
THIS COMPOSITE 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/or 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, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ALPHA PROFESSIONAL HOLDINGS LIMITED, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the 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 onward transmission to the purchaser(s) or the 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 conditions of the Offer.

Well Dynasty Investments Limited
(Incorporated in Hong Kong with limited liability)



Alpha Professional Holdings Limited
阿爾法企業控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 948)

**COMPOSITE DOCUMENT
RELATING TO
UNCONDITIONAL MANDATORY CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF
WELL DYNASTY INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
ALPHA PROFESSIONAL HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY
WELL DYNASTY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



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

A letter from Yu Ming containing, among other things, the details of the terms and conditions of the Offer are set out on pages 10 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 25 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 26 to 27 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 28 to 53 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out on pages I-1 to I-9 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on 29 November 2021, 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.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the section headed "Availability of the Offer" in the "Letter from Yu Ming" and Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders wishing to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

8 November 2021

* For identification purpose only

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate.

2021

Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Monday, 8 November
Latest time and date for acceptance of the Offer (<i>Notes 3 and 4</i>)	4:00 p.m. on Monday, 29 November
Closing Date (<i>Notes 3 and 4</i>)	Monday, 29 November
Announcement of the results of the Offer (or its extension or revision, if any) to be posted on the website of the Stock Exchange (<i>Note 4</i>)	no later than 7:00 p.m. on Monday, 29 November
Latest date for posting of remittances in respect of valid acceptances received under the Offer (<i>Note 5</i>)	Wednesday, 8 December

Notes:

1. The Offer, open for acceptance on and from Monday, 8 November 2021, being the date of posting of this Composite Document, and are capable of acceptance on and from that date until the Closing Date.
2. Beneficial owners of Share(s) who hold their Share(s) in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. The latest time and date for acceptance will be 4:00 p.m. on Monday, 29 November 2021 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. 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 Monday, 29 November 2021 stating the results of the Offer and whether the Offer have been extended, revised or have expired. In the event that the Offeror decides to extend the Offer, an announcement of such extension will be published which will state either the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
4. Acceptance of the Offer shall be irrevocable and is not capable of being withdrawn, except in the circumstances as set out in the paragraph headed "Right of withdrawal" in Appendix I to this Composite Document.

EXPECTED TIMETABLE

5. Remittances in respect of the cash consideration (after deducting the sellers' ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be posted to the accepting Independent Shareholders at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following 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.

6. 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 "extreme conditions" caused by super typhoon 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 any of those warnings in force at any time between 12:00 noon and 4:00 p.m.

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

DEFINITIONS

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

“A\$”	Australian Dollar, the lawful currency of Australia
“acting in concert with”	has the same meaning ascribed to it under the Takeovers Code
“associate(s)”	has the same meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	29 November 2021, the closing date of the Offer, or if the Offer is extended, any subsequent closing date as the Offeror may determine and announce, with consent of the Executive, in accordance with the Takeovers Code
“Company”	Alpha Professional Holdings Limited (Stock Code: 948), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement, which took place on 29 September 2021
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company together with the Form of Acceptance to the Shareholders in accordance with the Takeovers Code, containing, among other things, the detailed terms of the Offer
“Concert Parties”	with respect to a person, parties acting in concert or presumed to be acting in concert with that person for the purposes of the Takeovers Code (including SHKSFL, the Vendor, and their respective beneficial owners and/or parties acting in concert with any of them)

DEFINITIONS

“Consideration”	HK\$213,558,137 payable by the Offeror to the Vendor for the Sale Shares
“Director(s)”	the director(s) of the Company
“Encumbrances”	(i) any mortgage, charge, pledge, lien, hypothecation, encumbrances or other security arrangement of any kind; (ii) any option, equity, claim, adverse interest or other third party right of any kind; (iii) any arrangement by which any right is subordinated to any right of such third party; or (iv) any contractual right of set-off, including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate of the Executive Director
“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
“HK\$”	Hong Kong dollar(s), 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 independent non-executive Directors, namely Mr. Li Chak Hung, Mr. Choi Kin Man and Mr. Ngai Wah Sang, has been established to make recommendations to the Independent 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

DEFINITIONS

“Independent Financial Adviser”	Pelican Financial Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 6 (advising on corporate finance), being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer
“Independent Shareholder(s)”	Shareholders other than the Offeror and its Concert Parties
“Joint Announcement”	the announcement jointly issued by the Offeror and the Company dated 4 October 2021 in relation to, among other things, the Sale and Purchase Agreement and the Offer
“Last Trading Day”	29 September 2021, the last trading day for the Shares prior to the trading halt of the Shares pending the release of the Joint Announcement
“Latest Practicable Date”	5 November 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Mortgaged Shares”	177,965,114 Shares (equivalent to the Sale Shares) which were charged to SHKSFL under the Vendor Share Mortgage
“Ms. Chong”	Ms. Chong Sok Un, the ultimate beneficial owner of the Offeror
“Offer”	the unconditional mandatory cash offer made by Yu Ming on behalf of the Offeror to acquire all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it)

DEFINITIONS

“Offer Period”	the period commencing on 3 September 2021, being the date of the first announcement made by the Company of a possible offer, and ending on the Closing Date
“Offer Price”	the price at which the Offer is made, being HK\$1.2 per Offer Share
“Offer Share(s)”	all of the Share(s) in issue, other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it
“Offeror”	Well Dynasty Investments Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by Ms. Chong
“Offeror Share Mortgage”	the share mortgage dated 29 September 2021 entered into between SHKSFL and the Offeror, pursuant to which, among other things, the Offeror mortgages, charges and assigns to SHKSFL all the rights, title and interest of the Offeror in the Sale Shares
“Overseas Shareholder(s)”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“Part Payment”	HK\$85,423,254, being 40% of the Consideration, in cash as part payment which was paid by the Offeror on 28 October 2021
“PRC”	the People’s Republic of China, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing on 3 March 2021, being the date falling six months before commencement of the Offer Period, being 3 September 2021, up to and including the Latest Practicable Date

DEFINITIONS

“Remaining Consideration”	HK\$106,779,069, being 50% of the Consideration, in cash as remaining payment which shall be payable by the Offeror on the date following the expiry of the six-month period commencing from the close of the Offer
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 September 2021 entered into by the Vendor and the Offeror for the sale and purchase of the Sale Shares
“Sale Shares”	177,965,114 Shares, legally and beneficially owned by the Vendor as at the date of the Sale and Purchase Agreement (immediately prior to Completion), representing approximately 56.61% of the entire issued share capital of the Company as at the date of the Joint Announcement, sold by the Vendor to the Offeror pursuant to the Sale and Purchase Agreement
“Settlement Amount”	a settlement amount in the aggregate of HK\$213,558,137 undertaken and agreed to be paid or cause to be paid by the Vendor to SHKSFL under the Settlement Deed
“Settlement Deed”	the settlement deed dated 29 September 2021 entered into by the Offeror, the Vendor and SHKSFL in respect of settlement of indebtedness of the Vendor Loan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.16 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“SHKSFL”	Sun Hung Kai Structured Finance Limited, the lender of the Vendor Loan under the Vendor Loan Agreement
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC

DEFINITIONS

“Trading Day”	a day when the Stock Exchange is open for trading in Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Alpha Professional Development Limited, a company incorporated in the British Virgin Islands with limited liability, and owned as to 50% by Mr. Xiong Jianrui (an executive Director and the Chairman of the Company) and 50% by Mr. Yi Peijian (an executive Director and the Chief Executive Officer of the Company)
“Vendor Loan”	a loan of HK\$189,455,826 made available by SHKSFL to the Vendor, pursuant to the Vendor Loan Agreement
“Vendor Loan Agreement”	the loan agreement dated 21 December 2017 entered into between SHKSFL and the Vendor in respect of the Vendor Loan (as amended by a supplemental loan agreement dated 29 May 2018 and a second supplemental loan agreement dated 12 December 2018)
“Vendor Share Mortgage”	the share mortgage dated 22 December 2017 entered into between SHKSFL and the Vendor, pursuant to which, among other things, the Vendor mortgages, charges and assigns to SHKSFL all the rights, title and interest of the Vendor in the Mortgaged Shares
“Yu Ming”	Yu Ming Investment Management Limited, a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), and a company incorporated in Hong Kong with limited liability, being the financial adviser of the Offeror in respect of the Offer
“%”	per cent.

DEFINITIONS

1. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
2. The singular includes the plural and vice versa, unless the context otherwise requires.
3. References to any appendix, paragraph and any sub-paragraphs of them are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them respectively.
4. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
5. Reference to one gender is a reference to all or any genders.

LETTER FROM YU MING



YU MING INVESTMENT MANAGEMENT LIMITED
禹銘投資管理有限公司

To the Independent Shareholders,

8 November 2021

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF
WELL DYNASTY INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
ALPHA PROFESSIONAL HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY
WELL DYNASTY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 29 September 2021 (after trading hours), the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to acquire the Sale Shares, being 177,965,114 Shares, for a total Consideration of HK\$213,558,137, equivalent to HK\$1.2 per Sale Share. The Sale Shares represent approximately 56.61% of the entire issued share capital of the Company as at the date of the Joint Announcement. Completion took place on the even date.

Immediately prior to Completion, save for (i) the 14,000,000 Shares (representing approximately 4.45% of the entire issued share capital of the Company) indirectly held by Ms. Chong; and (ii) the 177,965,114 Shares (representing approximately 56.61% of the entire issued share capital of the Company) held by the Vendor, the Offeror and parties acting in concert with it do not hold any Shares in the share capital or voting rights of the Company. Immediately following Completion, the Offeror and parties acting in concert with it are interested in 191,965,114 Shares, representing approximately 61.06% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Offeror is required to make an unconditional mandatory cash offer pursuant to Rule 26.1 of the Takeovers Code for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

LETTER FROM YU MING

This letter forms part of the Composite Document and sets out, among other things, details of the Offer, information on the Offeror, and the Offeror's intentions in relation to the Group. Further details on 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. The Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser", the appendices to this Composite Document and the accompanying Form of Acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Yu Ming, for and on behalf of the Offeror, hereby makes the unconditional mandatory cash Offer to all Independent Shareholders to acquire all the Shares of the Company (other than those Shares already owned and/or agreed to be acquired by the Offeror and its Concert Parties) on the following bases:-

For each Offer ShareHK\$1.2 in cash

The Offer Price of HK\$1.2 per Offer Share equals to the purchase price per Sale Share under the Sale and Purchase Agreement which was determined following arm's length negotiations between the Offeror and the Vendor, after taking into consideration (i) the financial position of the Group; (ii) the prevailing market prices of the Shares on the Stock Exchange; and (iii) the business prospects and development potential of the Group.

As at the Latest Practicable Date, the Company has 314,360,383 Shares in issue and there are no outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The Offer will be extended to all Shares in issue on the date on which the Offer is made, being the date of despatch of this Composite Document, and to any further Shares which are unconditionally allotted or issued after the date on which the Offer is made and before the date on which the Offer closes, other than those held by the Offeror and its Concert Parties. The Shares to be acquired under the Offer shall be acquired fully-paid and free from all Encumbrances and together with all rights and benefit attaching or accruing to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of the posting of this Composite Document.

Further 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.

LETTER FROM YU MING

Comparison of value

The Offer Price of HK\$1.2 per Share represents:

- (i) a premium of approximately 14.28% over the closing price of HK\$1.05 per Share as quoted on the Stock Exchange on 2 September 2021, being the last trading day immediately preceding the commencement of the Offer Period;
- (ii) a premium of approximately 1.69% over the closing price of HK\$1.18 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 7.14% over the average closing price of HK\$1.12 per Share as quoted on the Stock Exchange for the last five consecutive Trading Days up to and including the Last Trading Day;
- (iv) a premium of approximately 10.09% over the average closing price of approximately HK\$1.09 per Share as quoted on the Stock Exchange for the last ten consecutive Trading Days up to and including the Last Trading Day;
- (v) a premium of approximately 15.38% over the average closing price of approximately HK\$1.04 per Share as quoted on the Stock Exchange for the last thirty consecutive Trading Days up to and including the Last Trading Day;
- (vi) a discount of approximately 0.83% to the closing price of HK\$1.21 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 150.00% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.48 per Share as at 31 March 2021 calculated based on the information as set out in the Company's financial report for the year ended 31 March 2021.

Value of the Offer

As at the Latest Practicable Date, the Company has 314,360,383 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price of HK\$1.2 per Share, the entire issued share capital of the Company is valued at HK\$377,232,460.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 191,965,114 Shares. As a result, the total number of Offer Shares is 122,395,269 Shares. In the event that the Offer is accepted in full by the Independent Shareholders, the aggregate amount payable by the Offeror under the Offer will be HK\$146,874,323.

LETTER FROM YU MING

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing price of the Share as quoted on the Stock Exchange was HK\$1.35 per Share on 5 October 2021 and HK\$0.66 per Share on 16 July 2021, respectively.

Confirmation of financial resources

The Offeror intends to finance the Offer by way of own internal resources. Yu Ming has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Effect of accepting the Offer

By validly accepting the Offer, the Independent Shareholders would sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights and benefits attaching or accruing to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of the posting of the Composite Document. As at the Latest Practicable Date, the Company has not declared any dividend which have not been distributed and the Company has no plan to declare, recommend, or pay any dividends or make any other distributions until the close of the Offer.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

The Offer is unconditional in all respects and will open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Independent Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code.

