which was mainly due to a high level of finance cost incurred in these two consecutive years; (ii) the gross profit margin of the Group further decreased from 68.7% in FY2017 to 31.0% in FY2018 since luxurious residential properties with high gross profit margin were being sold in FY2017 while standard residential properties with lower gross profit margin were being sold in FY2018; and (iii) the Group's gearing ratios raised from nil as at 31 March 2016 to over 190% as at 31 March 2017 and 31 March 2018, we consider that the Group may face difficulties in further debt financing and expanding its land reserves in short run.

2. Prospect and outlook of the Group

As disclosed in the 2018 Annual Report, after the completion of the disposal of the Smartest Man Group on 3 January 2018, the Group's operating activities are solely derived from the development, sales and lease of the Chongqing Property. The Chongqing Property is currently in the progress of redevelopment. Upon the completion of redevelopment, it will comprise residential apartments, service apartments and shopping mall. The redevelopment was partially completed where certain of the residential apartments have been made available for sales since March 2017. The remaining redevelopment is expected to be completed in the first quarter in 2019. Given the Chongqing Property is located within the central business district, the promising commercial and residential property market in Chongqing with the increasing purchasing power and the implementation of "The Belt and Road Initiative" which brings development opportunities there, the Chongqing property market is expected to achieve substantial growth in the foreseeable future. After the completion of the redevelopment, the sales of residential apartments and lease of service apartments and retail units in shopping mall will be able to generate stable income to the Group in the long run.

As advised by the Directors, as at the Latest Practicable Date, the Chongqing Property comprises 113 units of residential apartments for sale, 149 units of service apartments for lease, 165 units of car parks for lease and retail shops with gross floor area of approximately 35,170 square metres for lease. The residential apartments are all available for sales upon demand from potential customers. In respect of the service apartments and retail shops both for lease, it is expected to be completed and available for lease in the first quarter in 2019. The Group has currently commenced its marketing activities for identifying the potential tenants. As advised by the Directors, the Group will continue and develop its existing business.

Given the property price in Chongqing has increased since July 2016 when the Group acquired of the Chongqing Property and the Company anticipated the property price in Chongqing would continue to increase in the foreseeable future based on the current market trend, it is currently the Group's business strategy to slowly and gradually offer the residential apartments for sale to the public in order to enjoy the anticipated growth in property price in Chongqing.

In order to get a better grasp of the real estate market in Chongqing, we have conducted our own desktop research.

Chart 1: Chongqing’s sales price growth index of newly completed commercial/residential buildings



Source: National Bureau of Statistics

Note: The base index value (100) of each particular time refers to the property price in the prior year. Index value above 100 represents a positive growth while those under 100 represents a negative growth

According to the “Chongqing’s sales price growth index of newly completed commercial/residential buildings” released by the National Bureau of Statistics monthly, the year-to-year sales price growth rate index was in an increasing trend starting from mid-2015 (95.4) up to the peak point (112.9) in mid-2017. The increase can be partly explained by the urbanisation demand. With reference to the statistics projected by the Urbanisation Division of the United Nations in 2018 (<https://esa.un.org/unpd/wup/Country-Profiles/>), the percentage of population in urban areas in China is nearly 60% and it is expected in 2025, the percentage will be over 65%. It shows that the demand for commercial/residential properties in urban cities is growing and support the property price to escalate.

We noted that from Chart 1 above, the growth rate of the property price in Chongqing was slowing down after reaching the peak point in mid-2017. It may create some uncertainties on the anticipated growth in sales price in Chongqing in the near future. As discussed with the Directors, the Directors will closely monitor the property price in Chongqing and adjust the business strategies, if necessary, to conform with the future property market in Chongqing.

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Despite the general economic environment and demographical trend back the prosperity of real estate sector, the Directors still have certain concerns on the challenges that the entire industry is facing. Lending from banks, use of structural products, corporate bonds and senior notes has long been a key funding source for real estate developers. However, after experiencing the financial crisis in late 1990s and late 2000s, the Chinese government has introduced certain credit tightening policy since early 2010s. And in late-2016, the Chinese government launched a deleveraging campaign in order to cool down the high gearing among the enterprises. With reference to the report “*Financing China’s Real Estate: Pragmatism and Creativity Will Prevail*” released by Jones Lang LaSalle in April 2017, real estate loans are of nearly 45% of the total loans granted by China Banks. The real estate sector was targeted by the Chinese government. It created a challenging environment for those small-scale developers, including the Group, and they are under pressure to reach out alternative sources of financing.

We noted that from the 2018 Annual Report and 2017 Annual Report, the gearing ratio for the Group was approximately 190% for the latest two financial years. Combined with the aforesaid challenges in deleveraging campaign, it may create challenges for the Group in debt financing. As disclosed in the Company’s announcement dated 1 November 2017, the Group disposed of its direct wholly-owned subsidiary which managed a real estate project in Eastern China due to expected excessive financial burden in the coming years. Given such a high level of leverage using by the Group, the Directors believe that this financial hurdle remains challenging in a near future.

We noted that the Group’s revenue has been relied solely on the Chongqing Property following the disposal of the Smartest Man Group. As advised by the Directors, the Group has not secured and identified additional land reserves and new property assets as at the Latest Practicable Date. Given the Group’s current high gearing position and the deleveraging policy implemented by the Chinese government, the Group may encounter difficulties in sourcing new debt financing for acquisition of other land reserves and property projects. Therefore, we consider that uncertainty exists as to whether the Group will be able to continue acquiring additional land reserves and/or new property assets in desirable locations at commercially reasonable prices that are suitable for residential and commercial development. As per our discussion with the Directors, we are given to know that the Group did not have any plan to acquire additional land reserves and/or new property assets as at the Latest Practicable Date due to the current high gearing position of the Group. Before considering to explore any suitable land reserves and/or new property assets, the main focus of the Directors is to continue (i) monitoring the financial performance of the existing business in the Chongqing Property; and (ii) maximising the return from the Chongqing Property so as to generate stable income and cash inflows and lower the gearing ratio and the finance costs.

We noted that, upon completion of the redevelopment of the Chongqing Property, the Group will have additional units of service apartments and retail shops available for lease, which may generate stable rental income in long run. However, in light of the limited historical record, we are of the view that, in short run, the rental income stream will be subject to various risk factors, in particular, whether the redevelopment will be completed on time and on budget or not, and the amount of time it takes to achieve desired occupancy rate and revenue level. Beyond that, having taken into account (i) the deleveraging policy implemented by the Chinese government; (ii) liquidity issue in real estate sector in the PRC; (iii) the Group's high gearing ratio in recent years; (iv) limited land reserve held by the Group; and (v) the growth rate of the property price in Chongqing was slowing down recently, we consider the prospects and outlook of the Group would be subject to uncertainties and challenges in the future.

3. Information of the Offeror

As stated in the "Letter from Kingston Securities" contained in the Composite Document, the Offeror is an investment holding company incorporated in the BVI with limited liability which is wholly and ultimately owned by Mr. Hu. Mr. Hu is also the sole director of the Offeror.

Mr. Hu is the chairman of the Board and an executive Director. Mr. Hu is currently responsible for the corporate management, business strategy and direction of the Group, provides leadership for the Board and ensures proper and effective function of the Board. He has over 15 years of experience in corporate management, investment and business development of companies in different industries, including but not limited to properties development in the PRC. During his 15 years of experience in corporate management, investment and business development, he has been involved in different property development projects, including but not limited to development of a residential and commercial complex building in Sichuan Province, the PRC, and development of residential properties in Zhejiang Province, the PRC. Mr. Hu is also the chairman of the board of directors of Doof International Holding Group Limited[#] (多弗國際控股集團有限公司), a company established in the PRC, which also involved in the business of the properties development in the PRC. Mr. Hu serves as a committee member of the 12th Chinese People's Political Consultative Conference of Xinjiang Uygur Autonomous Region and Hainan Foundation for Justice and Courage[#] (海南省見義勇為基金會) and he is also the Honorary President of Wenzhou Economic and Technological Development Zone Chamber of Commerce[#] (溫州經濟技術開發區總商會), Wenzhou Economic and Technological Development Zone Industrial Economic Federation[#] (溫州經濟技術開發區工業經濟聯合會), Wenzhou Economic and Technological Development Zone Entrepreneur Association[#] (溫州經濟技術開發區企業家協會), Wenzhou Enterprises Chamber of Commerce in Beijing[#] (北京溫州企業商會), Hong Kong Wenzhou Entrepreneurs Association Limited, Zhejiang Merchants Association of Chongqing[#] (重慶市浙商聯合會) and Chongqing General Chamber of Commerce Zhejiang Branch[#] (重慶市總商會浙江商會).