Availability of the Offer

The Offeror intends to make the Offer available to all the Independent Shareholders, including the Overseas Shareholders. However, the Offer is in respect of securities of a company incorporated in the Bermuda and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the 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.

LETTER FROM YU MING

(including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Shareholders in respect of such jurisdictions).

Any acceptance by Independent Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders should consult their respective professional advisers if in doubt. Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.13% (or part thereof) of the consideration payable in respect of the relevant acceptance by the Independent Shareholders or if higher, the market value of the Shares, will be deducted from the cash amount payable by the Offeror to such Independent Shareholders who accept the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in Hong Kong with limited liability on 18 June 2021. It is a wholly-owned subsidiary of Miracle Plant Developments Limited, an investment holding company incorporated in the British Virgin Islands, which in turn is wholly owned by Ms. Chong, the sole director of the Offeror. Ms. Chong indirectly owns 14,000,000 Shares (representing approximately 4.45% of the entire issued share capital of the Company) through her wholly-owned company, Vigor Online Offshore Limited.

Ms. Chong, M.H. aged 67, was appointed as executive director and chairman of China Medical & HealthCare Group Limited ("China Medical & HealthCare", Stock Code: 383) on 23 August 2002 and has been re-designated as deputy chairman of China Medical & HealthCare since 16 December 2015. Ms. Chong was awarded the Medal of Honour (M.H.) by the Hong Kong Government on 1 July 2011. She was a member of the National Committee of the Chinese People's Political Consultative Conference, Guangdong Province from January 2012 to January 2017. She was appointed as an honorary director of Chinese Red Cross Foundation in September 2005. She is the namer of YOT Chong Sok Un Medical Fund (Cancer Aid) which was set up in 2007 and became a director of YOT Chong Sok Un Medical Fund (Cancer Aid) Company Limited

LETTER FROM YU MING

since 2008. She is a member of Yan Oi Tong Advisory Board since 2011, and was the chairman of the 31st Term Board of Directors of Yan Oi Tong from 2010 to 2011, the vice chairman of the 28th Term Board of Directors of Yan Oi Tong from 2007 to 2008 and a director of the 27th Term Board of Directors of Yan Oi Tong from 2006 to 2007. She was also a director of Po Leung Kuk from 2009 to 2010. She is an honorary chairlady of the 7th Term Management Committee of All-China Women's Federation Hong Kong Delegates Association Limited since 2021. Ms. Chong is the Permanent Honorary Chairperson of the Hong Kong Federation of Fujian Associations (香港福建社團聯會) and also a vice director of the Ladies' Committee (婦女委員會) of such associations. Ms. Chong is also a vice chairperson of 2nd Term Executive Committee of the Hong Kong Fujian Women Association (香港福建婦女協會). She was an executive director and chairman of APAC Resources Limited (stock code: 1104) from 6 July 2007 to 1 March 2016 and a non-executive director of Alibaba Pictures Group Limited (stock code: 1060) from 25 June 2007 to 23 April 2009.

Save for the experience in the business of property investment in Australia, Ms. Chong does not have experience related to other principal business of the Group (i.e. trading of milk powder and baby foods and provision of mobile handset solution).

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) trading of milk powder and baby foods in the PRC, Hong Kong and Australia; (ii) provision of mobile handset solution with its operations in the PRC and Hong Kong; and (iii) property investment in Australia.

Your attention is drawn to the details of the information of the Group as set out under the section headed "Information on the Group" in the "Letter from the Board" and in Appendices II and III to this Composite Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intends to continue the existing businesses of the Group. As at the Latest Practicable Date, the Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets. As at the Latest Practicable Date, the Offeror has no any intention, understanding, negotiation or arrangement (concluded or otherwise) on downsizing, termination or disposal of any of the existing businesses of the Group.

Having preliminary assessed the financial position and business operations of the Group and given (i) the Company generated a revenue of approximately HK\$268.1 million from continuing operations in the financial year ended 31 March 2021, an increase of approximately 80% when compared to the financial year ended 31 March 2020; (ii) a decrease in loss for the year from continuing operations by approximately 53% from approximately HK\$32.1 million in the financial year ended 31 March 2020 to approximately HK\$15.0 million in the financial year

LETTER FROM YU MING

ended 31 March 2021 in the midst of COVID-19 pandemic; and (iii) the business prospects and development potential of the Group, the Offeror is of the view that the Offer is commercially justified.

Immediately after the close of the Offer, the Offeror will conduct a detailed review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investment or business opportunities.

The Offeror intends to nominate new Directors to the Board after the close of the Offer. Any changes to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules. However, as at the Latest Practicable Date, the Offeror has not identified any personnel for the purpose of appointment as the new Directors of the Company. Other than that, the Offeror has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group.

Maintaining the listing status of the Company

The Offeror has no intention to privatise the Company and intends to maintain the listing of the Shares 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 not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

The Stock Exchange has indicated that if, upon closing 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 Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares until the prescribed level of public float is restored.

The Board is aware of the Offeror's intention regarding the Group and its employees and the proposed change of Board composition, and is willing to render co-operation with the Offeror and would continue to act in the best interests of the Group and the Shareholders as a whole.

LETTER FROM YU MING

ACCEPTANCE OF THE OFFER

Procedures for acceptance

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

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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "**Alpha Professional 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.

No acknowledgment of receipt of any Form of Acceptance, 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) will be given.

Your attention is drawn to "Further Terms and Procedures of Acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Settlement of the Offer

Remittances in respect of the cash consideration for the Offer Shares tendered under the Offer will be despatched to the accepting Independent 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 date of receipt by the Registrar of all the relevant documents of title to render the acceptance under the Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

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.

Nominee registration

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Offer Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. In order for beneficial owners of Offer 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.

LETTER FROM YU MING

Tax implications

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, its Concert Parties, the Company, Yu Ming, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

COMPULSORY ACQUISITION

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

GENERAL

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, in case of joint holders whose name appear first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror, its Concert Parties, the Company Yu Ming, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, associates, agents or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee as set out in the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,
For and on behalf of
Yu Ming Investment Management Limited
Warren Lee
Managing Director

LETTER FROM THE BOARD



Alpha Professional Holdings Limited

阿爾法企業控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 948)

Executive Directors:

Mr. Xiong Jianrui (*Chairman*)

Mr. Yi Peijian (*Chief Executive Officer*)

Mr. Chen Zeyu

Registered Office:

Continental Building

25 Church Street

Hamilton HM 12 Bermuda

Independent Non-executive Directors:

Mr. Li Chak Hung

Mr. Choi Kin Man

Mr. Ngai Wah Sang

Principal Place of Business in

Hong Kong:

Room 1902, 19/F

Allied Kajima Building

138 Gloucester Road, Wanchai
Hong Kong

8 November 2021

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF WELL DYNASTY INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
ALPHA PROFESSIONAL HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY WELL DYNASTY INVESTMENTS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer.

* *For identification purpose only*

LETTER FROM THE BOARD

On 29 September 2021 (after trading hours), the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to acquire the Sale Shares, being 177,965,114 Shares, for a total Consideration of HK\$213,558,137, equivalent to HK\$1.2 per Sale Share. The Sale Shares represented approximately 56.61% of the entire issued share capital of the Company as at the date of the Joint Announcement. Completion took place on even date.

Immediately prior to Completion, save for (i) the 14,000,000 Shares (representing approximately 4.45% of the entire issued share capital of the Company) indirectly held by Ms. Chong; and (ii) the 177,965,114 Shares (representing approximately 56.61% of the entire issued share capital of the Company) held by the Vendor, the Offeror and parties acting in concert with it do not hold any Shares in the share capital or voting rights of the Company. Immediately following Completion, the Offeror and parties acting in concert with it became interested in 191,965,114 Shares, representing approximately 61.06% 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 is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Li Chak Hung, Mr. Choi Kin Man and Mr. Ngai Wah Sang who have no direct or indirect interest in the Offer, has been established to make recommendations to the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Pelican Financial Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer.

The purpose of this Composite Document, of which this letter forms part, is to provide you with, among others, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) the letter from the Board; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer; and (v) information relating to the Group and the Offeror, together with the Form of Acceptance.

LETTER FROM THE BOARD

THE OFFER

As at the Latest Practicable Date, the Company has 314,360,383 Shares in issue, of which 191,965,114 Shares (representing approximately 61.06% of the issued share capital of the Company) were held by the Offeror and parties acting in concert with it. The Company has no other outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

Principal terms of the Offer

The “Letter from Yu Ming” set out on pages 10 to 18 of this Composite Document contains the information in respect of the Offer including those set out below.

Yu Ming, on behalf of the Offeror, is making the Offer to acquire all the Offer Shares, on the terms set out in this Composite Document in compliance with the Takeovers Code on the following basis:

For each Offer ShareHK\$1.2 in cash

The Offer Price is the same price for each Sale Share pursuant to the Sale and Purchase Agreement.

The Offer is extended to all Independent Shareholders in accordance with Rule 26.1 of 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, and Encumbrances and together with all rights attaching or accruing thereto including, without limitation, all dividends and distributions, if any, declared, made or paid, on or after the date on which the Offer is made, being the date of despatch of this Composite Document. The Offer is unconditional in all respects and will not be conditional upon acceptance being received in respect of a minimum number of Offer Shares or other conditions.

Further details of the Offer

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from Yu Ming” as set out on pages 10 to 18 of this Composite Document and “Further Terms and Procedures of Acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Company is an investment holding company and was incorporated in Bermuda with limited liability on 30 January 2007 and its Shares have been listed on the Main Board since 1 March 2010 under the stock code 948.

The Group is principally engaged in (i) trading of milk powder and baby foods in the PRC, Hong Kong and Australia; (ii) provision of mobile handset solution with its operations in the PRC and Hong Kong; and (iii) property investment in Australia.

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

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

	Immediately prior to Completion		After Completion and as at the Latest Practicable Date	
	Number of Shares	%	Number of Shares	%
The Offeror and parties acting in concert with it				
The Offeror ^{Note 1}	–	–	177,965,114	56.61%
The Vendor ^{Note 2}	177,965,114	56.61%	–	–
SHKSFL ^{Note 3}	177,965,114	56.61%	177,965,114	56.61%
Vigor Online Offshore Limited ^{Note 4}	<u>14,000,000</u>	<u>4.45%</u>	<u>14,000,000</u>	<u>4.45%</u>
Sub Total	191,965,114	61.06%	191,965,114	61.06%
Public Shareholders	<u>122,395,269</u>	<u>38.94%</u>	<u>122,395,269</u>	<u>38.94%</u>
Total	<u>314,360,383</u>	<u>100.00%</u>	<u>314,360,383</u>	<u>100.00%</u>

Notes:

- The Offeror, Well Dynasty Investments Limited, is a wholly-owned subsidiary of Miracle Plant Developments Limited, which in turn is a company wholly owned by Ms. Chong.*
- The Vendor, Alpha Professional Development Limited, is a company owned as to 50% by Mr. Xiong Jianrui (an executive Director and the Chairman of the Company) and 50% by Mr. Yi Peijian (an executive Director and the Chief Executive Officer of the Company). Pursuant to the Sale and Purchase Agreement, as the Remaining Consideration shall be payable by the Offeror to SHKSFL on the date following the expiry of the six-month period commencing from the Closing Date, the Vendor is presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code prior to the full settlement of the Part Payment and Remaining Consideration by the Offeror.*

LETTER FROM THE BOARD

3. *Immediately prior to Completion, the Mortgaged Shares, being 177,965,114 Shares, were charged to SHKSFL pursuant to the Vendor Share Mortgage as securities under the Vendor Loan. After Completion and as at the Latest Practicable Date, the Sale Shares, being 177,965,114 Shares, were charged to SHKSFL pursuant to the Offeror Share Mortgage as a continuing security until the Remaining Consideration have been fully paid and be applied for the settlement of the Settlement Amount. SHKSFL is wholly owned by Shipshape Investments Limited which is in turn wholly owned by Sun Hung Kai & Co. Limited. Therefore, through SHKSFL's security interest in the 177,965,114 Shares, each of Shipshape Investments Limited and Sun Hung Kai & Co. Limited is deemed to be interested in the 177,965,114 Shares.*

Due to the Offeror Share Mortgage, SHKSFL is presumed to be acting in concert with the Offeror under Class (9) of the definition of "acting in concert" under the Takeovers Code prior to the full settlement of the Part Payment and Remaining Consideration by the Offeror and discharge of the Offeror Share Mortgage.

Sun Hung Kai & Co. Limited is owned as to approximately 72.97% by Allied Group Limited ("AGL") via its subsidiaries. AGL is therefore deemed to have an interest in the shares in which Sun Hung Kai & Co. Limited was interested.

Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controls approximately 74.96% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and is therefore deemed to have an interest in the shares in which AGL was interested.

4. *Vigor Online Offshore Limited, a wholly-owned subsidiary of China Spirit Limited, owns 14,000,000 Shares. Ms. Chong owns 100% beneficial interests in China Spirit Limited. Accordingly, Ms. Chong is deemed to have an interest of 14,000,000 Shares through China Spirit Limited and Vigor Online Offshore Limited.*

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "Information on the Offeror" in the "Letter from Yu Ming" as set out on pages 10 to 18 of this Composite Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intends to continue the existing businesses of the Group. As at the Latest Practicable Date, the Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets. As at the Latest Practicable Date, the Offeror has no any intention, understanding, negotiation or arrangement (concluded or otherwise) on downsizing, termination or disposal of any of the existing businesses of the Group.

Immediately after the close of the Offer, the Offeror will conduct a detailed review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investment or business opportunities.

LETTER FROM THE BOARD

The Offeror intends to nominate new Directors to the Board after close of the Offer. Any changes to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules. However, as at the Latest Practicable Date, the Offeror has not identified any personnel for the purpose of appointment as the new Directors. Other than that, the Offeror has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group.

Maintaining the listing status of the Company

The Offeror has no intention to privatise the Company and intends to maintain the listing of the Shares 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 not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

The Stock Exchange has indicated that if, upon closing 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 Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares until the prescribed level of public float is restored.

RECOMMENDATION

The Independent Board Committee has been established to make recommendation to the Independent Shareholders in respect to the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Your attention is drawn to the "Letter from the Independent Board Committee" as set out on pages 26 to 27 of this Composite Document and the "Letter from the Independent Financial Adviser" as set out on pages 28 to 53 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

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

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

You are recommended to read this Composite Document and the accompanying Form of Acceptance for information relating to the terms of the Offer and procedures for acceptance and settlement of the Offer.

Your attention is also drawn to the additional information set out in the appendices to this Composite Document.

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

Yours faithfully,
For and on behalf of the Board
Alpha Professional Holdings Limited
Xiong Jianrui
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Alpha Professional Holdings Limited

阿爾法企業控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 948)

To the Independent Shareholders,

8 November 2021

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF
WELL DYNASTY INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
ALPHA PROFESSIONAL HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY
WELL DYNASTY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the Composite Document dated 8 November 2021 jointly issued by the Offeror and the Company of which this letter forms part. Terms used in this letter shall have the meanings as those defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee to make recommendation to you as to (i) whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) acceptance of the Offer, after taking into account the advice from the Independent Financial Adviser.

Details of its advice from the Independent Financial Adviser and the principal factors it has taken into consideration in arriving at its recommendations are set out in the “Letter from the Independent Financial Adviser” on pages 28 to 53 of the Composite Document. Details of the Offer are set out in the “Letter from Yu Ming”, Appendix I to the Composite Document and the accompanying Form of Acceptance.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the sections headed “Letter from the Board” and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Having taken into account the terms of the Offer, the information contained in the Composite Document and the advice and recommendations of the Independent Financial Adviser and the principal factors taken into consideration by it in arriving at its opinion as set out in its letter of advice, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

However, the Independent Shareholders, in particular those who intend to accept the Offer, are reminded to note the recent fluctuation in the price of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer. The Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and may, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares, net of all transaction costs, would be higher than that to be received under the Offer.

Furthermore, the Independent Shareholders are also reminded that their decisions to dispose of or hold their investment in the securities of the Company are subject to their individual circumstances and investment objectives, and for those who may require advice concerning any aspect of the Composite Document, or as to the action to be taken, they shall consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms of the Offer and the “Letter from the Independent Financial Adviser” in the Composite Document.

Yours faithfully,

The Independent Board Committee

ALPHA PROFESSIONAL HOLDINGS LIMITED

Mr. Li Chak Hung

Mr. Choi Kin Man

Mr. Ngai Wah Sang

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser regarding its advice on the terms of the Offer prepared for the purpose of incorporation into this Composite Document.

PELICAN FINANCIAL LIMITED



21/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong

8 November 2021

*To the Independent Board Committee and the Independent Shareholders of
Alpha Professional Holdings Limited*

Dear Sirs/Madams,

**UNCONDITIONAL MANDATORY CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF
WELL DYNASTY INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
ALPHA PROFESSIONAL HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY
WELL DYNASTY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the composite offer and response document jointly issued and despatched by the Offeror and the Company dated 8 November 2021 (the “**Composite Document**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference is made to the Joint Announcement, in relation to among other things, the Offer. On 29 September 2021 (after trading hours), the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to acquire the Sale Shares, being 177,965,114 Shares, for a total Consideration of HK\$213,558,137, equivalent to HK\$1.2 per Sale Share. The Sale Shares represented approximately 56.61% of the entire issued share capital of the Company as at the date of the Joint Announcement. Completion took place on the even date.

Immediately prior to Completion, save for (i) the 14,000,000 Shares (representing approximately 4.45% of the entire issued share capital of the Company) indirectly held by Ms. Chong; and (ii) the 177,965,114 Shares (representing approximately 56.61% of the entire issued share capital of the Company) held by the Vendor, the Offeror and parties acting in concert with it do not hold any Shares in the share capital or voting rights of the Company. Immediately following Completion, the Offeror and parties acting in concert with it are interested in 191,965,114 Shares, representing approximately 61.06% of the entire issued share capital of the Company as at the date of Completion. Accordingly, the Offeror is required to make an unconditional mandatory cash offer pursuant to Rule 26.1 of the Takeovers Code for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

As set out in the “Letter from Yu Ming” in the Composite Document, Yu Ming is making the Offer for and on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code.

The Board currently comprises three executive Directors and three independent non-executive Directors. The Independent Board Committee, which comprises all independent non-executive Directors, namely Mr. Li Chak Hung, Mr. Choi Kin Man and Mr. Ngai Wah Sang, has been established pursuant to Rule 2.1 of the Takeovers Code to make recommendations to the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The Independent Board Committee has approved our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pelican Financial Limited (“**Pelican**”) is not connected with the Directors, chief executive of the Company or substantial Shareholders or the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. As at the Latest Practicable Date, we were not aware of any relationships or interest between Pelican and the Company nor any other parties that could be reasonably be regarded as a hindrance to Pelican’s independence as defined under Rule 13.80 of Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer. In the last two years, except for acting as the independent financial adviser of the Company concerning its unwinding of acquisition, major disposal and connected transaction and proposed off-market share buy-backs (details of which are disclosed in the circular of the Company dated 12 December 2019), there was no other engagement between the Company and us. Apart from normal professional fees payable to us in connection with this appointment of us as the Independent Financial Adviser, no arrangement exists whereby Pelican will receive any fees or benefits from the Company or the Directors, chief executive of the Company or substantial Shareholders or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Offer.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Independent Shareholders should, or should not, accept the Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions. Our procedures include, among other things, review of relevant agreements, documents as well as information contained or referred to in the Composite Document and/or provided by the management of the Group and validation of such information, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company, the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the Sale and Purchase Agreement, the annual report of the Company for the financial year ended 31 March 2021 (the “**2021 Annual Report**”), the Joint Announcement and the Composite Document. We have assumed that all information and representations that have been provided by the management of the Group, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors, namely Messrs. Xiong Jianrui, Yi Peijian, Chen Zeyu, Li Chak Hung, Choi Kin Man and Ngai Wah Sang, jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror, its associates and parties acting in concert with any of them (but excluding the Vendor, SHKSFL and parties acting in concert with any of them)), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than the opinions 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 the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

The sole director of the Offeror, Ms. Chong, accepts full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Company, the Vendor and parties acting in concert with any of them), and confirm, having made all reasonable inquiries, that to the best of her knowledge, opinions expressed in the Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Composite Document and provided to us by the Directors and the management of the Group, nor have we conducted any form of an in-depth investigation into the business and affairs or the prospects of the Company and the Offeror or their respective shareholders, subsidiaries or associates (if applicable). We have also not considered the tax, regulatory and other legal implications on the Group or the Shareholders as a result of the Offer, since these depend on their circumstances. In particular, Overseas Shareholders who are residents, citizens or nationals of jurisdictions outside Hong Kong should keep themselves informed about and observe, at their responsibility, any applicable legal and regulatory requirements. Should any subsequent major changes occur during the Offer Period that would affect or alter our opinion, we will notify the Independent Board Committee as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

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

1. Principal terms of the Offer

As set out in the “Letter from Yu Ming” contained in the Composite Document, Yu Ming, for and on behalf of the Offeror, is making the unconditional mandatory cash Offer to all Independent Shareholders to acquire all the Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and its Concert Parties) on the following bases:

For each Offer ShareHK\$1.2 in cash

The Offer Price of HK\$1.2 per Offer Share equals to the purchase price per Sale Share under the Sale and Purchase Agreement which was determined following arm’s length negotiations between the Offeror and the Vendor, after taking into consideration (i) the financial position of the Group; (ii) the prevailing market prices of the Shares on the Stock Exchange; and (iii) the business prospects and development potential of the Group.

As at the Latest Practicable Date, the Company has 314,360,383 Shares in issue and there are no outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The Offer will be extended to all Shares in issue on the date on which the Offer is made, being the date of despatch of the Composite Document, and to any further Shares which are unconditionally allotted or issued after the date on which the Offer is made and before the date on which the Offer closes, other than those held by the Offeror and its Concert Parties. The Shares to be acquired under the Offer shall be acquired fully-paid and free from all Encumbrances and together with all rights and benefit attaching or accruing to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of the posting of the Composite Document.

For details on the terms of the Offer and the procedures for acceptance, please refer to the “Letter from Yu Ming” contained in the Composite Document and Appendix I to the Composite Document and the accompanying Form of Acceptance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Background information of the Group

The Company is an investment holding company and was incorporated in Bermuda with limited liability on 30 January 2007. The Group is principally engaged in (i) the trading of milk powder for infants and adults and baby foods in the PRC, Hong Kong and Australia (the “**Milk Products Business**”); (ii) the sales and distribution of mobile handsets and their components in the PRC and Hong Kong, as well as South/Southeast Asian countries which include Afghanistan, Bangladesh, India and Vietnam (the “**Mobile Business**”), and (iii) property investment in Australia (the “**Property Investment**”). Regarding the Property Investment business, since it only started in early 2021 as further discussed below, a full financial year effect thereof has not been reflected.

(a) *Financial performance*

Set out below is a summary of the financial results of the Group for the two years ended 31 March 2020 and 2021 as extracted from the 2021 Annual Report.

Table 1: Summarised financial results of the Group

	For the financial year ended	
	31 March	
	2021	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(audited)</i>	<i>(audited)</i>
<i>Revenue by segment</i>		
(i) Milk Products Business	229.1	30.6
(ii) Mobile Business	38.8	117.3
(iii) Property Investment	0.2	–
Revenue	268.1	147.9
Gross profit/(loss)	6.2	(0.4)
Loss for the year	(15.0)	(88.6)
Loss for the year attributable to owners		
of the Company	(15.0)	(88.1)
Loss per Share (HK\$)*	(0.048)	(0.296)

* *The calculation of loss per share (from continuing and discontinued operations) is based on the loss for the year attributable to owners of the Company and the weighted average number of approximately 297,491,000 and 312,169,000 ordinary shares in issue during 2020 and 2021 respectively.*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2021 Annual Report, the Group recorded a revenue of approximately HK\$268.1 million for the year ended 31 March 2021, which represented a growth of approximately 81.2% compared to the previous financial year. Such revenue growth was mainly attributable to the significant growth in revenue of the Group's Milk Products Business, which had increased by approximately 648.7% or HK\$198.5 million compared to that for the approximately two-month period in the previous financial year, given that (i) infant milk powder, the major product in the Milk Products Business, is a necessity itself and hence had not been severely affected by the Coronavirus disease 2019 (the "COVID-19") pandemic compared to the tourism, service and luxury product industries; (ii) the Group had devoted considerable resources and efforts to promote its brand awareness and expand its customer base after the Milk Products Business was acquired in February 2020; and (iii) the current financial year is the first full financial year when the revenue of the Milk Products Business was reflected. Meanwhile, revenue from the Group's Mobile Business decreased from approximately HK\$117.3 million for the year ended 31 March 2020 to approximately HK\$38.8 million for the year ended 31 March 2021, which was mainly due to the decline in orders and sales volume under the COVID-19 pandemic. On the other hand, the Group completed an acquisition of a property in Australia on 15 February 2021 and recorded a rental income of approximately HK\$0.2 million for the year ended 31 March 2021. As the Group's revenue had increased between the two years ended 31 March 2020 and 2021, the Group recorded a gross profit for the year ended 31 March 2021 of approximately HK\$6.2 million, as compared to a gross loss of approximately HK\$0.4 million in the previous year.

Nonetheless, after taking into account the operation expenses such as administrative expense of approximately HK\$19.5 million and selling and distribution costs of approximately HK\$1.3 million, the Group recorded a loss of approximately HK\$15.0 million for the year ended 31 March 2021, representing a decrease in loss of approximately 83.1% or HK\$73.6 million compared to the previous financial year. Such reduction of loss was mainly a result of (i) the absence of the one-off loss from the discontinued operation of the provision of biotechnology and biological gene technology technical services (the "Biological Business") by Great Empire International Group Limited ("GE International") and its subsidiaries (collectively, the "GE Group"), which was acquired by the Group on 29 January 2019 but disposed in the year ended 31 March 2020, of approximately HK\$56.5 million; (ii) the reduction of approximately HK\$17.1 million in loss from continuing operations of the Group for the year ended 31 March 2021 as compared to the previous year, which was mainly a combined effect of (a) the reflection of the full-year impact of the profits contributed by the Milk Products Business and (b) the increase of loss from the Mobile Business. Meanwhile, as a result of the Group's financial results as discussed above, the loss per Share decreased from approximately HK\$0.296 for the year ended 31 March 2020 to approximately HK\$0.048 for the year ended 31 March 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Financial position

The audited consolidated assets and liabilities of the Group as at 31 March 2020 and 2021 as extracted from the 2021 Annual Report are summarised as follows.