4. Intentions of the Offeror regarding the Group and proposed change of the Board composition

As stated in the “Letter from Kingston Securities”, the Offeror believes that if the Offer becomes unconditional, it would allow the Offeror to consolidate its control in the Company and the Group would be able to leverage on Mr. Hu’s extensive commercial network with property developers and potential corporate customers in the PRC’s property market to support the Group’s business. In light of the interest alignment between the Group and the Offeror that the Group would be able to leverage on Mr. Hu’s experience in the PRC’s property market and his abovementioned business network, it is expected that the motivation for the Offeror to play a greater role in directing the future development of the Group would increase, which will improve the financial performance of the Group and create greater value for the Shareholders in a long term perspective. As at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group and has no specific or concrete plans in relation to the future development of the Group.

Upon completion of the Offer, while continuing the principal business of the Group, the Offeror will assist the Group in reviewing its existing capabilities and resources for the purpose of developing detailed business plans, strategies or to tap into new business opportunities in order to achieve commercially feasible and sustainable growth of the Group. However, as at the Latest Practicable Date, the Offeror and the Board have no intention and have not entered into any agreement, arrangements, understanding to (i) acquire and/or develop any new business; or (ii) dispose of or scale down the Company’s existing businesses and any of the Group’s material operating assets, other than those in the ordinary and usual course of business of the Group.

The Offeror has no intention to terminate the employment of any employees of the Group (save for the proposed change in Board composition, details of which will be disclosed in the Composite Document) or to make material changes to the employment of the employees of the Group, nor to cease any existing businesses of the Group or to dispose or re-allocate any material assets of the Group (other than in the ordinary and usual course of business of the Group) as at the Latest Practicable Date.

The existing Directors, namely Ms. Cheng Ka Ki, Mr. Leung, Mr. Yuan Huixia, Mr. Lai Hok Lim, Mr. Lei Seng Fat and Mr. Wong Tak Chuen intend to resign from the Board with effect from not earlier than (i) the date immediately after the Closing Date; or (ii) the earliest date as permitted for resignation of existing Directors under (or pursuant to any dispensation from) the Takeovers Code, the Listing Rules or other applicable laws or rules or regulations applicable to the Company or by the SFC, whichever is later.

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The Offeror intends to nominate Mr. Jin Jiangui and Mr. Li Zhenyu as new nominated executive Directors and Ms. Pau Yee Ling, Mr. Wong Kwan Kit and Mr. Yuen Hoi Po as new nominated independent non-executive Directors to the Board for appointment with effect from no earlier than the despatch date of the Composite Document. An announcement will be made by the Company regarding the appointment of new Directors as and when appropriate pursuant to Rule 13.51(2) of the Listing Rules. The personal biographical information of each of the new nominated Directors is set out in the “Letter from Kingston Securities” in the Composite Document.

5. Principal terms of the Offer

The Offer Price of HK\$0.50 per Offer Share represents:

- (a) a premium of approximately 7.53% over the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 7.30% over the average closing price of approximately HK\$0.466 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 7.07% over the average closing price of approximately HK\$0.467 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 7.07% over the average closing price of approximately HK\$0.467 per Share as quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 3.09% over the closing price of HK\$0.485 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (f) a discount of approximately 6.89% to the audited consolidated net asset value attributable to the equity holders of the Company per Share of approximately HK\$0.537 as at 31 March 2018 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the audited consolidated net asset value attributable to the equity holders of the Company of approximately HK\$1,024 million as at 31 March 2018 and 1,906,171,856 Shares in issue as at the Latest Practicable Date; and

- (g) a premium of approximately 4.60% to the adjusted consolidated net asset value attributable to the equity holders of the Company per Share of approximately HK\$0.478 based on a total of 1,906,171,856 Shares in issue as at the Latest Practicable Date and the consolidated net asset value attributable to the equity holders of the Company of approximately HK\$911 million as at 31 March 2018 taking into effect (i) the fair value change of the investment properties under construction with reference to the valuation report of the Group as at 31 July 2018 as detailed in the Appendix III to the Composite Document; and (ii) the depreciation of the RMB against HK\$ from 31 March 2018 to 31 July 2018.

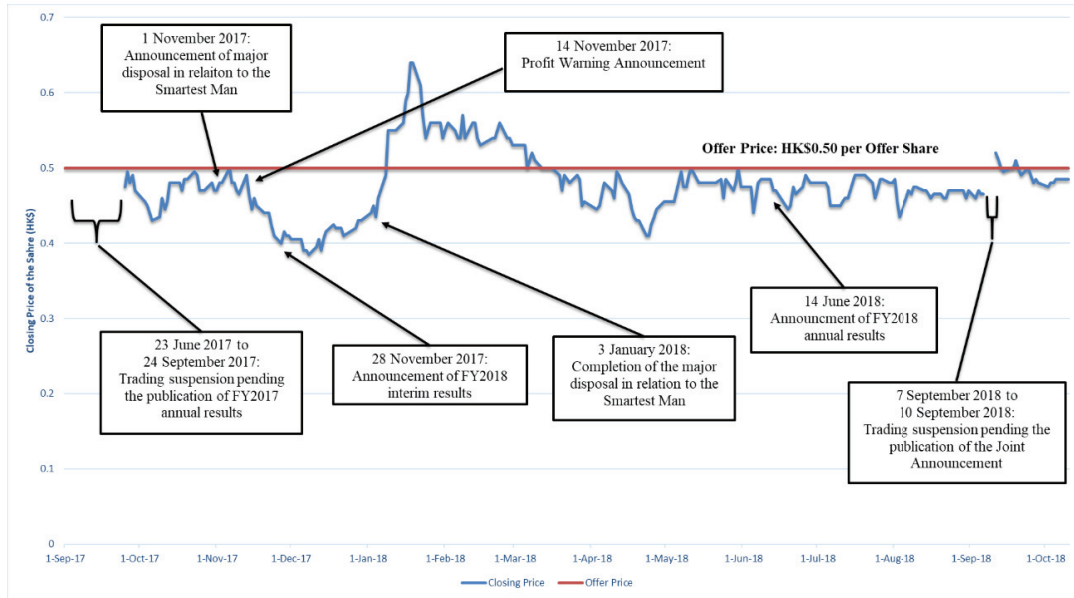
We noted that the Offer Price represents a discount of approximately 6.89% to the audited consolidated net asset value attributable to the equity holders of the Company per Share. However, having taken into account that the adjusted consolidated net asset value attributable to equity holders of the Company per Share mentioned in (g) above, which reflects the updated financial position of the Company, and other factors discussed in sections headed “historical performance of the Shares”, “liquidity of the Shares” and “comparable analysis”, we are of the view that the Offer Price is fair and reasonable to Independent Shareholders.

Historical price performance of the Shares

In order to assess the fairness and reasonableness of the Offer Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from (i) 1 September 2017 up to 6 September 2018, being the Last Trading Day prior to the suspension of trading in Shares pending for publication of the Joint Announcement on 10 September 2018 (the “**Pre-Announcement Period**”), and (ii) 11 September 2018 up to the Latest Practicable Date (the “**Post Announcement Period**”, and together with the Pre-Announcement Period, collectively known as the “**Review Period**”), as illustrated in the chart below.

We consider that the Review Period which covers a full year prior to the date of the Joint Announcement represents a reasonable period to provide a general overview of the recent Share price performance when assessing the fairness and reasonableness of the Offer Price.

Chart 2: Share price performance against the Offer Price during the Review Period



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

During the Pre-Announcement Period, the closing prices of the Shares ranged from the lowest of HK\$0.385 per Share on 8 December 2017 to the highest of HK\$0.640 per Share on 18 January 2018 and 19 January 2018, with an average of HK\$0.478 per Share. The Offer Price represents a premium of approximately 4.60% over the average price during the Pre-Announcement Period.

Subsequently, trading in the Shares was suspended, at the request of the Directors, from 7 September 2018 to 10 September 2018 (both days inclusive), pending the release of an announcement regarding inside information pursuant to the Takeovers Code. Following the release of the Joint Announcement on 10 September 2018 and the resumption of trading in the Shares on 11 September 2018, the closing price of the Shares increased from HK\$0.465 on the last trading day immediately prior to the trading suspension (i.e. 6 September 2018) to HK\$0.520 on the first trading day after resumption (i.e. 11 September 2018). The closing price of the Shares then eventually dropped to the level close to the Offer Price and remained stable up to the Latest Practicable Date. During the Post Announcement Period, the closing price of the Shares ranged from HK\$0.475 recorded on 2 October 2018 to HK\$0.520 recorded on 11 September 2018 with an average of HK\$0.492 per Share, which is approximate to the Offer Price.