Table 2: Summarised financial position of the Group

	As at 31 March	
	2021	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(audited)</i>	<i>(audited)</i>
<i>Total assets</i>		
Non-current assets	49.7	5.8
Current assets	189.8	160.5
<i>Total liabilities</i>		
Non-current liabilities	1.3	1.6
Current liabilities	87.7	53.2
Net assets	150.5	111.4
Equity attributable to owners of the Company	150.5	111.4
Net asset value attributable to owners of the Company (the “NAV”) per Share (HK\$)#	0.48	0.42
Offer Price (HK\$)	1.20	1.20
Premium over NAV per share (%)	150.0	184.7

The net asset value attributable to owners of the Company per Share was calculated based on the number of issued Shares as at 31 March 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 March 2021, the Group's total assets amounted to approximately HK\$239.5 million, which mainly included (i) cash and bank balances of approximately HK\$70.4 million; (ii) trade and other receivables of approximately HK\$66.3 million; (iii) inventories of approximately HK\$52.6 million; and (iv) investment property of approximately HK\$45.2 million. The Group's total liabilities amounted to approximately HK\$89.0 million, which mainly consisted of (i) trade and other payables of approximately HK\$82.4 million; and (ii) contract liabilities of approximately HK\$3.8 million. The Group's gearing ratio, which was calculated by net debt over total equity, was approximately 12.4% as at 31 March 2021 as compared with approximately 24.2% as at 31 March 2020, indicating that the risk of the Company not being able to meet its obligations is low.

The consolidated equity attributable to owners of the Company amounted to approximately HK\$111.4 million and HK\$150.5 million as at 31 March 2020 and 31 March 2021 respectively, representing an increase of approximately 35.1%. The audited consolidated net asset value attributable to owners of the Company per Share as at 31 March 2021 was approximately HK\$0.48 (calculated based on the number of issued Shares as at 31 March 2021). The Offer Price of HK\$1.2 per Share, therefore, represents a premium of approximately 150.0% over the net asset value attributable to owners of the Company per Share as at 31 March 2021.

(c) *Except for qualified opinion*

When reviewing the 2021 Annual Report, we noted that the independent auditor of the Company (the "**Auditor**") issued two separate disclaimers of opinion on the consolidated financial statements of the Group for the years ended 31 March 2019 and 2020 respectively (the "**2019 Disclaimer Opinion**" and "**2020 Disclaimer Opinion**" respectively), as the Auditor was unable to obtain sufficient appropriate audit evidence about, among others, (i) the occurrence, completeness and accuracy of the revenue and the corresponding trade receivables balances of the Biological Business and the fair values of intangible assets and goodwill arising from the acquisition of the Biological Business for the year ended 31 March 2019; and (ii) the completeness, accuracy and valuation in respect of the loss for discontinued operation of the Biological Business for the year ended 31 March 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the carrying effect of the 2019 Disclaimer Opinion and the 2020 Disclaimer Opinion, the Auditor was unable to obtain sufficient appropriate audit evidence to satisfy itself as to whether the opening balances of assets, liabilities and reserves of the Group as at 1 April 2019 and the loss from discontinued operation for the year ended 31 March 2020 were fairly stated. Accordingly, the Auditor issued a qualified opinion on the Group's consolidated financial statements for the year ended 31 March 2021, which can be found in the "Independent Auditor's Report" contained in the 2021 Annual Report. However, we also noted from the "Independent Auditor's Report" that, the Auditor is of the view that except for the effects caused by the 2019 Disclaimer Opinion and the 2020 Disclaimer Opinion *"the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance."*

We noted that the Auditor issued an "except" for qualified opinion on the consolidated financial statements of the Group for the year ended 31 March 2021 (the "**Except For Qualified Opinion**") which were merely related to figures for the year ended 31 March 2020 shown as corresponding figures and comparative financial information in the consolidated financial statements of the Group for the year ended 31 March 2021.

Given that other than the carrying effect caused by the 2020 Disclaimer Opinion, we are not aware of other factors which would have affected the trueness and fairness of the 2021 Annual Report, we consider that the 2021 Annual Report remains a meaningful reference of the Company's financial results for the year ended 31 March 2021 and financial position as at 31 March 2021.

For details of the financial information of the Group, please refer to Appendix II to the Composite Document.

3. Information on the Offeror

The Offeror is an investment holding company incorporated in Hong Kong with limited liability on 18 June 2021. It is a wholly-owned subsidiary of Miracle Plant Developments Limited (an investment holding company incorporated in the British Virgin Islands), which in turn is wholly owned by Ms. Chong, the sole director of the Offeror. Ms. Chong indirectly owns 14,000,000 Shares (representing approximately 4.45% of the entire issued share capital of the Company) through her wholly-owned company, Vigor Online Offshore Limited.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Ms. Chong, M.H. aged 67, was appointed as executive director and chairman of China Medical & HealthCare Group Limited (“**China Medical & HealthCare**”, stock code: 383) on 23 August 2002 and has been re-designated as deputy chairman of China Medical & HealthCare since 16 December 2015. Ms. Chong was awarded the Medal of Honour (M.H.) by the Hong Kong Government on 1 July 2011. She was a member of the National Committee of the Chinese People’s Political Consultative Conference, Guangdong Province from January 2012 to January 2017. She was appointed as an honorary director of Chinese Red Cross Foundation in September 2005. She is the namer of YOT Chong Sok Un Medical Fund (Cancer Aid) which was set up in 2007 and became a director of YOT Chong Sok Un Medical Fund (Cancer Aid) Company Limited since 2008. She is a member of Yan Oi Tong Advisory Board since 2011, and was the chairman of the 31st Term Board of Directors of Yan Oi Tong from 2010 to 2011, the vice chairman of the 28th Term Board of Directors of Yan Oi Tong from 2007 to 2008 and a director of the 27th Term Board of Directors of Yan Oi Tong from 2006 to 2007. She was also a director of Po Leung Kuk from 2009 to 2010. She is an honorary chairlady of the 7th Term Management Committee of All-China Women’s Federation Hong Kong Delegates Association Limited since 2021. Ms. Chong is the Permanent Honorary Chairperson of the Hong Kong Federation of Fujian Associations (香港福建社團聯會) and also a vice director of the Ladies’ Committee (婦女委員會) of such associations. Ms. Chong is also a vice chairperson of 2nd Term Executive Committee of the Hong Kong Fujian Women Association (香港福建婦女協會). She was an executive director and chairman of APAC Resources Limited (stock code: 1104) from 6 July 2007 to 1 March 2016 and a non-executive director of Alibaba Pictures Group Limited (stock code: 1060) from 25 June 2007 to 23 April 2009.

Save for the experience in the business of property investment in Australia, Ms. Chong does not have experience related to other principal business of the Group (i.e. trading of milk powder and baby foods and provision of mobile handset solutions).

4. Intentions of the Offeror in relation to the Group

As stated in the “Letter from Yu Ming” contained in the Composite Document, the Offeror intends to continue the existing businesses of the Group. As at the Latest Practicable Date, the Offeror has no plan to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets. As at the Latest Practicable Date, the Offeror has no any intention, understanding, negotiation or arrangement (concluded or otherwise) on downsizing, termination or disposal of any of the existing businesses of the Group.

Immediately after the close of the Offer, the Offeror will conduct a detailed review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investment or business opportunities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror intends to nominate new Directors to the Board after the close of the Offer. Any changes to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules. However, as at the Latest Practicable Date, the Offeror has not identified any personnel for the purpose of appointment as the new Directors of the Company. Other than that, the Offeror has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group.

We noted that the Offeror intends to continue the existing businesses of the Group after the close of the Offer and has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group.

We also noted that the sole director of the Offeror, Ms. Chong, is an experienced executive and has extensive experience in business development and corporate management. Given the Offeror's intention and Ms. Chong's background and experience, we expect that there would not be a substantial change in the business and financial performance of the Group as a direct result of the Offer.

5. Maintaining the listing status of the Company

The Offeror has no intention to privatise the Company and intends to maintain the listing of the Shares 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 not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

The Stock Exchange has indicated that if, upon closing 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 Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares until the prescribed level of public float is restored.

As stated in the "Letter from Yu Ming", the Board is aware of the Offeror's intention regarding the Group and its employees and the proposed change of Board composition, and is willing to render co-operation with the Offeror and would continue to act in the best interests of the Group and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Business prospects of the Group

The Group is principally engaged in the Milk Products Business in the PRC, Hong Kong and Australia and the Mobile Business in the PRC and Hong Kong, South/Southeast Asian countries which include Afghanistan, Bangladesh, India and Vietnam. Upon the completion of the acquisition of a property located in Australia, details of which are set out in the announcements of the Company dated 11 January 2021, 14 January 2021 and 15 February 2021, respectively, the Company has commenced engaging in the Property Investment since February 2021.

As stated in the 2021 Annual Report, despite that the COVID-19 pandemic has resulted in economic downturns globally, infant milk powder, which is a necessity by itself, had not been severely affected compared to other industries such as tourism and luxury products for the year ended 31 March 2021. The Milk Products Business, which has started in February 2020 and whose ingredients are mostly sourced in Australia, had achieved satisfactory performance during the year and the Board expects that the results of this business will continue to maintain rapid growth in the following years, especially given that the Group has planned to (i) expand its market shares in the milk products industry in Asia, particularly the PRC; and (ii) introduce new brands and products to its product portfolio when necessary.

According to the 2021 Annual Report, close to 90% of the Group's milk products were sold in Australia for the year ended 31 March 2021. Hence, we have conducted independent research on the Australian dairy industry, and noted that the industry had witnessed an increase in sales volume of milk powder from approximately 65,956 tonnes in 2018 to approximately 85,790 tonnes in 2020, at a CAGR of approximately 9.17% over these three years.¹ We have discussed with the Company in this regard and noted that the demand for milk powder in Australia is relatively stable and high compared to Hong Kong given that dairy products compose a relatively large part of people's daily diet in the country. Such account is consistent with our findings that milk products were one of the six major food groups purchased in Australia in 2019-2020, with milk products accounted for about 18.4% of the estimated daily apparent consumption of foods and non-alcoholic beverages from supermarkets, grocery stores, convenience and specialty food stores, and fresh food markets of approximately 1,548 grams per capita during the period². In view of this and the positive historical growth of the Australian dairy industry, we are of the view that the Milk Products Business will continue to enjoy a health growth in the Australian market.

¹ Please refer to the website of the Department of Agriculture, Water and the Environment of the Australian Government at <https://www.awe.gov.au/abares/research-topics/agricultural-outlook/dairy>

² Please refer to the website of the Australian Bureau of Statistics at <https://www.abs.gov.au/statistics/health/health-conditions-and-risks/apparent-consumption-selected-foodstuffs-australia/2019-20>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Meanwhile, although the sales of the Group's milk products in the PRC accounted for less than 10% of the segment revenue for the year ended 31 March 2021, given that the Group plans to expand its market share in the milk products industry in Asia, particularly the PRC, we have also conducted independent research on the PRC's dairy industry. According to the report issued by Frost & Sullivan³, an independent global consulting firm, dated 7 June 2021, the retail sales value of dry dairy products in the PRC has grown from approximately RMB88.5 billion to approximately RMB132.7 billion from 2015 to 2020, and is expected to grow at a CAGR of 8.4% from 2020 to 2025 and reach approximately RMB198.6 billion in 2025.⁴ Such account is consistent with our findings that the consumer price index for dairy products in the PRC had grown steadily from 101.9 to 108.3 from 2018 to 2020 (with the previous year being the base year and starts at 100), and that the sales volume of dairy products had increased by at least 30% quarterly in 2019, according to the National Bureau of Statistics of the PRC.⁵ The key growth drivers of the PRC's dairy industry include (i) the increase in per capita disposable income as a result of continuous urbanisation that will continue to drive the willingness of consumers to consume dairy products; (ii) the rising health awareness, as well as concerns about food safety, among Chinese consumers that will drive their demand for high quality dairy products; and (iii) the emergence of the PRC's new online retail models as well as fast and convenient delivery networks that help dairy businesses penetrate into regional markets.⁶ In light of the stable demand for milk products in Australia and the potential growing demand for dry dairy products in the PRC which could in turn drive the earning potential of the Milk Products Business, we consider that it is fair and reasonable that the Board expects that the results of the Milk Products Business will continue to maintain a rapid growth in the following years.

On the other hand, although the Group's Mobile Business, which mainly focuses on export trading through ODM of mobile handsets, had previously demonstrated outstanding performance in its export volume as well as sales and profit since its establishment in 2015, its performance has gradually deteriorated in recent years because of the increasingly intensified competition for mobile ODM manufactures. In addition, the Mobile Business's operations and performance were worsened by the global outbreak of the COVID-19 in early 2020. As stated in the 2021 Annual Report, to overcome external challenges, the Group will continue to enhance its internal management, seek new sources of income and reduce operating costs of the Mobile Business, strengthen the research and development of mobile handset products and market development capabilities, and shorten the supply chain turnaround time.