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Having taken into account that there is no assurance that the Share price will sustain at a level above the Offer Price during and after the Offer Period, we are of the view that the Independent Shareholders, especially those with relatively sizable shareholding, may not be able to realise their entire investments in the Shares at a price higher than or close to the Offer Price. Therefore, we consider that the Offer provides an exit alternative at the Offer Price for the Independent Shareholders who would like to realise their investments in the Shares.

Moreover, having considered that (i) the Offer Price represents a premium of approximately 4.60% over the average price during the Pre-Announcement Period; (ii) the Offer Price is approximate to the average price during the Post Announcement Period; (iii) the Offer Price represents a premium of approximately 4.38% over the average closing price of the Shares during the overall Review Period of HK\$0.479 per Share; and (iv) the closing prices of the Shares on 197 trading days out of total 255 trading days during the overall Review Period was below the Offer Price, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

Liquidity of the Shares

The table below sets out the trading volume of the Shares during the Review Period.

Month	Number of trading days of the Shares in each month/period (Note 1)	Total trading volume of the Shares in each month/period	Average daily trading volume of the Shares	Approximate % of average daily trading volume to total number of issued Shares (Note 2)
Pre-Announcement Period				
2017				
September (Note 3)	5	5,134,962	1,026,992	0.05%
October	20	10,493,070	524,654	0.03%
November	22	3,808,734	173,124	0.01%
December	19	12,719,762	669,461	0.04%
2018				
January	22	25,402,308	1,154,650	0.06%
February	18	4,786,260	265,903	0.01%
March	21	9,655,459	459,784	0.02%
April	19	3,574,207	188,116	0.01%
May	21	5,366,000	255,524	0.01%
June	20	5,052,000	252,600	0.01%
July	21	2,317,600	110,362	0.01%
August	23	2,446,620	106,375	0.01%
September	4	242,000	60,500	0.003%
Post-Announcement Period				
September	13	54,543,299	4,195,638	0.22%
October	7	9,645,564	1,377,938	0.07%

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

Note 1: Number of trading days of the Shares represents number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

Note 2: The calculation is based on the number of the Shares in issue as at the Latest Practicable Date (i.e. 1,906,171,856 Shares).

Note 3: Trading in the shares of the Company on the Stock Exchange had been halted from 23 June 2017 to 22 September 2017 (both days inclusive) due to delay in publication of the annual results of the Group for FY2017.

Based on the above table, the average daily trading volume of the Shares in the Review Period ranged from approximately 0.003% to approximately 0.22% of the total issued Shares as at the Latest Practicable Date. The average daily trading volume of the Shares during the Review Period was approximately 608,580 Shares, representing approximately 0.03% of the total issued Shares of the Company.

We noted that the average daily trading volume of the Company during the Post-Announcement Period was relatively higher than the rest of the Review Period. A possible explanation of the relatively higher trading volume in such period was due to the market reaction resulted from the Joint Announcement released on 10 September 2018. As advised by the Directors, they were not aware of any other specific event that might cause the relatively higher trading volume in such period.

Save for the trading volume during the Post-Announcement Period, we noted that the trading liquidity of the Shares was generally thin given that the average daily trading volume of the Shares during the Review Period represents less than 0.1% to the total number of the Shares in issue as at the Latest Practicable Date.

Independent Shareholders should be mindful as to whether there will be sufficient liquidity in the Shares for those who wish to realise part or all of their investment in the Company in the open market and whether their disposal of Shares will exert a downward pressure on the market prices of the Shares. Therefore, we anticipate that the Independent Shareholders may have difficulties in selling a sizable shareholdings in the open market within a short period of time if the same trading pattern of the Shares persists during and after the Offer Period. We are of the view that the Independent Shareholders, who intend to dispose of some or all of their Shares, should consider to accept the Offer if they are not able to sell the Shares in the market at a price higher than the Offer Price.

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Comparable analysis

To further evaluate the fairness and reasonableness of the Offer Price, we have attempted to carry out comparable companies analysis to compare the Offer Price against the market valuation of other comparable companies using the commonly adopted comparison benchmarks in the evaluation of a company, namely the price-to-earnings ratio (“**P/E Ratio**”) and price-to-book ratio (“**P/B Ratio**”). P/E Ratio of the Group is not applicable since the Group was loss-making in the latest two full financial years as disclosed in the 2018 Annual Report. Therefore, for the purpose of our analysis, we have adopted P/B Ratio analysis to assess the fairness and reasonableness of the terms of the Offer.

We have identified the following comparable companies which (i) are listed on the Main Board of Stock Exchange; (ii) have principal business being similar to that of the Group (i.e. over 90% of their revenue generated from sales and leasing of properties business in the PRC as disclosed in their respective latest financial year); and (iii) have market capitalisation below HK\$1,000 million. Based on these criteria and the public information available on the Stock Exchange’s website, we have identified an exhaustive list of a total of 13 companies listed on the Main Board of the Stock Exchange (the “**Comparable Companies**”).

Independent Shareholders should note that the business, scale of operation, trading prospect, target market, product mix and capital structure of the Company are not exactly the same as those of the Comparable Companies and we have not conducted in-depth investigation into business and operations of the Comparable Companies, save for the aforesaid selection criteria. Since the Comparable Companies are principally engaged in similar business as the Group such that the fundamentals of the Comparable Companies and the Group are in general affected by similar factors including but not limited to, global economy and industry outlook, cost of constructions and manpower and demand from customers, we consider that the Comparable Companies are fair and representative samples for comparison purpose and are relevant in assessing the fairness and reasonableness of the Offer Price. Details of our analysis are listed below:

Stock Code	Company Name	Company Business	Market Capitalisation (HK\$ million) (Note 1)	P/B Ratio (Note 2)
1124	Coastal Greenland Limited	Property development and investment	954	0.17
865	Jiande International Holdings Limited	Property development	934	1.31
2349	China City Infrastructure Group Limited	Property development and investment, hotel business, property management and infrastructure	909	0.60

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Stock Code	Company Name	Company Business	Market Capitalisation (HK\$ million) (Note 1)	P/B Ratio (Note 2)
2286	Chen Xing Development Limited	Property development	765	0.65
1570	Weiye Holdings Limited	Property development, manufacturing and trading of household equipment	718	0.47
760	Talent Property Group Limited	Property development, investment and management	618	0.29
21	Great China Properties Holdings Limited	Property development and investment	494	0.51
1663	Sino Harbour Holdings Group Limited	Property development	478	0.30
2088	Xiwang Property Holdings Company Limited	Property development	359	0.54
115	Grand Field Group Holdings Limited	Property development, investment and management	294	0.29
1195	Kingwell Group Limited	Property development and leasing and gold mining	277	1.39
1369	Wuzhou International Holdings Limited	Property development, investment and provision of property management services	200	0.05
275	Master Glory Group Limited	Property development, investment and trading, industrial water supply, trading securities and other strategic investments	196	0.04
			Average	0.51
			Median	0.47
			Maximum	1.39
			Minimum	0.04
	The Company		953 (Note 4)	0.93 (adjusted) (Note 3)

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

Note 1: The market capitalisation is calculated based on the share price and number of issued shares of the respective companies as at the Latest Practicable Date.

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Note 2: The P/B ratios of the Comparable Companies are calculated based on their respective market capitalisation divided by the audited consolidated net assets attributable to equity shareholders as disclosed in their respective latest published annual reports.

Note 3: The adjusted implied P/B ratio is calculated based on the net asset value as at 31 March 2018 after taking into account of the valuation as disclosed in Appendix III to the Composite Document.

Note 4: The implied market capitalisation is calculated based on the Offer Price and number of issued shares of the Company as at the Latest Practicable Date (i.e. 1,906,171,856 Shares).

The implied P/B ratio of the Company is approximately 0.93 times, which is calculated as the Offer Price of HK\$0.50 divided by the audited consolidated net assets attributable to equity shareholders of the Company per Share of HK\$0.537 as at 31 March 2018, being net asset value attributable to the equity holders of the Company of approximately HK\$1,024 million divided by 1,906,171,856 Shares of the Company. In addition, having taken into account that the valuation report as at 31 July 2018 as detailed in Appendix III to the Composite Document, the adjusted implied P/B ratio of the Company is approximately 1.05 times. It is calculated as the Offer Price of HK\$0.50 divided by the adjusted consolidated net asset value attributable to equity holders of the Company per Share of HK\$0.478 as at the valuation date, being net asset value attributable to equity shareholders of the Company of approximately HK\$911 million divided by 1,906,171,856 Shares of the Company.