³ Frost & Sullivan is an independent global consulting firm founded in the United States in 1961 that is principally engaged in the provision of market research consultancy services, conducting industry research, and providing market and enterprise strategies and consultancy services across various industries

⁴ Please refer to the section titled "Industry Overview" in the prospectus of China Youran Dairy Group Limited (stock code: 9858) at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0607/2021060700019.pdf>

⁵ Please refer to the website of the National Bureau of Statistics of the PRC at <https://data.stats.gov.cn/easyquery.htm?cn=B01&zb=A030105&sj=2019D>; and <https://data.stats.gov.cn/easyquery.htm?cn=C01&zb=A090G01&sj=2020>

⁶ Please refer to the section titled "Industry Overview" in the prospectus of China Youran Dairy Group Limited (stock code: 9858) at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0607/2021060700019.pdf>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2021 Annual Report, close to 65% of the revenue from the Mobile Business for the year ended 31 March 2021 was contributed by South/Southeast Asian countries which includes Afghanistan, Bangladesh, India and Vietnam, while about 10% therefrom was contributed by the PRC and 20% by other countries during the same period. Given such wide geographical coverage, we have conducted independent research on the global mobile, particularly smartphone industry, and we noted that there are 1,366.14 million units globally shipped in 2020 and such sales volume is expected to reach 1,556.67 million units by 2026, at a CAGR of 1.69% between 2021 and 2026, according to Mordor Intelligence, an international market intelligence and advisory firm that had provided data for over 6000 projects across multiple industries.⁷ The increase is likely driven by the increasing disposable income, development of telecom infrastructure and increasing number of product launches in Asian countries.⁸ However, it should be noted that the global smartphone industry had witnessed a decline between 2019 and 2020, as the sales of smartphones to end users by vendors dropped by about 12.5%, according to Gartner, a global technology research and consulting company that is listed on NYSE (code: IT),⁹ which was likely because the COVID-19 pandemic has disrupted the balance between supply and demand in the global smartphones market, as the supply is affected by logistic difficulties and the slowdown in the development of next-generation products, while the consumers' demand for smartphones, especially of premium segment, has taken a hit due to consumers' tendency of cutting down on luxury spending for essentials during the pandemic.¹⁰ Nonetheless, with smartphones being the dominant means of communication in today's world, we consider that the Mobile Business still has potential to grow despite the challenges ahead.

Finally, in respect of the Property Investment business, given that the Group now holds only one property with an insignificant amount of revenue and contribution to the financial results to the Group as compared to the Milk Products Business and the Mobile Business, we consider that including a generic analysis on such industry may not provide a meaningful reference to, or may even mislead, the Shareholders and hence we have not included such analysis in our letter.

In view that the Group had improved its business results for the year ended 31 March 2021 as compared to the previous year by, amongst others, (i) improving its revenue by approximately 81.2% (from approximately HK\$147.9 million for the year ended 31 March 2020 to approximately HK\$268.1 million for the year ended 31 March 2021); and (ii) reducing the loss for the year attributable to the owners of the Company by approximately 83.1% (from approximately HK\$88.1 million for the year ended 31 March 2020 to approximately HK\$15.0 million for the year ended 31 March 2021), we are of the view that although the Mobile Business is expected to continue to encounter operating pressures in the future, given the business acumen of the Group and the positive outlook of the Milk Products Business as discussed above, the long-term prospects of the Group's businesses remain hopeful.

⁷ Please refer to the website of Mordor Intelligence at <https://www.mordorintelligence.com/industry-reports/smartphones-market>

⁸ Ibid.

⁹ Please refer to the website of Gartner, Inc. at <https://www.gartner.com/en/newsroom/press-releases/2021-02-22-4q20-smartphone-market-share-release>

¹⁰ Please refer to the website of Mordor Intelligence at <https://www.mordorintelligence.com/industry-reports/smartphones-market>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7. Evaluation of the principal terms of the Offer

In considering the fairness and reasonableness of the terms of the Offer, we have conducted the following analyses:

(a) Comparison of value

The Offer Price of HK\$1.2 per Share represents:

- (i) a premium of approximately 14.28% over the closing price of HK\$1.05 per Share as quoted on the Stock Exchange on 2 September 2021, being the last trading day immediately preceding the commencement of the Offer Period;
- (ii) a premium of approximately 1.69% over the closing price of HK\$1.18 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 7.14% over the average closing price of HK\$1.12 per Share as quoted on the Stock Exchange for the last five consecutive Trading Days up to and including the Last Trading Day;
- (iv) a premium of approximately 10.09% over the average closing price of approximately HK\$1.09 per Share as quoted on the Stock Exchange for the last ten consecutive Trading Days up to and including the Last Trading Day;
- (v) a premium of approximately 15.38% over the average closing price of approximately HK\$1.04 per Share as quoted on the Stock Exchange for the last thirty consecutive Trading Days up to and including the Last Trading Day;
- (vi) a discount of approximately 0.83% to the closing price of HK\$1.21 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 150.00% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.48 per Share as at 31 March 2021 calculated based on the information as set out in the Company's financial report for the year ended 31 March 2021.

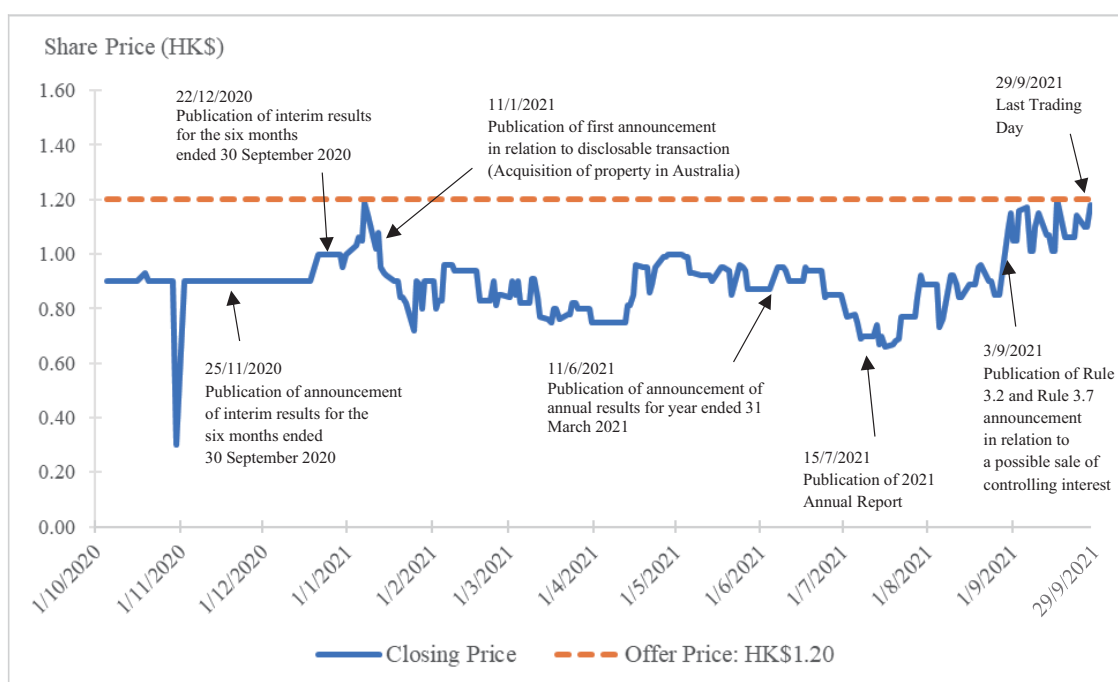
As illustrated above, the Offer Price represents a premium to the recent closing prices of the Shares on the Stock Exchange as well as the latest audited consolidated net asset value per Share of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) *Historical Share price performance*

We have analysed the historical closing prices of the Shares and the Offer Price, by reviewing the daily closing prices of the Shares as quoted on the Stock Exchange during the period from 1 October 2020 up to and including the Last Trading Day (the “**Review Period**”). We consider such a sampling period of approximately one year is adequate as it represents a reasonable period to provide a general overview of the recent price performance of the Shares. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period.

Chart 1: Historical daily closing prices of the Shares during the Review Period



Source: the website of the Stock Exchange

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As illustrated in the chart above, during the Review Period, the closing prices of the Shares fluctuated within the range of HK\$0.30 and HK\$1.20 per Share, with the average price of the Shares being approximately HK\$0.90 per Share. As at the Last Trading Day, the closing price of the Share was HK\$1.18. Accordingly, the Offer Price of HK\$1.20 per Share is within the range of the closing prices of the Shares and at a premium of approximately 33.3% over the average price of the Share during the Review Period, as well as at a premium of approximately 1.6% over the closing price of the Shares as at the Last Trading Day.

We note that the Share prices dropped from HK\$0.90 per Share on 1 October 2020 to HK\$0.30 per Share on 30 October 2020 and bounced back to HK\$0.90 per Share the next day and had remained stable until 18 December 2020, and we noted that the Board is not aware of any specific factor that would have drawn such sudden movement of the Share price. Meanwhile, after the Company published its interim report for the six months ended 30 September 2020 on 22 December 2020, which reported a substantial reduction in its loss for the period compared to the same period in 2019, the Share prices gradually increased and reached HK\$1.19 per Share on 7 January 2021. However, such growth momentum was not sustained and the Share prices continued to drop to reach HK\$0.72 per Share on 25 January 2021. We have discussed with the Company regarding such drop in the Share prices and noted that the Board is not aware of any specific factor which would have led to that. The Share prices then continued to fluctuate and hit a low at HK\$0.66 per Share on 16 July 2021, but rebounded and gradually increased after the Company published the 2021 Annual Report on 15 July 2021, which also reported a substantial reduction in its loss for the year compared to 2019. The growth of the Share prices was further stimulated by the publication of the announcement pursuant to Rule 3.2 and Rule 3.7 of the Takeovers Code regarding the possible sale of the controlling interest in the Company on 3 September 2021, and the Share prices reached the highest at HK\$1.20 per Share on 17 September 2021, reflecting the market's positive reaction to such information.

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(c) Liquidity of the Shares

In addition to the above analyses, we have also reviewed the trading liquidity of the Shares during the Review Period. The table below sets out the trading volume of the Shares on the Stock Exchange during the Review Period.

Table 3: Historical monthly trading volume of the Shares during the Review Period

Months	Number of trading days	Average daily trading volume (Note 1)	% of average daily trading volume to total issued Shares held by the public (Note 2)	% of average daily trading volume to total issued Shares (Note 3)
2020				
October	18	59,672	0.049%	0.019%
November	21	90,140	0.074%	0.029%
December	22	99,968	0.082%	0.032%
2021				
January	20	315,555	0.258%	0.100%
February	18	37,469	0.031%	0.012%
March	23	109,891	0.090%	0.035%
April	19	90,342	0.074%	0.029%
May	20	247,285	0.202%	0.079%
June	21	40,343	0.033%	0.013%
July	21	147,044	0.120%	0.047%
August	22	166,452	0.136%	0.053%
September (Note 4)	20	75,415	0.062%	0.024%
Minimum			0.031%	0.012%
Mean			0.101%	0.039%
Maximum			0.258%	0.100%

Source: the website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period.
2. Shares held by the public Shareholders are based on information set out in the section headed "Shareholding structure of the Company" in the Board Letter.

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3. *The calculation is based on the average daily trading volumes of the Shares divided by the total issued share capital of the Company at the end of each month or as at the Last Trading Day, as applicable.*
4. *The period from 1 September 2021 to the Last Trading Day.*

As set out in the above table, during the Review Period, the average daily trading volume of the Shares was generally low and fluctuated (i) between approximately 0.012% and 0.100%, with a mean of approximately 0.039%, of the total number of issued Shares as at the end of the respective month; and (ii) between approximately 0.031% and 0.258%, with a mean of 0.101%, of the total number of issued Shares held by the public.

To compare the market liquidity of the Shares against that of the companies that are similar to the Company (the “**Comparable Companies**”), we have conducted a search of Hong Kong companies actively listed on the Main Board of the Stock Exchange which (i) were principally engaged in the trading of milk products or consumer electronic products for their latest financial year, given that (a) we were unable to identify a company that is principally engaged in both the trading of milk products and consumer electronic products; (b) the Milk Products Business had contributed over 85% of the Group’s revenue for the year ended 31 March 2021, despite having only commenced in February 2020; and (c) the Mobile Business, which involves the sales and distribution of mobile handsets and their components, had been the Group’s principal business since 2015 and these products should be categorised as consumer electronics; and (ii) had a market capitalisation of between HK\$100.0 million and HK\$500.0 million in view that the market capitalisation of the Company was approximately HK\$370.9 million as at the Last Trading Day.

We have identified the below 5 comparable listed companies which are set out in Table 4 below and they represent an exhaustive list of companies comparable to the Company based on our two selection criteria. We consider our selection criteria and the Comparable Companies as fair and reasonable, given that (i) like the Company, the Comparable Companies are all listed on the Main Board of the Stock Exchange and are principally engaged in the trading of milk products or consumer electronic products, with each of these businesses having contributed to over 50% of their revenue for their latest financial year; (ii) the Comparable Companies and the Company had a similar level of market capitalisation as at the Last Trading Day, implying they were at a similar stage of business development; and (iii) the Company and the Comparable Companies are both involved in the trading of milk products or consumer electronic products, and hence the Comparable Companies’ share performance (or market values) as well as book values, would provide fair and meaningful references for comparison.