As illustrated in the tables above, the P/B ratios of the Comparable Companies ranged from approximately 0.04 times to 1.39 times with an average of approximately 0.51 times and a median of approximately 0.47 times. The implied P/B ratio and adjusted implied P/B ratio of the Company, based on the Offer Price, of approximately 0.93 times and 1.05 times, which are higher than the average and the median of the P/B ratios of the Comparable Companies.

Having considered, among others, (i) the implied P/B ratio and adjusted implied P/B ratio of the Company are higher than average and median of the P/B ratios of the Comparable Companies; and (ii) the Share price was below the Offer Price in 197 trading days out of total 255 trading days in the Review Period as set out in the section headed “historical price performance of the Shares” above, we consider that the terms of the Offer including the Offer Price are fair and reasonable so far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

We noted that the Offer Price represents a discount of approximately 6.89% to the audited consolidated net assets value attributable to equity holders of the Company per Share of approximately HK\$0.537 as at 31 March 2018. Nevertheless, having considered the abovementioned principal factors and reasons set out in this letter, in particular:

- (i) the Group had incurred net losses in consecutive financial years (i.e. FY2017 and FY2018) and the revenue arising from continuing operation has significantly declined from FY2017 to FY2018;
- (ii) there are uncertainties in the future prospects of the real estate market in the PRC, in particular, the slowing down of growth rate of the properties price in Chongqing, the deleverage campaign conducted by the Chinese government, the surging operating costs and limited land reserve held by the Group;
- (iii) the rental income generated upon completion of the redevelopment of the Chongqing Property will be subject to various risk factors, in particular, whether the redevelopment will be completed on time and on budget or not, and the amount of time it takes to achieve desired occupancy rate and revenue level;
- (iv) the Offer Price represents a premium of approximately 7.53%, 4.38%, 3.09% and 4.60%, over the closing price per Share on the Last Trading Day, the average price per Share during the Review Period, the Latest Practicable Date and the adjusted consolidated net asset value attributable to equity holders of the Company per Share respectively;
- (v) the historical Share price movements and the historical average daily trading volume of the Shares which has been relatively thin in general as analysed, and that the Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing material adverse impact on the market price level of the Shares; and
- (vi) the implied P/B ratio and the adjusted implied P/B ratio of the Offer are higher than the average and median of the P/B ratios of the Comparable Companies,

we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. As such, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

Independent Shareholders should note that the Offer provides an opportunity to dispose of their part or entire holdings at a fixed consideration for cash under the terms of the Offer. However, we would recommend Independent Shareholders who, having considered the above, and wish to realise part or all of their Shares should monitor the trading price and liquidity of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares in the open market instead of

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accepting the Offer if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offer.

Independent Shareholders who wish to retain some or all of their investments in the securities of the Company, are reminded to closely monitor the development of the Group and any announcements of the Company during the Offer Period. Independent Shareholders should also note that the current Share price level may or may not be sustained during and after the Offer Period.

As different Independent Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Independent Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Offer or disposing any of their Shares in the open market.

Independent Shareholders should note that in making our recommendation, we express no opinion on the business strategy, the future performance of the Group and of its underlying businesses.

Yours faithfully
For and on behalf of
INCUCorporate Finance Limited
Gina Leung
Managing Director

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCUCorporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

The English transliteration of the Chinese names in this letter, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

1. PROCEDURES FOR ACCEPTANCE

If you accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms and Condition of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares, the duly completed and signed Form of Acceptance should be sent, together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "**Man Sang International Limited Offer**" on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares in full or in part, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer to the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC to accept the Offer on your behalf on or before

the deadline set out by HKSCC. In order to meet the deadline set by HKSCC, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instructions, and submit your instructions to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's stock account with CCASS, authorise your instructions via the CCASS phone system or CCASS internet system on or before the deadline set out by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar).
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an authority to the Offeror and/or Kingston Securities or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares is/are not readily available or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code), and the Registrar has recorded that the Form of Acceptance and any relevant documents as required under this paragraph have been so received and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares (as determined by the Collector of Stamp Revenue under the SDO) or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholders on acceptance of the Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with such Offer Shares in accordance with the SDO.
- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (i) If the Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar

will be returned to the Shareholders who have accepted the Offer by ordinary post at the Shareholders' own risk as soon as possible, but in any event within 10 days after the Offer has lapsed.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Form of Acceptance and the Offer will close on the Closing Date.
- (b) The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (c) If the Offer is extended, the announcement of such extension will state the next Closing Date or a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Shareholders before the Offer is closed to those Shareholders who have not accepted the Offer.
- (d) If, in the course of the Offer, the Offeror revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date.
- (e) If the Closing Date is extended, any references in this Composite Document and the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

3. ANNOUNCEMENT

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of their decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised or extended or has expired.

Such announcement must state the following:

- (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the commencement date of the Offer Period;
 - (iii) the total number of Shares and rights over shares acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period;
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and any parties acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on lent or sold; and
 - (v) the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.
- (b) In computing the total number of Shares represented by acceptances, acceptances which are not in all respects complete and in good order may only be included where they could be counted towards fulfilling the acceptance conditions of this appendix, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer.

4. RIGHT OF WITHDRAWAL

The Offer is conditional upon fulfilment of the Condition set out in the “Letter from Kingston Securities” in this Composite Document. Acceptance of the Offer tendered by Shareholders, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the sub-paragraphs (a) and (b) below:

- (a) in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the first Closing Date (being 1 November 2018) and if the Offer has not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar; or
- (b) in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph

headed “3. ANNOUNCEMENT” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Shareholder(s) at their own risks.

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn.

5. SETTLEMENT OF THE OFFER

- (a) If you accept the Offer, provided that the accompanying Form of Acceptance, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, settlement of the consideration, less seller’s ad valorem stamp duty, will be made by cheque as soon as possible, but in any event within seven (7) Business Days following the later of (i) the date of receipt by the Registrar of all relevant documents which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code; and (ii) the date on which the Offer becomes or is declared unconditional in all respects. Each cheque will be despatched by ordinary post to the address specified on the relevant Shareholder’s Form of Acceptance at his/her/its own risk.
- (b) Settlement of the consideration to which any accepting Shareholders is entitled under the Offer will be implemented by the Offeror in full in accordance with the terms of the Offer (save with respect to the payment of seller’s ad valorem stamp duty) set out in this Composite Document (including this appendix) and the accompanying Form of Acceptance without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

6. OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Shareholders including the Overseas Shareholders. According to the register of members of the Company as at the Latest Practicable Date, there were 29 Shareholders whose addresses were located outside Hong Kong. However, the availability of the Offer to persons with registered addresses in

jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice.

As at the Latest Practicable Date, based on the record in the register of members of the Company, the Company had 26 Overseas Shareholders in the U.S., 1 Overseas Shareholder in Macau and 2 Overseas Shareholders in Canada.

The Offeror and the Company had been advised by the legal advisers as to U.S. law, Macau law and Canadian law respectively that this Composite Document and the accompanying Form of Acceptance may be forwarded to such Overseas Shareholders and will do so accordingly.

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 or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders of the Offer will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that all applicable laws and requirements have been complied with. Overseas Shareholders who are in doubt as to the action they should take should consult their stockbrokers, licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers. The Offeror will comply with the requirements of the Takeovers Code in respect of the Overseas Shareholders.

7. NOMINEE REGISTRATION

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

8. TAX IMPLICATIONS

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. It is emphasized that none of the Company, the Offeror, parties acting in concert with them, or any of their respective directors, officers, advisers, agents, agents of associates or any other persons involved in the Offer accepts responsibility for any taxation effect on, or liabilities of, any persons as a result of their acceptances or rejections of the Offer.

None of the Offeror, the Company, their respective ultimate beneficial owner(s) and parties acting in concert with any of them, Kingston Securities, Kingston Corporate Finance, the Registrar or any of their respective directors or any persons involved in the Offer is in a position to advise the Shareholders on their individual tax implications. 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. It is emphasised that none of the Offeror, the Company, their respective ultimate beneficial owner(s) and parties acting in concert with any of them, Kingston Securities, Kingston Corporate Finance, the Registrar or any of their respective directors, officers, advisers, agents or associates or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, the Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Shareholders at their addresses, in the case of Shareholders, specified on the relevant Form of Acceptance. None of the Offeror, the Offeror's ultimate beneficial owners, the Company and parties acting in concert with any of them, Kingston Securities, Kingston Corporate Finance, the Independent Financial Adviser, the Registrar or any of their respective directors, officers or associates, or any other person involved in the Offer, accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result.
- (b) If no number of Shares is specified in the Form of Acceptance or the number of Shares specified by the acceptor in the Form of Acceptance is greater than the number of Shares registered in the name of the acceptor as holder or the number of Shares represented by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) that are forwarded by the acceptor to the Registrar, the Form of Acceptance will be returned to the acceptor for correction. Any corrected Form of Acceptance must be re-submitted and received by the Registrar on or before the latest time for acceptance of the Offer in order for it to be counted towards fulfilling the acceptance Condition.
- (c) Acceptance of the Offer by any person will be deemed to constitute a warranty by such person to the Offeror, Kingston Securities and the Company that all Offer Shares to be sold by such person under the Offer are fully paid and free from all liens, charges, options, claims, encumbrances, adverse interests, pre-emptive rights and all third party rights of any nature, and will be sold together with all rights attached thereto as at the date on which the Offer is made and any rights

subsequently attaching thereto, including the right to receive all dividends and other distributions recommended or declared, if any, paid or made on or after the date on which the Offer is made, being the date of this Composite Document.

- (d) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (e) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (f) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (g) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (h) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or Kingston Securities (or such person or persons as the Offeror and/or Kingston Securities may direct) to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in either Offeror (or such person or persons as it may direct) the Shares in respect of which such person has accepted the Offer.
- (i) The Offer is made in accordance with the Takeovers Code.
- (j) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (k) In making their decision, Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Kingston Securities or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

1. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated financial information of the Group for the three financial years ended 31 March 2016, 2017 and 2018 as extracted from the annual reports of the Company for the financial years ended 31 March 2017 and 2018 respectively:

Consolidated Statement of Profit or Loss

	Year Ended 31 March	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Continuing operation		
Revenue	23,188	133,714
Cost of sales	<u>(15,990)</u>	<u>(41,889)</u>
Gross profit	7,198	91,825
Other gains	1,981	—
Selling expenses	(5,606)	(7,294)
Administrative expenses	(50,417)	(37,003)
Increase in fair value of investment properties under construction	54,133	6,107
Finance income	29,378	23
Finance costs	<u>(123,713)</u>	<u>(105,598)</u>
Loss before tax	(87,046)	(51,940)
Income tax expenses	<u>(22,626)</u>	<u>(68,912)</u>
Loss for the year from continuing operation	(109,672)	(120,852)
Discontinued operation		
Profit (loss) for the year from discontinued operation	<u>16,478</u>	<u>(1,628)</u>
Loss for the year	<u><u>(93,194)</u></u>	<u><u>(122,480)</u></u>
(Loss) profit attributable to equity holders of the Company		
— from continuing operation	(109,672)	(120,852)
— from discontinued operation	<u>17,022</u>	<u>(1,074)</u>
	<u><u>(92,650)</u></u>	<u><u>(121,926)</u></u>

	Year Ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
		(Restated)
Loss attributable to non-controlling interests		
— from continuing operation	—	—
— from discontinued operation	<u>(544)</u>	<u>(554)</u>
	<u>(544)</u>	<u>(554)</u>
Loss for the year	<u><u>(93,194)</u></u>	<u><u>(122,480)</u></u>
LOSS PER SHARE		
From continuing and discontinued operations		
— basic and diluted (HK cents)	<u><u>(4.86)</u></u>	<u><u>(6.96)</u></u>
From continuing operation		
— basic and diluted (HK cents)	<u><u>(5.75)</u></u>	<u><u>(6.90)</u></u>
Dividend per Share	<u><u>—</u></u>	<u><u>—</u></u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year Ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Loss for the year	<u>(93,194)</u>	<u>(122,480)</u>
Other comprehensive income (loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	174,006	(103,403)
Release of translation reserve upon disposal of subsidiaries	<u>(28,860)</u>	<u>—</u>
Other comprehensive income (loss) for the year	<u>145,146</u>	<u>(103,403)</u>
Total comprehensive income (loss) for the year	<u><u>51,952</u></u>	<u><u>(225,883)</u></u>
Total comprehensive income (loss) for the year attributable to:		
— equity holders of the Company	36,920	(211,187)
— non-controlling interests	<u>15,032</u>	<u>(14,696)</u>
	<u><u>51,952</u></u>	<u><u>(225,883)</u></u>

Consolidated Statement of Profit or Loss

	Year Ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
Revenue	194,197	190,698
Cost of sales	<u>(61,157)</u>	<u>(83,082)</u>
Gross profit	133,040	107,616
Other income	3,935	1,264
Other gains	158	22,769
Selling expenses	(11,410)	(4,981)
Administrative expenses	(45,172)	(28,652)
(Decrease) increase in fair values of investment properties and investment properties under construction, net	(41,737)	5,938
Share of profit of an associate	—	15
Finance income	2,033	4,305
Finance costs	<u>(105,598)</u>	<u>(2,170)</u>
(Loss) profit before tax	(64,751)	106,104
Income tax expenses	<u>(57,729)</u>	<u>(38,623)</u>
(Loss) profit for the year	<u>(122,480)</u>	<u>67,481</u>
Attributable to:		
Equity holders of the Company	(121,926)	51,192
Non-controlling interests	<u>(554)</u>	<u>16,289</u>
	<u>(122,480)</u>	<u>67,481</u>
(Loss) earnings per share, basic and diluted	<u>HK\$(0.070)</u>	<u>HK\$0.033</u>
Dividend per Share	<u>—</u>	<u>—</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year Ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
(Loss) profit for the year	<u>(122,480)</u>	<u>67,481</u>
Other comprehensive loss		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(103,403)	(42,201)
Release of translation reserve upon disposal of subsidiaries	<u>—</u>	<u>(20,349)</u>
Other comprehensive loss for the year	<u>(103,403)</u>	<u>(62,550)</u>
Total comprehensive (loss) income for the year	<u>(225,883)</u>	<u>4,931</u>
Attributable to:		
Equity holders of the Company	(211,187)	278
Non-controlling interests	<u>(14,696)</u>	<u>4,653</u>
	<u>(225,883)</u>	<u>4,931</u>

The auditor of the Company, PricewaterhouseCoopers, did not issue any qualified or modified opinion (including emphasis of matter, qualified opinion, adverse opinion and disclaimer of opinion) on the consolidated financial statements of the Group for the financial year ended 31 March 2016. The auditor of the Company, SHINEWING (HK) CPA Limited, did not issue any qualified or modified opinion (including emphasis of matter or material uncertainty related to going concern, qualified opinion, adverse opinion and disclaimer of opinion) on the respective consolidated financial statements of the Group for the two financial years ended 31 March 2017 and 2018. There was no exceptional item which was required to be disclosed in the consolidated financial statements of the Group for each of the financial years ended 31 March 2016, 2017 and 2018 because of its size, nature or incidence.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

The following audited consolidated financial statements of the Group for the year ended 31 March 2018 are contained in the annual report of the Company for the year ended 31 March 2018 (the “**2018 Annual Report**”) which has been published on the website of the Stock Exchange (www.hkex.com) and the website of the Company (www.msil.com.hk):

(a) Consolidated statement of financial position as at 31 March 2018

Please refer to pages 66 to 67 of the 2018 Annual Report.

(b) Consolidated statement of cash flows for the year ended 31 March 2018

Please refer to pages 69 to 70 of the 2018 Annual Report.

(c) Other consolidated financial statements for the year ended 31 March 2018

(i) Consolidated statement of profit or loss for the year ended 31 March 2018

Please refer to page 64 of the 2018 Annual Report.

(ii) Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018

Please refer to page 65 of the 2018 Annual Report.

(iii) Consolidated statement of changes in equity for the year ended 31 March 2018

Please refer to page 68 of the 2018 Annual Report.

(d) Significant accounting policies and notes to the audited consolidated financial statements for the year ended 31 March 2018

Please refer to pages 71 to 157 of the 2018 Annual Report.

3. MATERIAL CHANGE

Save as disclosed below, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 March 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

The promissory notes held by Mr. Hu, being the chairman of the Board, the executive Director and the substantial shareholder of the Company with interest in 41.73% shareholding of the Company as at the Latest Practicable Date, and the sole director and the ultimate beneficial owner of the Offeror, in the principal amount of HK\$778 million with the interests accrued thereon, will be due and payable on 28 July 2019 (details are set out in the Company's announcements dated 12 April 2016, 19 May 2016, 15 July 2016, 28 July 2016, 14 September 2016, 27 September 2016, 24 October 2016, 15 December 2017 and 2 May 2018 and the Company's circular dated 16 June 2016), have been reclassified from non-current liabilities to current liabilities due to the maturity date of the promissory notes falling within twelve months as at the Latest Practicable Date, leading to the significant increase in current liabilities and the corresponding decrease in non-current liabilities of the Group.

4. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2018, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this Composite Document, the Group had outstanding indebtedness of the following:

(i) Other borrowings

The Group had outstanding unsecured and unguaranteed revolving loan with principal amount of approximately HK\$49,260,000 due to a finance company, an independent third party to the Group, with a maturity date on 12 January 2019. The amount carried fixed interest rate of 8% per annum.

The Group had outstanding unsecured and unguaranteed borrowings with aggregate principal amount of RMB846,560,000 (equivalent to HK\$973,544,000) due to certain independent third parties to the Group, with maturity dates on or before 25 March 2020. The amount carried fixed interest rate of 10% per annum. Among the abovementioned borrowings, principal amount of RMB16,560,000 (equivalent to HK\$19,044,000) has been settled as at the Latest Practicable Date.

The Group had outstanding unsecured and unguaranteed borrowings with aggregate principal amount of RMB45,350,000 (equivalent to approximately HK\$52,153,000) due to a company established in the PRC, which was indirectly non-wholly owned by Mr. Hu, with a maturity date on 28 September 2018. The amount carried fixed interest rate of 10% per annum. The amount has been fully settled as at the Latest Practicable Date.

The Group had outstanding unsecured and unguaranteed borrowings with aggregate principal amount of RMB30,000,000 (equivalent to HK\$34,500,000) due to Mr. Hu with a maturity date on 31 May 2020. The amount carried fixed interest rate of 9% per annum.

(ii) Promissory notes

The Group had outstanding promissory notes with aggregate principal amount of HK\$778,000,000 due to a company wholly owned by Mr. Hu. The principal amount and the interest accrued will be repaid at the maturity date on 28 July 2019. The promissory notes carried fixed interest rate of 8% per annum.

(iii) Other indebtedness

The Group had outstanding indebtedness of RMB4,450,000 (equivalent to approximately HK\$5,118,000) due to an independent third party to the Group, in which the amount was unguaranteed, unsecured, non-interest bearing and repayable on demand.

Except as disclosed above and apart from intra-group liabilities and normal trade payables, at the close of business on 31 July 2018, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, and term loans (secured, unsecured, guaranteed or otherwise), bank overdrafts, bank loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptable credits, hire purchase commitments, debentures, mortgages, charges, guarantees or other material contingent liabilities.

The Directors confirmed that there was no adverse change in the indebtedness of the Group since 31 July 2018 and up to the Latest Practicable Date.

For the purpose of the above statement of indebtedness, the foreign currency, Renminbi, has been translated into Hong Kong dollars at the approximate rate of 1:1.15 as at 31 July 2018.

The following is a text of the letter and valuation report prepared for the purpose of incorporation into the composite document jointly issued by the Company and China Dadi Group Limited, received from APAC Asset Valuation and Consulting Limited, an independent property valuer, in connection with the valuation of the Property held by the Group as at 31 July 2018.



APAC Asset Valuation and Consulting Limited

5/F., Blissful Building, 243-247 Des Voeux Road Central, Hong Kong
T: (852) 2357 0085
F: (852) 2951 0799

The Directors

Man Sang International Limited

Unit 1611, 16th Floor
Shun Tak Centre, West Tower
168–200 Connaught Road Central
Hong Kong

11 October 2018

Dear Sirs/Madams,

RE: VARIOUS RETAIL UNITS OF A SHOPPING MALL ON LEVELS LG, 1–3 AND 5–9, A SERVICED APARTMENT DEVELOPMENT NAMED “MARRIOTT EXECUTIVE APARTMENT” ON LEVELS 10–25, AN APARTMENT DEVELOPMENT NAMED “ONE APARTMENT” ON LEVELS 27–40 AND VARIOUS ANCILLARY FACILITIES OF A COMPOSITE DEVELOPMENT LOCATED AT 77 QINGNIAN ROAD, YUZHONG DISTRICT, CHONGQING, THE PEOPLE’S REPUBLIC OF CHINA (THE “PROPERTY”)

In accordance with the instructions from Man Sang International Limited (the “**Company**”) for us to value the Property held by the Company and its subsidiaries (hereinafter together referred to as the “**Group**”) situated in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 July 2018 (the “**valuation date**”) for the purpose of incorporation into the composite document jointly issued by the Company and China Dadi Group Limited.

The intended use of this valuation report is to serve as basis for the Group’s due diligence. The ultimate transaction price would be the result of negotiations between the transacting parties. The responsibility for determining the agreed transaction price of the Property rests solely with the Group. The valuation result should not be construed to be a fairness opinion, a solvency opinion or an investment recommendation. It is inappropriate

to use our valuation certificate for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of the Property.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

We are independent of the Group and our valuation is prepared in accordance with the “HKIS Valuation Standards” published by the Hong Kong Institute of Surveyors and the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued on The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers published by The Securities and Futures Commission of Hong Kong (the “**Takeovers Code**”).

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Property.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the Property nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

VALUATION METHODOLOGY

We have valued the Property on the basis that it will be developed and completed in accordance with the latest development proposal to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the proposal have been obtained without onerous conditions or delays. In arriving at our opinion of value, we have adopted the Comparison Approach by making reference to the comparable sales evidences as available on the relevant markets. We have also taken into account the expended construction cost and the cost that will be expended to complete the development to reflect the quality of the completed development.

TITLE AND ASSUMPTIONS

We have been provided with copies of extracts of title documents relating to the Property. However, we have not caused title searches to be made for the Property at the relevant government bureaus in the PRC and have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the Property in the PRC, we have relied on the legal opinion provided by the Group's PRC legal adviser, Shenzhen Office, Commerce & Finance Law Offices (北京市通商(深圳)律師事務所), regarding the title and other legal matters to the Property.

SOURCES OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, site and floor areas, construction cost, sales information and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation report are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

We relied upon completeness, accuracy and fair representation of the information in relation to the Property provided by the Group. The market value of the Property is subject to numerous assumptions adopted in the information provided by the Group. To the extent that any of these assumptions or facts changed, the result of the market value conclusion would be changed accordingly.

SITE INSPECTIONS

Site inspection of the Property was carried out by Mr. James Chu (BSc (Hons) Surveying) on 13 September 2018. We have inspected the exterior and, where possible, the interior of the Property. We have not inspected those parts of the Property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. In the course of our inspection, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

POTENTIAL TAX LIABILITIES

For the purpose of compliance with Rule 11.3 of the Takeovers Code and as advised by the Group, the potential tax liabilities which would arise from the sale of the properties in the PRC comprise value-added tax at 5%; stamp duty at 0.05%; land appreciation tax at progressive rates from 30% to 60%; and corporate income tax at 25%.

In respect of part of the Property (i.e. ONE Apartment) which is intended to held for sale by the Group, it is likely that the relevant tax liabilities will crystallise upon sale. In respect of the remaining parts of the Property which are intended to held for investment or for owner-occupation by the Group, the likelihood of the relevant tax liabilities crystallising is remote as the Group has no plans for the disposal of such parts of the Property yet.

LIMITATION OF LIABILITIES

This valuation report is issued on the understanding that the Group has drawn our attention to all matters of which the Group is aware concerning the Property which may have an impact on our valuation report up to the valuation date. We have no responsibility to update this valuation report for events and circumstances occurring after the date of completion of our assessment but will be pleased to discuss further instructions as may be required.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this valuation report and our calculation has been sent to the management of the Group. They have reviewed and orally confirmed to us that facts as stated in this valuation report and calculation are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

CURRENCY

Unless otherwise stated, all monetary amounts in our valuation are in Renminbi (RMB).

Our valuation report is attached.

Yours faithfully,
For and on behalf of
APAC Asset Valuation and Consulting Limited
Ken Wong
MHKIS, MCIREA, RPS (*GP*)
Director

Note: Mr. Ken Wong is a Registered Professional Surveyor in General Practice Division with over 18 years valuation experience on properties in Hong Kong and China.

Encl.