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Nevertheless, it should be noted that the operations and prospects of the Comparable Companies are not the same as the Group and we have not conducted any investigation into the businesses, operations and prospects of the Comparable Companies. In addition, given that (i) we were unable to identify a comparable company that is principally engaged in both the trading of milk products and consumer electronic products; and (ii) there is only comparable company, Lanzhou (as defined thereafter), that is also engaged in the trading of milk products and has a similar level of market share as the Company (all other listed companies in the milk products business had a market capitalisation of over HK\$1.0 billion as at the Last Trading Day), yet Lanzhou is not only involved in the trading of milk products but also heavily in the production thereof which is very different from the Group, we consider that the Comparable Companies should not be considered as directly comparable companies to the Company. Similarly, including milk products trading company(ies) in our analysis may distort our analysis given that their profitability and share price performance can be materially different from those of consumer electronic products trading companies; such view is supported by the fact that the Milk Products Business had been profit-making for the year ended 31 March 2021 while the Mobile Business had been loss-making for the same period. Accordingly, the Comparable Companies and our analysis therefrom serve as an additional reference for Independent Shareholders when considering the Offer and are for illustrative purposes only. Set out below is the information of the Comparable Companies.

Table 4: Information of the Comparable Companies

Company	Stock Code	Principal businesses
Lanzhou Zhuangyuan Pasture Co., Ltd.* (“ Lanzhou ”)	01533	Production and sales of raw milk and dairy products in the PRC
PINE Technology Holdings Limited (“ PINE ”)	01079	Manufacturing and sales of computer components, consumer electronic products and related products in Canada, the United States, Asia and Europe
Vital Innovations Holdings Limited (“ Vital ”)	06133	Trading of mobile telecommunication devices and artificial intelligence and other equipment in the PRC
EVOC Intelligent Technology Company Limited (“ EVOC ”)	02308	Manufacturing and distribution of special computer products; trading of electronic products and accessories; and development of properties in the PRC

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Company	Stock Code	Principal businesses
SiS International Holdings Limited (“SiS”)	00529	Distribution of mobile and IT products in Hong Kong and Thailand; and operation of hotels in Japan

Source: the website of the Stock Exchange

In comparing the market liquidity of the Shares against those of the Comparable Companies during the Review Period, we have measured, during the Review Period, their respective (i) percentage of average daily trading volume to the total issued shares held by the public; and (ii) percentage of average daily trading volume to the total issued shares, details of which are illustrated in Table 5 below.

Table 5: Average trading volume of the shares of the Company and Comparable Companies during the Review Period (in descending order)

Company	% of average daily trading volume to total issued shares held by the public	% of average daily trading volume to total issued shares
EVOC	2.616%	0.752%
Lanzhou	0.506%	0.270%
PINE	0.324%	0.101%
Company	0.102%	0.040%
SiS	0.088%	0.025%
Vital	0.014%	0.006%

Source: the website of the Stock Exchange

Note: The number of shares held by public shareholders are based on the information as disclosed in the latest published relevant disclosures or financial results.

As illustrated above, the liquidity of the Shares was ranked the third from the last among the Comparable Companies’ during the Review Period, especially in view that its percentage of average daily trading volume to total issued Shares held by the public was only slightly above 0.1%, and that its average daily trading volume to the total issued Shares was even below 0.1%.

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In light of the above, we are of the view that Independent Shareholders are likely to encounter difficulties in liquidating their Shares in the open market without exerting downward pressure on the Shares prices. Accordingly, we consider that the Offer provides an exit alternative for Independent Shareholders who would like to realise their investments in the Shares.

(d) Share valuation analysis

To further assess the fairness and reasonableness of the Offer Price, we have further considered the price-to-earnings ratio (“**P/E Ratio**”) and price-to-book ratio (“**P/B Ratio**”), which are the two most commonly adopted valuation benchmarks in comparing the valuation of a company’s shares, in evaluating the Shares, as implied by the Offer Price, against those of the Comparable Companies.

However, since the Group recorded a net loss for the year ended 31 March 2021, an analysis of the Group’s and the Comparable Companies’ P/E Ratios is not applicable. On the other hand, the Group holds properties and inventories for its principal businesses, namely the Milk Products Business, the Mobile Business, and the Property Investment business. Hence, the Group holds tangible assets for its businesses and is not entirely “asset-light”. Accordingly, we consider that the Group’s net asset value or book value remains a meaningful indicator of its worth. Taking this into account and the fact the Group had been loss-making for the year ended 31 March 2021 and hence a P/E Ratio analysis is not applicable, we consider the P/B Ratio is an alternative assessment of the Offer Price. Accordingly, we have analysed the Group’s and the Comparable Companies’ P/B Ratios as illustrated below and we are of the view that it would provide a meaningful reference for assessing the Offer Price.

In assessing the P/B Ratio of the Group under the Offer, we have taken into consideration the implied market capitalisation or the total value of the Group under the Offer of approximately HK\$377.2 million (the “**Implied Market Capitalisation**”), which is derived from multiplying the Offer Price of HK\$1.2 per Share by the total number of issued Shares of 314,360,383 as at the Last Trading Day. In determining the implied P/B Ratio under the Offer (the “**Implied P/B Ratio**”), we have divided the Implied Market Capitalisation by the audited total equity attributable to owners of the Company of approximately HK\$150.5 million as at 31 March 2021 and have obtained the implied P/B Ratio of approximately 2.51 times.

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The following table sets out (i) the P/B Ratio of the Comparable Companies based on their closing share prices as at the Last Trading Day and their latest published financial information; and (ii) the implied P/B Ratio of the Group calculated based on the Offer Price and its 2021 Annual Report.

Table 6: Analysis of the Group’s and Comparable Companies’ P/B Ratios

Company	Market capitalisation <i>(Note 1)</i> <i>(HK\$ million)</i>	P/B Ratio <i>(Notes 2 & 3)</i> <i>(times)</i>
<i>Comparable Company that is principally engaged in the trading of milk products</i>		
Lanzhou	221.0	0.77
<i>Comparable Companies that are principally engaged in the trading of consumer electronic products (the “Consumer Electronic Comparable Companies”)</i>		
PINE	110.1	0.53
Vital	267.8	0.40
EVOG	348.4	0.42
SiS	497.6	0.15
<i>Consumer Electronic Comparable Companies</i>		
Maximum:	497.6	0.53
Minimum:	110.1	0.15
Median:	308.1	0.44
Average:	306.0	0.39
<i>The Group (as at the Last Trading Day)</i>	<i>370.9</i>	<i>2.46</i>
<i>The Group (implied under the Offer)</i>	<i>377.2</i>	<i>2.51</i>

Source: the website of the Stock Exchange

Notes:

- The market capitalisations of the Comparable Companies are derived from the total number of shares (as disclosed in the latest monthly return or relevant disclosures) multiplied by the closing share price quoted on the Stock Exchange as at the Last Trading Day.

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2. *The P/B Ratio is derived from dividing the respective market capitalisation by the respective consolidated equity attributable to the owners of the company as extracted from the latest published financial statements.*
3. *An exchange rate of RMB1:HK\$1.113 was adopted as the company's reporting currency was RMB, and an exchange rate of US\$1:HK\$7.8 was adopted as the company's reporting currency was US\$.*

Given that the trading of milk products and consumer electronic products are in nature very different businesses, we have compared the P/B Ratios of these two types of business with the Implied P/B Ratio separately.

As shown in the above table, the P/B Ratio of the milk products production and trading company, Lanzhou, is 0.77 times, which is below the Implied P/B Ratio of approximately 2.51 times.

Meanwhile, the P/B Ratios of the Consumer Electronic Comparable Companies ranged from approximately 0.15 times to 0.53 times, with a median of approximately 0.44 times and an average of approximately 0.39 times. The Implied P/B Ratio of approximately 2.51 times is therefore above the highest P/B Ratio among the Comparable Companies, implying that the Offer Price is more favourable than the market prices of Comparable Companies.

Nonetheless, given that as discussed above, (i) Lanzhou is also involved in the production of its milk products, which is different from the Group as the Group is solely involved in the trading of milk products; and (ii) the Group is involved in not only the Milk Products Business but also the Mobile Business and hence the Consumer Electronic Comparable Companies are not directly comparable to the Company, comparing the P/B Ratios of the Comparable Companies with the Implied P/B Ratio may not be most indicative comparison in assessing the Offer Price. Hence, the above P/B Ratio analysis serves as an additional reference for Independent Shareholders when considering the Offer and are for illustrative purposes only.

RECOMMENDATION

Based on our analyses above, although the Group had recorded significant revenue growth and had improved its loss position for the year ended 31 March 2021, having considered the following:

- (i) the Offer Price (a) represents a premium of approximately 1.69% over the closing price of the Shares on the Last Trading Day; (b) represents a premium of approximately 7.14%, 10.09% and 15.38% over the average closing prices of the Shares for the last five, ten and thirty consecutive Trading Days up to and including the Last Trading Day respectively; (c) is within the range of the closing prices of the Shares and at a premium over the average closing price of the Shares during the Review Period;

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- (ii) the Offer Price represents a premium of approximately 150.00% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.48 per Share as at 31 March 2021 calculated based on the information as set out in the 2021 Annual Report;
- (iii) the Group had been loss-making for two consecutive financial years and had recorded loss per Share of approximately HK\$0.296 and HK\$0.048 for the years ended 31 March 2020 and 2021, respectively; and
- (iv) Independent Shareholders may encounter difficulties in liquidating their Shares in the open market and that the Offer represents an opportunity for them to realise their investment;

we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer. Nonetheless, we would like to remind the Independent Shareholders who would like to realise part or all of their investments in the Shares to closely monitor the market price and liquidity of the Shares during the Offer Period and may, instead of accepting the Offer, consider selling their Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Offer.

As each Independent Shareholder would have different investment objectives and/or circumstances, we advise the Independent Board Committee to also recommend the Independent Shareholders who may require advice concerning any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li^Δ
Managing Director

^Δ *Mr. Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

1. PROCEDURES FOR ACCEPTANCE

- (a) If you accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the Offer.
- (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 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, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "**Alpha Professional 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.
- (c) 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;
 - (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 instruction, and submit your instruction 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 stock account with CCASS, authorise your instruction 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).
- (d) 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 Yu Ming 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.
- (e) 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) 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.

- (f) 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 Offer Shares;
 - (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 Offer Shares which are not taken into account under another subparagraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) 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.
- (h) Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.13% (or part thereof) of the consideration payable in respect of the relevant acceptance by the Independent Shareholders or if higher, the market value of the Shares, will be deducted from the cash amount payable by the Offeror to such Shareholders who accept the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (i) 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.

2. ACCEPTANCE PERIOD AND REVISION

- (a) Unless the Offer have 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 relevant 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 have been extended, revised or have 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 Independent Shareholders before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
- (d) If, in the course of the Offer, the Offeror revise the terms of the Offer, all Independent 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 a 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 have been revised or extended or have expired.

Such announcement must state the following:

- (i) the total number of Offer Shares and rights over Offer Shares for which acceptances of the Offer have been received;

- (ii) the total number of Offer Shares and rights over Offer Shares held, controlled or directed by the Offeror or its Concert Parties before the commencement date of the Offer Period;
 - (iii) the total number of Offer Shares and rights over Offer Shares acquired or agreed to be acquired by the Offeror or its Concert Parties 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 or any of its Concert Parties 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 in complete and good order may only be included where they could be counted towards fulfilling the acceptance conditions under paragraphs (1)(f) and (1)(g) of this Appendix.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “3. Announcement” above, the Executive may require, pursuant to Rule 19.2 of the Takeovers Code, that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

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

5. SETTLEMENT

- (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 date of receipt by the Registrar of all relevant documents of title to render such acceptance complete and valid in compliance with Note 1 to Rule 30.2 of the Takeovers Code. 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 Independent 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 Independent Shareholders.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to a Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

6. AVAILABILITY OF THE OFFER

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. The availability of the Offer to persons not residents in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other taxes due by such accepting Independent Shareholder(s) due in such jurisdiction.

Any acceptance by Independent Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders should consult their respective professional advisers if in doubt. Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

7. TAX IMPLICATIONS

None of the Offeror, its Concert Parties, the Company, Yu Ming, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications. Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Offeror, its Concert Parties, the Company, Yu Ming, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

8. 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 Independent Shareholders at their addresses, in the case of Independent 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 it, Yu Ming, 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) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, Yu Ming and the Company that the Shares acquired under the Offer are sold by such person or persons free from all liens, charges, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to including, the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date on which the Offer is made, being the date of despatch of this Composite Document.
- (c) 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.
- (d) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (e) 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.
- (f) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of Form of Acceptance by or on behalf of an Independent Shareholder will constitute such Independent 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.
- (g) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or the Yu Ming (or such person or persons as the Offeror and/or the Yu Ming 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 the Offeror (or such person or persons as it may direct) the Shares in respect of which such person has accepted the Offer.
- (h) The Offer is made in accordance with the Takeovers Code.
- (i) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.