VALUATION REPORT

Property under Redevelopment in the PRC

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 31 July 2018</u>
Various retail units on Levels LG, 1–3 and 5–9, a serviced apartment development named “Marriott Executive Apartment” on Levels 10–25, an apartment development named “ONE Apartment” on Levels 27–40 and various ancillary facilities of a composite development located at 77 Qingnian Road, Yuzhong District, Chongqing, PRC	The Property comprise portion of a composite development (the “ Development ”) erected over a parcel of land with a site area of 4,567.10 sq.m. (including granted site area of 4,410.04 sq.m. and allocated site area of 157.06 sq.m.)	As at the valuation date, the Property was under redevelopment and renovation work.	RMB2,555,000,000
	The Property is located in the region named Jiefangbei, which is the central business district of Chongqing and is within 15 minutes’ walking distance to Chongqing Rail Transit Linjiangmen Station and Jiaochangkou Station.		
	According to the latest development plan provided by the Group, the Property will comprise B5 to L3 and L5 to L40 of the Development with a total gross floor area of approximately 90,211.82 sq.m. including 165 underground car parking spaces and an aboveground car parking space. The Development was completed in about 1999 and its redevelopment and renovation work is scheduled to be completed in the 4th quarter of 2018. Detail of the uses and approximate gross floor areas are as follows:		
	Uses	Approximate Gross Floor Area (sq.m.)	
	Retail (Levels LG, 1–3 & 5–9)	31,873.40	
	Serviced Apartment (Marriot Executive Apartment) (Levels 10–25)	21,457.17	
	Apartment (ONE Apartment) (Levels 27–40)	17,601.12	
	Ancillary Facilities on Various Floors	19,280.13	
	Total:	<u>90,211.82</u>	
	As advised by the Group, the ancillary facilities will include machine rooms, car parks, kitchens, etc. on Levels B1–B5 and a refugee floor on Level 26.		
	The land use rights of the Property have been granted for a term expiring on 18 August 2053 for commercial and financial uses.		

Notes:

1. Pursuant to the following Real Estate Ownership Certificates, the building ownership rights of the Development with a total gross floor area of 94,805.91 sq.m. together with its corresponding land use rights with a total site area of 4,567.10 sq.m. have been granted to Chongqing Kingstone Land Co., Ltd. (重慶皇石置地有限公司) (“Kingstone”), an indirectly wholly owned subsidiary of the Company which was established in the PRC, for a term expiring on 18 August 2033 and subsequently renewed with expiring date of 18 August 2053. Details of the certificates are as follows:

Certificate No.	Location	Gross Floor Area (sq.m.)	Use
101 Fang Di Zheng 2015 Zi No. 11674	B5, Portion of B4 & Levels 42-44	2,874.11	Others
101 Fang Di Zheng 2015 Zi No. 11676	Portion of B4, B3 & B2	8,552.52	Car Park
101 Fang Di Zheng 2015 Zi No. 11678	Levels 3, 5 & 6	9,983.10	Office
101 Fang Di Zheng 2015 Zi No. 11681	Portion of B3 & B2, B1, LG, Levels 1, 2 & 7-39	72,854.77	Commercial Service
Yu (2016) Yu Zhong Qu Bu Dong Chan Quan No. 000911230	Portion of Level 1	541.41	Business Finance/ Commercial Service
	Total:	<u>94,805.91</u>	

2. Pursuant to the supplementary agreement to the Land Grant Contract — Chong Di He Zi (1993) (Zhong Qu) No. 65 entered into between Chongqing Land Resource and Housing Administration Bureau (重慶市國土資源和房屋管理局) and Kingstone on 8 May 2017, some of the original clauses of the original land grant contract have been amended. Details of the revised clauses are as follows:

No. Revised Clauses

- The grantee of the Land parcel has been changed to Kingstone.
 - The site area has been changed to 4,567.10 sq.m. (granted site area of 4,410.04 sq.m. and allocated site area of 157.06 sq.m.). The total gross floor area has been changed to 98,182.24 sq.m. (among which 94,805.91 sq.m. is counted in price.)
 - The expiry date of the land use term has been changed to 18 August 2053.
 - The extra land premium of RMB55,330,000 has to be paid by Kingstone for the extension of the land use rights.
3. Pursuant to the Construction Commencement Permit No. 500103201711170201 dated 17 November 2017, the redevelopment project of the Property has been approved for commencement. The construction period is 483 days.
4. As advised by the Group, as at the valuation date, the incurred and outstanding construction cost of the Property was approximately RMB661,000,000 and RMB88,000,000 respectively. In the course of our valuation, we have taken into account such amounts in our valuation.

5. As advised by the Group, as at the valuation date, Rooms 3703–3706 and Rooms 3801–3803 have been subscribed/presold at a total consideration of RMB140,633,782. In the course of our valuation, we have taken into account such amount in our valuation.
6. The market value of the Property as if completed as at the valuation date was RMB3,204,000,000.
7. We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, Shenzhen Office, Commerce & Finance Law Offices (北京市通商(深圳)律師事務所) which contains, *inter alia*, the followings:
 - i. Kingstone has obtained the Real Estate Title Certificate and is the legal owner of the land of the Property under the protection of the PRC laws. Kingstone is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the land use rights according to the usages stated in the Real Estate Title Certificates within the prescribed land use term;
 - ii. the land of the Property is not subject to any mortgages and seizures;
 - iii. Kingstone is using the land of the Property according to the Real Estate Title Certificates and it conforms to the requirements of the PRC laws;
 - iv. Kingstone has obtained the Real Estate Title Certificate and is the legal owner of the building of the Property under the protection of the PRC laws. Kingstone is entitled to occupy, use, lease, transfer, mortgage or by other legal means dispose of the buildings according to the usages stated in the Real Estate Title Certificates within the prescribed land use term;
 - v. the building of the Property is not subject to any mortgages and seizures;
 - vi. Kingstone is using the land of the Property according to the Real Estate Title Certificates and it conforms to the requirements of the PRC laws; and
 - vii. Chongqing Yuzhong Construction Work General Supervision and Administration Office (重慶市渝中區建設工程綜合監督管理處) has confirmed to the Group's PRC legal adviser on 25 September 2018 that Kingstone will not be subject to any administrative penalties in respect of their failure to obtain the Construction Work Commencement Permit before the construction work began. Based on the above, the Group's PRC legal adviser believes that Chongqing Yuzhong Construction Work General Supervision and Administration Office has the right to make such confirmation and Kingstone will not be subject to any administrative penalties due to the aforesaid situation.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS BY THE OFFEROR

As at the Latest Practicable Date, the Offeror held 795,357,149 Shares and Mr. Leung held 1,800,000 Shares, and therefore the Offeror and the parties acting in concert with it held an aggregate of 797,157,149 Shares.

The Offeror is an investment holding company incorporated in the BVI with limited liability which is wholly and ultimately owned by Mr. Hu.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it owned or controlled any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. DISCLOSURE OF OTHER INTERESTS AND DEALINGS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date:

- (a) save for the Offeror and parties acting in concert with it beneficially interested in 797,157,149 Shares held by the Offeror upon Completion (representing approximately 41.82% of the entire issued share capital of the Company as at the Latest Practicable Date,) none of the Offeror and parties acting in concert with it (including the sole director of the Offeror) holds, owns or has control or direction over any voting rights or rights over Shares or convertible securities, warrants, options or derivatives of the Company;
- (b) there were no outstanding derivatives in respect of securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which had been entered into by the Offeror and parties acting in concert with it;
- (c) none of the Offeror and parties acting in concert with it (including the sole director of the Offeror) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (d) save for the Sale and Purchase Agreement, the Facility Agreement and the Share Charges, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Shares which might be material to the Offer;

- (e) save for the Condition, there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (f) none of the Offeror and parties acting in concert with it has received any irrevocable commitment to accept or reject the Offer;
- (g) save for the Facility Agreement and the Share Charges, there was no agreement, arrangement or understanding that any securities of the Company acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (h) other than the Consideration, there is no other consideration, compensation, or benefits in whatever form provided by the Offeror and parties acting in concert with it to the Vendors and parties acting in concert with them; and
- (i) there is no special deal between the Offeror and parties acting in concert with it on the one hand and any of the Vendors and parties acting in concert with them on the other hand.

During the Relevant Period:

- (a) the Offeror purchased 414,802,041 Shares (representing approximately 21.76% of the entire issued share capital of the Company as at the Latest Practicable Date) at HK\$0.50 per Share on 3 April 2018, save for that and the Acquisition, none of the Offeror and parties acting in concert with it (including the sole director of the Offeror) had dealt for value in any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
- (b) save for the Facility Agreement and the Share Charges, none of the Offeror and parties acting in concert with it (including the ultimate beneficial owners and sole director of the Offeror) has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code.

4. GENERAL

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer; and
- (b) there was no agreement, arrangement, or understanding (including any compensation arrangement) exist between the Offeror and parties acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Acquisition and/or the Offer.

5. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
2018	
29 March	0.455
30 April	0.455
31 May	0.475
29 June	0.480
31 July	0.480
31 August	0.470
6 September (Last Trading Day)	0.465
28 September	0.480
10 October (Latest Practicable Date)	0.485

Highest and lowest Share prices

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.520 on 11 September 2018 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.410 per Share on 23 April 2018 and 24 April 2018.

6. CONSENTS AND QUALIFICATIONS

The following are the names and qualifications of the professional advisers engaged by the Offeror whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Kingston Corporate Finance	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Securities	a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO

Each of Kingston Securities and Kingston Corporate Finance has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its opinion, advice, letter and/or references, as the case may be, to its names in the form and context in which they appear.

7. MISCELLANEOUS

As at the Latest Practicable Date:

- (a) the principal members of the Offeror's concert group are the Offeror and Mr. Hu;
- (b) the registered office of the Offeror is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands;
- (c) the correspondence address of each of the Offeror and Mr. Hu is Unit 1804, 18th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong;
- (d) the registered address of Kingston Corporate Finance is Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong; and
- (e) the registered address of Kingston Securities is Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours from 9:30 a.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong; (ii) on the website of the SFC at www.sfc.hk; and (iii) on the website of the Company at www.msil.com.hk, from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Kingston Securities, the text of which is set out on pages 6 to 16 of this Composite Document; and
- (c) the letters of consent referred to under the paragraph headed "6. CONSENTS AND QUALIFICATIONS" in this appendix.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the Group.

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

2. SHARE CAPITAL

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

<i>Authorised</i>	<i>HK\$</i>
<u>5,000,000,000</u> Shares	<u>500,000,000.00</u>
<i>Issued</i>	
<u>1,906,171,856</u> Shares	<u>190,617,185.60</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

As at the Latest Practicable Date, save for the 1,906,171,856 Shares in issue, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares. The issued Shares are listed and traded on the Main Board of the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing and permission to deal in the securities of the Company is being or is proposed to be sought in, any other stock exchange.

No Shares had been issued since 31 March 2018 (being the end of the last financial year) up to the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS BY THE DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors, including their respective associates, the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to

Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in the Composite Document pursuant to the Takeovers Code were as follows:

Name of Director	Capacity/ Nature of interest	Number of Shares			Percentage of the issued share capital of the Company
		Direct interest	Deemed interest	Total interest	
Mr. Hu	Interest in a controlled corporation	—	795,357,149 (Note)	795,357,149	41.73%
Mr. Leung	Beneficial owner	1,800,000	—	1,800,000	0.09%

Note: These Shares were directly owned by the Offeror, which is 100% owned by Mr. Hu.

Save as disclosed above as at the Latest Practicable Date, none of the Directors, including their respective associates, had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares			Percentage of the issued share capital of the Company
		Direct interest	Deemed interest	Total interest	
The Offeror	Beneficial owner	795,357,149 (Note)	—	795,357,149	41.73%

Note: These Shares were directly owned by the Offeror, which is 100% owned by Mr. Hu.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or of any other company which is a member of the Group, or any options in respect of such share capital.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

5. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period,

- (a) the Offeror purchased 414,802,041 Shares (representing approximately 21.76% of the entire issued share capital of the Company as at the Latest Practicable Date) at HK\$0.50 per Share on 3 April 2018, save for that and the Acquisition, none of the Directors have dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;

- (b) none of the pension funds of the Company or any member of the Group or any advisers to the Company (including the Independent Financial Adviser) as specified in class (2) of the definition of “associate” under the Takeovers Code but excluding exempt principal traders (as defined under the Takeovers Code) owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company, and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (c) save for the Acquisition, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (d) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (e) no person had irrevocably committed himself/herself to accept or reject the Offer; and
- (f) none of the Company nor any Directors had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

6. SHAREHOLDINGS AND DEALINGS IN SHARES OF THE OFFEROR

Save as disclosed in sections headed “3. DISCLOSURE OF INTERESTS BY THE DIRECTORS” and “4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS” in this Appendix, none of the Company nor any Director had any interest in the shares of the Offeror, and no such person (including the Company) had dealt in the shares of the Offeror during the Relevant Period.

7. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

- (b) save for the Sale and Purchase Agreement, the Facility Agreement and the Share Charges, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save for the Sale and Purchase Agreement, the Facility Agreement and the Share Charges, no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group within two years immediately preceding the date on which the Offer Period commenced, which are or may be material:

- (a) the subscription agreement dated 30 September 2016 and entered into between the Company as the issuer, and 上海鉅躍股權投資基金管理有限公司 as the subscriber, pursuant to which the Company agreed to allot and issue, and the subscriber agreed to subscribe for a total of 166,666,666 subscription Shares at the subscription price of HK\$0.60 per subscription Share;
- (b) the deed of variation dated 6 October 2016 and entered into between the Company, Xinli Holdings Limited (“**Xinli**”) and Ms. Wang Ming (“**Ms. Wang**”) in relation to the variation of the terms regarding completion accounts of the sale and purchase agreement dated 8 April 2016;
- (c) the sale and purchase agreement (the “**Xin Feng Agreement**”) dated 2 November 2016 and entered into between the Company, Free Gain Ventures Limited (“**Free Gain**”) as purchaser, Mr. Tsoi Tung (“**Mr. Tsoi**”), a then connected person of the Company, as vendor and Xinli and Ms. Wang collectively as guarantors, pursuant to which the vendor agreed to sell and the purchaser agreed to purchase the entire issued share capital of Xin Feng Holding Limited (“**Xin Feng**”) and the loan owed by Xin Feng and its subsidiaries to the vendor at a total consideration of RMB500 million and grant of the option of the vendor to subscribe for 5% of the then issued share capital of the Company on the completion date of such acquisition;
- (d) the subscription agreement dated 3 November 2016 entered into between the Company, as issuer, and Haitong International Investment Fund SPC acting on behalf of and for the account of Haitong International Investment Fund SPC — Fund I SP (the “**Subscriber**”), as subscriber, pursuant to which the Company will issue and the Subscriber will subscribe for the secured bonds comprising an aggregate principal amount of HK\$400,000,000 with a maturity date on 4 November 2018;

- (e) the termination agreement dated 15 November 2016 and entered into between the Company and 上海鉑躍股權投資基金管理有限公司 pursuant to which the parties agreed to terminate the subscription agreement dated 30 September 2016 in relation to the subscription of a total of 166,666,666 subscription Shares;
- (f) the deed of variation dated 26 May 2017 and entered into between the Company, Free Gain Ventures Limited, Mr. Tsoi Tung, Xinli and Ms. Wang in relation to the variation of the payment terms of the Xin Feng Agreement;
- (g) the deed of termination dated 14 August 2017 and entered into between the Company, Free Gain, Mr. Tsoi, Xinli and Ms. Wang in relation to the termination of the Xin Feng Agreement; and
- (h) the sale and purchase agreement dated 1 November 2017 entered into between Man Sang Enterprises Ltd. as vendor and 諸暨市通和珠寶有限公司 as purchaser in relation to the sale and purchase of all the issued shares of Smartest Man Holdings Limited and all amounts owing from Smartest Man Holdings Limited and its subsidiaries to Man Sang Enterprise Ltd. immediately prior to completion of the said transaction.

9. DIRECTOR'S SERVICE CONTRACT

As at the Latest Practicable Date, there was no service contract in force for Directors with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) had been amended during the Relevant Period.

10. EXPERT AND CONSENT

The following is the qualification of the expert engaged by the Company whose letter or opinion is contained in this Composite Document:

Name	Qualification
INCU	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee in respect of the Offer
APAC Asset Valuation and Consulting Limited	independent property valuer
Shenzhen Office, Commerce & Finance Law Offices	PRC legal adviser

Each of INCU, APAC Asset Valuation and Consulting Limited and Shenzhen Office, Commerce & Finance Law Offices has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or opinion and/or references, as the case may be, to its name in the form and context in which they appear.

11. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company, and no litigation, arbitration or claims which would materially and adversely affect the operations of the Group was known to the Directors to be pending or threatened against any members of the Group.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at the Company's principal place of business in Hong Kong at Unit 1611, 16th Floor, Shun Tak Centre, West Tower, 168–200 Connaught Road Central, Hong Kong (with effect from 15 October 2018, such address will be changed to Unit 1804, 18th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays); (ii) on the website of the Company (www.msil.com.hk); and (iii) on the website of the SFC (www.sfc.hk), from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the financial years ended 31 March 2017 and 2018;
- (c) the valuation report as set out in Appendix III to this Composite Document;
- (d) the letter from the Board, the text of which is set out in this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (g) the written consents referred to under the section headed "10. EXPERT AND CONSENT" in this Appendix;
- (h) the material contracts referred to under the section headed "8. MATERIAL CONTRACTS" in this Appendix; and
- (i) a copy of the Composite Document and the accompanying Form of Acceptance.

13. GENERAL

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The principal place of business of the Company in Hong Kong is at Unit 1611, 16th Floor, Shun Tak Centre, West Tower, 168–200 Connaught Road Central, Hong Kong. With effect from 15 October 2018, such address will be changed to Unit 1804, 18th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their Chinese text in case of any inconsistency.