- (j) In making their decision, Independent Shareholders must rely on their own examination of the Group and the terms of the Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Yu Ming, the Independent Financial Adviser or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

- (k) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

1. THREE-YEAR SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the audited financial results of the Group for each of the three financial years ended 31 March 2019, 2020 and 2021 as extracted from the annual reports of the Company.

The auditor of the Company for the financial years ended 31 March 2019, 2020 and 2021 was Crowe (HK) CPA Limited. Crowe (HK) CPA Limited expressed a qualified opinion in its auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2021, and did not express an opinion in its respective auditor's reports on the consolidated financial statements of the Group for the years ended 31 March 2019 and 2020, details of which are set out in the section headed "3. Disclaimer of Opinion" in this appendix below.

	For the year ended 31 March		
	2019	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)
Revenue from continuing operations	<u>351,448</u>	<u>147,930</u>	<u>268,099</u>
Profit/(loss) before taxation from continuing operations	30,511	(32,045)	(14,600)
Income tax expenses from continuing operations	<u>(5,407)</u>	<u>(18)</u>	<u>(393)</u>
Profit/(loss) for the year from continuing operations	25,104	(32,063)	(14,993)
Profit/(loss) for the year from discontinued operation	<u>3,484</u>	<u>(56,525)</u>	<u>–</u>
Profit/(loss) for the year	28,588	(88,588)	(14,993)
Other comprehensive income/(loss) for the year, net of income tax	<u>111</u>	<u>(193)</u>	<u>311</u>
Total comprehensive income/(loss) for the year, net of income tax	<u>28,699</u>	<u>(88,781)</u>	<u>(14,682)</u>

	For the year ended 31 March		
	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Profit/(loss) for the year attributable to:			
Owners of the Company	28,783	(88,056)	(14,993)
Non-controlling interests	<u>(195)</u>	<u>(532)</u>	<u>–</u>
	<u>28,588</u>	<u>(88,588)</u>	<u>(14,993)</u>
Total comprehensive income/(loss) for the year, net of income tax attributable to:			
Owners of the Company	28,894	(88,249)	(14,682)
Non-controlling interests	<u>(195)</u>	<u>(532)</u>	<u>–</u>
	<u>28,699</u>	<u>(88,781)</u>	<u>(14,682)</u>
	<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>
Basic and diluted earnings/(loss) per Share from continuing and discontinued operations	10.9	(29.6)	(4.8)
Total dividends declared/paid per Share	–	–	–

Save as disclosed in the section headed “3. Disclaimer of Opinion” in this appendix below, the Group had no exceptional or extraordinary items which were exceptional because of its size, nature or incidence for each of the three years ended 31 March 2019, 2020 and 2021.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Group is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 March 2019 (the “**2019 Financial Statements**”), 31 March 2020 (the “**2020 Financial Statements**”) and 31 March 2021 (the “**2021 Financial Statements**”), and significant accounting policies together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out on pages 47 to 164 of the 2019 annual report of the Group (the “**2019 Annual Report**”), which was published on 24 July 2019. The 2019 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hk-alpha.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0724/ltm20190724123.pdf>

<https://doc.irasia.com/listco/hk/alphapro/annual/2019/ar2019.pdf>

The 2020 Financial Statements are set out on pages 52 to 175 of the 2020 annual report of the Group (the “**2020 Annual Report**”), which was published on 29 July 2020. The 2020 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hk-alpha.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0729/2020072900499.pdf>

<https://doc.irasia.com/listco/hk/alphapro/annual/2020/ar2020.pdf>

The 2021 Financial Statements are set out on pages 55 to 162 of the 2021 annual report of the Group (the “**2021 Annual Report**”), which was published on 15 July 2021. The 2021 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hk-alpha.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0715/2021071500542.pdf>

<https://doc.irasia.com/listco/hk/alphapro/annual/2021/ar2021.pdf>

The 2019 Financial Statements, 2020 Financial Statements and 2021 Financial Statements (but not any other part of the 2019 Annual Report, 2020 Annual Report and 2021 Annual Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. DISCLAIMER OF OPINION

A. FOR THE YEAR ENDED 31 MARCH 2021

As set out in the 2021 Annual Report, Crowe (HK) CPA Limited expressed a qualified opinion in its auditor's report on the Group's consolidated financial statements, an extract of which is as follows:

QUALIFIED OPINION

We have audited the consolidated financial statements of Alpha Professional Holdings Limited (“**the Company**”) and its subsidiaries (the “**Group**”) set out on pages 55 to 162, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the “Basis for qualified opinion” section of our report, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Corresponding figures

The corresponding figures disclosed in the consolidated financial statements are based on the audited consolidated financial statements of the Group for the year ended 31 March 2020. The auditor did not express an opinion on the consolidated financial statements for the year ended 31 March 2020.

On 29 January 2019, the Group had acquired the entire equity interests in Great Empire International Group Limited (“**GE International**”) and its subsidiaries (collectively the “**GE Group**”) (the “**Acquisition**”), whose principal activity was engaged in the provision of biotechnology and biological gene technology technical services (the “**Biological Business**”).

During the course of our audit for the year ended 31 March 2019, we noticed certain inconsistencies between third parties documents and information provided by the Group and that we had obtained directly for revenue transactions under the Biological Business. We were unable to perform practicable audit procedures to verify the inconsistencies in the documents and information available to us, and to carry out satisfactory audit procedures to obtain reasonable assurance regarding the occurrence, completeness and accuracy of the revenue of the Biological Business of HK\$13,904,000, and the corresponding trade receivables balances of HK\$14,751,000 as at 31 March 2019. Furthermore, the intangible assets and goodwill arising from the Acquisition of GE Group, amounted to HK\$110,943,000 and HK\$48,430,000, respectively, had been allocated to the Biological Business cash generating units. The fair values had been estimated using the cash flows projections from the Biological Business. Due to the inconsistencies in documents and information available to us mentioned above and limitation in the scope of work, we were unable to assess whether the fair values as at the acquisition date and the recoverable amount of these assets as at 31 March 2019 were reliably measured. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the carrying amounts of the intangible assets and goodwill, the associated amortisation expenses attributed to the intangible assets and tax relating to the Biological Business were free from material misstatement.

In addition, because of the inconsistencies in the documents and information described above, there were no alternative audit procedures we could perform to satisfy ourselves as to the occurrence and existence, accuracy, valuations, rights and obligations, completeness, classification, disclosure and presentation of the transactions for the year ended 31 March 2019 and the assets and liabilities related to the Biological Business as at 31 March 2019. Accordingly, we were not able to obtain sufficient appropriate audit evidence to determine whether any adjustments to the consolidated financial statements as at and for the year ended 31 March 2019 were necessary.

During the year ended 31 March 2020, the Company entered into a settlement agreement with Starways Global Holding Inc., being the vendor to the Acquisition (the “**Vendor**”), the guarantor to the Acquisition and GE International to unwind the Acquisition by the return of 40,716,000 settlement shares from the Vendor plus the settlement cash in the amount of approximately HK\$18,804,000 to be paid by the Vendor to the Company, and the Company shall transfer its entire legal and beneficial interest in GE International to the Vendor (the “**Unwinding**”).

Upon completion of the Unwinding during the year ended 31 March 2020, the Group recognised a loss on disposal of subsidiaries of HK\$54,162,000 for the year ended 31 March 2020. Together with the loss of HK\$2,363,000 for the year ended 31 March 2020 reported by the Biological Business, the loss from discontinued operation of the Biological Business amounted to HK\$56,525,000. As mentioned above, due to the inconsistencies in the documents and information provided, there were no alternative audit procedures we could perform to satisfy ourselves as to the occurrence and existence, accuracy, valuations, rights and obligations, completeness, classification, disclosure and presentation of the transactions for the year ended 31 March 2020 and the assets and liabilities related to the Biological Business as at the date of disposal. As a result, we were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy and valuation in respect of the loss from discontinued operation during the year ended 31 March 2020.

Accordingly, in performing our audit of the consolidated financial statements of the Group for the year ended 31 March 2021, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the opening balances of assets, liabilities and reserves as at 1 April 2019 and the loss from discontinued operation for the year ended 31 March 2020 were fairly stated.

Any adjustments that might have been found to be necessary in respect of the above had we obtained sufficient appropriate audit evidence would have a consequential effect on the opening balances of assets, liabilities and reserves of the Group as at 1 April 2019, and on the Group's financial performance and cash flows for the year ended 31 March 2020, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

B. FOR THE YEAR ENDED 31 MARCH 2020

As set out in the 2020 Annual Report, Crowe (HK) CPA Limited did not express an opinion in its auditor's report on the Group's consolidated financial statements, an extract of which is as follows:

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Alpha Professional Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 52 to 175, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for disclaimer of opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements of the Group have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION**Opening balances and corresponding figures**

The corresponding figures disclosed in the consolidated financial statements are based on the audited consolidated financial statements of the Group for the year ended 31 March 2019. The auditor did not express an opinion on the consolidated financial statements for the year ended 31 March 2019.

On 29 January 2019, the Group had acquired the entire equity interests in Great Empire International Group Limited ("**GE International**") and its subsidiaries (collectively the "**GE Group**") (the "**Acquisition**"), whose principal activity was engaged in the provision of biotechnology and biological gene technology technical services (the "**Biological Business**"). The details of the Acquisition are set out in note 34 to the consolidated financial statements. Revenue generated from the Biological Business during the year ended 31 March 2019 amounted to approximately HK\$13,904,000 (the "**Revenue of Biological Business**").

During the course of our audit for the year ended 31 March 2019, we noticed certain inconsistencies between third parties documents and information provided by the Group and that we had obtained directly for revenue transactions under the Biological Business. We were unable to perform practicable audit procedures to verify the inconsistencies in the documents and information available to us, and to carry out satisfactory audit procedures to obtain reasonable assurance regarding the occurrence, completeness and accuracy of the Revenue of Biological Business, and the corresponding trade receivables balances of HK\$14,751,000 as at 31 March 2019. Furthermore, the intangible assets and goodwill arising from the Acquisition of GE Group, amounted to HK\$110,943,000 and HK\$48,430,000, respectively, had been allocated to the Biological Business cash generating units. The fair values had been estimated using the cash flows projections from the Biological Business. Due to the inconsistencies in documents and information available to us mentioned above and limitation in the scope of work, we were unable to assess whether the fair values as at the acquisition date and the recoverable amount of these assets as at 31 March 2019 were reliably measured. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the carrying amounts of the intangible assets and goodwill, the associated amortisation expenses attributed to the intangible assets and tax relating to the Biological Business were free from material misstatement.

In addition, because of the inconsistencies in the documents and information described above, there were no alternative audit procedures we could perform to satisfy ourselves as to the occurrence and existence, accuracy, valuations, rights and obligations, completeness, classification, disclosure and presentation of the transactions for the year ended 31 March 2019 and the assets and liabilities related to the Biological Business as at 31 March 2019. Accordingly, we were not able to obtain sufficient appropriate audit evidence to determine whether any adjustments to the consolidated financial statements as at and for the year ended 31 March 2019 were necessary.

As a result, in performing our audit of the consolidated financial statements of the Group for the year ended 31 March 2020, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the opening balances of assets, liabilities and reserves as at 1 April 2019 and the corresponding figures were fairly stated.

Any adjustments that might have been found to be necessary in respect of the above had we obtained sufficient appropriate audit evidence would have a consequential effect on the net assets of the Group as at 1 April 2019, and of its financial performance and cash flows for the current and prior years, and the related disclosures thereof in the consolidated financial statements.

Disposal of Biological Business

During the year ended 31 March 2020, the Company entered into a settlement agreement with the vendor to the Acquisition (the “**Vendor**”), the guarantor to the Acquisition and GE International to unwind the Acquisition by the return of 40,716,000 settlement shares from the Vendor plus the settlement cash in the amount of approximately HK\$18,804,000 to be paid by the Vendor to the Company, and the Company shall transfer its entire legal and beneficial interest in GE International to the Vendor (the “**Unwinding**”).

Upon completion of the Unwinding during the year ended 31 March 2020, the Group recognised a loss on disposal of subsidiaries of HK\$54,162,000 for the year ended 31 March 2020. Together with the loss of HK\$2,363,000 for the year ended 31 March 2020 reported by the Biological Business, the loss from discontinued operation of Biological Business amounted to HK\$56,525,000. As mentioned above, due to the inconsistencies in the documents and information provided, there were no alternative audit procedures we could perform to satisfy ourselves as to the occurrence and existence, accuracy, valuations, rights and obligations, completeness, classification, disclosure and presentation of the transactions for the year ended 31 March 2020 and the assets and liabilities related to the Biological Business as at the date of disposal. As a result, we were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy and valuation in respect of the loss from discontinued operation during the year ended 31 March 2020.

Any adjustments that might have been found to be necessary in respect of the above had we obtained sufficient appropriate audit evidence would have a consequential effect on the Group’s financial performance and cash flows for the year ended 31 March 2020, and the related disclosures thereof in the consolidated financial statements.

C. FOR THE YEAR ENDED 31 MARCH 2019

As set out in the 2019 Annual Report, Crowe (HK) CPA Limited did not express an opinion in its auditor's report on the Group's consolidated financial statements, an extract of which is as follows:

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Alpha Professional Holdings Limited (formerly known as Z-Obee Holdings Limited) (the “**Company**”), and its subsidiaries (the “**Group**”) set out on pages 47 to 164, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the “Basis for disclaimer of opinion” section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION**Comparative information**

Our audit opinion dated 22 June 2018 on the Group's consolidated financial statements for the year ended 31 March 2018 was disclaimed, given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records before the restructuring of the Group, the directors of the Company believed that, it was almost impossible, and not practicable, to ascertain the correct revenue and profit or loss and the resultant assets and liabilities for the past years as included in the consolidated financial statements of the Group. Also, due to the loss of some books and records before the restructuring of the Group, the directors of the Company believed that it was almost impossible, and not practicable, to verify the financial information as reported in the consolidated financial statements of the Group for the past years.

Consequently, given these circumstances, we were unable to satisfy ourselves that the internal controls and documentations provided by the management for the purpose of our audit were effective and accurate in all material respects. We were therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification, disclosure and presentation of the transactions and the assets and liabilities of the Group and the Company as at 1 April 2017 and for the year ended 31 March 2018.

Upon completion of the scheme of arrangement during the year ended 31 March 2018, the Company recognised a loss on assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses of approximately HK\$198,661,000 for the year ended 31 March 2018. As mentioned above, due to the loss of some books and records before the restructuring of the Group, we were unable to satisfy ourselves that the amount of assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses were complete and accurate. As a result, we were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy and valuation in respect of the loss on assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses during the year ended 31 March 2018.

Any adjustments found to be necessary in respect thereof had we been able to obtain sufficient appropriate audit evidence would have had a consequential effect on the net assets of the Group and the Company as at 1 April 2017 and of the Group's loss and cash flows for the year ended 31 March 2018, and the related disclosures thereof in the consolidated financial statements.

Non-compliance with IFRSs and omission of disclosures

As explained in note 2.2, the consolidated financial statements of the Group have been prepared by the directors of the Company based on incomplete books and records and the directors of the Company believe that it is almost impossible and not practical to ascertain the correct amounts. Consequently, the directors of the Company were unable to represent that the consolidated financial statements comply with International Financial Reporting Standards (“IFRSs”), or that the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited have been complied with. Given these circumstances, which are fully described in note 2.2, there were no practicable audit procedures that we could perform to quantify the extent of adjustments and disclosures that might be necessary in respect of the Group's consolidated financial statements for the year ended 31 March 2018.

Acquisition of Great Empire International Group Limited and its subsidiaries

On 29 January 2019, the Group had acquired the entire equity interests in Great Empire International Group Limited and its subsidiaries (the “**Great Empire Group**”), whose principal activity is engaged in the provision of biotechnology and biological gene technology technical services (the “**Biological Business**”). The details of the acquisition are set out in note 33 to the consolidated financial statements. Revenue generated from the Biological Business during the year ended 31 March 2019 amounted to approximately HK\$13,904,000 (the “**Revenue of Biological Business**”).

During the course of our audit, we noticed certain inconsistencies between third parties documents and information provided by the Group and that we have obtained directly for revenue transactions under the Biological Business. We were unable to perform practicable audit procedures to verify the inconsistencies in the documents and information available to us, and to carry out satisfactory audit procedures to obtain reasonable assurance regarding the occurrence, completeness and accuracy of the Revenue of Biological Business, and the corresponding trade receivables balances of HK\$14,751,000 as at 31 March 2019. Furthermore, the intangible assets and goodwill arising from the acquisition of the Great Empire Group, amounted to HK\$110,943,000 and HK\$48,430,000, respectively, had been allocated to the Biological Business cash generating units. The fair values has been estimated using the cash flows projections from the Biological Business. Due to the inconsistencies in documents and information available to us mentioned above and limitation in the scope of work, we were unable to assess whether the fair values as at the acquisition date and the recoverable amount of these assets as at 31 March 2019 are reliably measured. There are no alternative audit procedures that we could perform to satisfy ourselves as to whether the carrying amounts of the intangible assets and goodwill, the associated amortisation expenses attributed to the intangible assets and tax relating to the Biological Business were free from material misstatement.

In addition, because of the inconsistencies in the documents and information described above, there were no alternative audit procedures we could perform to satisfy ourselves as to the occurrence and existence, accuracy, valuations, rights and obligations, completeness, classification, disclosure and presentation of the transactions and the assets and liabilities related to the Biological Business. Accordingly, we were not able to obtain sufficient appropriate audit evidence to determine whether any adjustments to the consolidated financial statements as at and for the year ended 31 March 2019 were necessary.

In response to the inconsistency, the Board of Directors of the Group has agreed to assign the audit committee of the Company (the “**Audit Committee**”), to review the matters (the “**Review**”). The Review has not yet completed up to date. We were therefore not able to review the substantive evidences, if any, that might be contained in the report from the Review or other matters arising from the Review, and there was no other practical way for us to assess the Review, to perform our extended audit procedures.

Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the Group's consolidated statement of financial position as at 31 March 2019 and consequently, the Group's consolidated financial performance and consolidated cash flows for the year then ended, and the related disclosures thereat in the consolidated financial statements.

4. INDEBTEDNESS

At the close of business on 30 September 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had unsecured and unguaranteed lease liabilities of approximately HK\$3.1 million for right of use properties.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30 September 2021, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

5. MATERIAL CHANGE

As disclosed in the 2021 Annual Report, the Group recorded a reduction of approximately HK\$17.1 million in loss from continuing operations of the Group for the year ended 31 March 2021 as compared to the previous year, which was mainly a combined effect of:

- a) the reflection of the full-year impact of the profits contributed by the Group's trading of milk powder and baby foods, which had achieved satisfactory performance during the year given that infant milk powder, as a necessity by itself, had not been severely affected by the COVID-19 pandemic; and
- b) the increase of loss from the Group's provision of mobile handset solution, which were scaled down as the sales were severely hit by the COVID-19 pandemic.

Save as disclosed above, the Directors confirmed that as at the Latest Practicable Date, there had been no material changes in the financial or trading position or outlook of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up to the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The Directors, namely Messrs. Xiong Jianrui, Yi Peijian, Chen Zeyu, Li Chak Hung, Choi Kin Man and Ngai Wah Sang, jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror, its associates and parties acting in concert with any of them (but excluding the Vendor, SHKSFL and parties acting in concert with any of them)), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinions 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.

The sole director of the Offeror, Ms. Chong, accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Company, the Vendor and parties acting in concert with any of them), and confirm, having made all reasonable inquiries, that to the best of her knowledge, opinions expressed in this Composite Document (other than the opinions 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 contained in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the Company had an authorised ordinary share capital of US\$100,000,000 divided into 625,000,000 Shares of US\$0.16 each. The authorised and issued ordinary share capital of the Company as at the Latest Practicable Date were as follows:

As at the Latest Practicable Date

Authorised:	US\$
625,000,000 Shares	100,000,000.00
Issued and fully-paid:	
314,360,383 Shares in issue	50,297,661.28

All the Shares in issue rank *pari passu* in all respects with each other, including the rights in respect of capital and dividends and voting.

The Company had not issued or repurchased any Shares since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date. Further, no Shares had been repurchased by the Company during the period of 12 months immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, the Company has 314,360,383 Shares in issue and there are no outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

3. MARKET PRICES

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

Date	Closing price per Share HK\$
2021	
31 March	0.75
30 April	1.00
31 May	0.87
30 June	0.85
30 July	0.89
31 August	1.15
29 September 2021, being the Last Trading Day	1.18
30 September ^{Note}	suspended
29 October	1.18
5 November 2021, being the Latest Practicable Date	1.21

Note: Trading of the Shares was suspended from 30 September 2021 to 4 October 2021 pending the release of the Joint Announcement.

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.35 per Share on 5 October 2021 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.66 on 16 July 2021.

4. DISCLOSURE OF INTEREST

(a) Interests and short positions of the Directors and chief executive

As at the Latest Practicable Date, none of the Directors had, or were deemed to have, interests and short positions in the Shares, underlying Shares and debentures of the Company or shares, underlying shares and debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO), which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which are (ii) required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which are (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, or which are (iv) required to be disclosed under the Takeovers Code.

(b) Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons or entities (other than a Director or chief executive of the Company) had or were deemed to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Approximate % of issued share capital of the Company
The Offeror	Beneficial owner	177,965,114	56.61%
Ms. Chong ^{Note 1}	Interests of controlled corporation	191,965,114	61.06%
SHKSFL ^{Note 2}	Person having a security interest in shares	177,965,114	56.61%
Shipshape Investments Limited ^{Note 2}	Interests of controlled corporation	177,965,114	56.61%
Sun Hung Kai & Co. Limited ^{Note 2}	Interests of controlled corporation	177,965,114	56.61%
Allied Group Limited ^{Note 3}	Interests of controlled corporation	177,965,114	56.61%
Lee Seng Hui ^{Note 3}	Interests of controlled corporation	177,965,114	56.61%
Lee Seng Huang ^{Note 3}	Interests of controlled corporation	177,965,114	56.61%
Lee Su Hwei ^{Note 3}	Interests of controlled corporation	177,965,114	56.61%

Notes:

- The Offeror, Well Dynasty Investments Limited, is a wholly-owned subsidiary of Miracle Plant Developments Limited, which in turn is a company wholly owned by Ms. Chong. Vigor Online Offshore Limited, a wholly-owned subsidiary of China Spirit Limited, owns 14,000,000 Shares. Ms. Chong owns 100% beneficial interests in China Spirit Limited. Accordingly, Ms. Chong is deemed to have an interest of (i) 177,965,114 Shares through Miracle Plant Developments Limited and the Offeror; and (ii) 14,000,000 Shares through China Spirit Limited and Vigor Online Offshore Limited.
- As at the Latest Practicable Date, the Sale Shares, being 177,965,114 Shares, were charged to SHKSFL pursuant to the Offeror Share Mortgage as a continuing security until the Remaining Consideration have been fully paid and be applied for the settlement of the Settlement Amount. SHKSFL is wholly owned by Shipshape Investments Limited which is in turn wholly owned by Sun Hung Kai & Co. Limited. Therefore, through SHKSFL's security interest in the 177,965,114 Shares, each of Shipshape Investments Limited and Sun Hung Kai & Co. Limited is deemed to be interested in the 177,965,114 Shares.

3. Sun Hung Kai & Co. Limited is owned as to approximately 72.97% by Allied Group Limited (“AGL”) via its subsidiaries. AGL is therefore deemed to have an interest in the shares in which Sun Hung Kai & Co. Limited is interested. Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controls approximately 74.96% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui’s personal interests) and is therefore deemed to have an interest in the shares in which AGL was interested.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person or entity (other than the Directors and chief executive of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or are required to be disclosed under the Takeovers Code.

(c) Interests of parties acting in concert with the Offeror in the Shares

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and/or its Concert Parties had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

5. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

- (a) save for the disposal of the Sale Shares by the Vendor (a company which is owned as to 50% by Mr. Xiong Jianrui (an executive Director and the chairman of the Company) and 50% by Mr. Yi Peijian (an executive Director and the chief executive officer of the Company) to the Offeror at the consideration of HK\$213,558,137 (equivalent to HK\$1.2 per Sale Share) pursuant to the Sale and Purchase Agreement where Completion took place on 29 September 2021, none of the Offeror, the sole director of the Offeror or any of its Concert Parties had dealt for value in any such securities during the Relevant Period.
- (b) as at the Latest Practicable Date, no person had irrevocably committed himself to accept or reject the Offer.
- (c) as at the Latest Practicable Date, none of the Offeror or any of its Concert Parties had entered into any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other persons.

- (d) as at the Latest Practicable Date, none of the Offeror or any of its Concert Parties had borrowed or lent any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.
- (e) as at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any of its Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.
- (f) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (g) as at the Latest Practicable Date, 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.
- (h) as at the Latest Practicable Date, the Company did not have any beneficial interest in the shares, convertible securities, warrants, options and derivatives of the Offeror, and the Company had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.
- (i) as at the Latest Practicable Date, none of the Directors had any interests in any shares, convertible securities, warrants, options or other derivatives of the Offeror, and none of the Directors had dealt for value in any shares, convertible securities, warrants, options or other derivatives of the Offeror during the Relevant Period.
- (j) save for the Sale Shares, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or other derivatives of the Company during the Relevant Period.
- (k) none of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; or (iii) any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or classified as an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding exempt principal traders and exempt fund managers owned or controlled the Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and none of them had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

- (l) as at the Latest Practicable Date, save and except for the Offeror Share Mortgage entered into between SHKSFL and the Offeror in relation to the assignment to SHKSFL all the rights, title and interest of the Offeror in the Sale Shares, no Shares, warrants, options, derivatives or other securities convertible into the Shares was owned or controlled by a person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (m) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers (other than exempted fund managers, if any) connected with the Company as at the Latest Practicable Date, and none of them had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (n) as at the Latest Practicable Date, none of the Directors had any beneficial shareholdings in the Company.
- (o) as at the Latest Practicable Date, no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company had been borrowed or lent by any of the Directors or by the Company.
- (p) as at the Latest Practicable Date, no benefit (other than statutory compensation) was or will be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Offer.
- (q) as at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (r) save and except for the Sale and Purchase Agreement, no material contracts had been entered into by the Offeror in which any Director had a material personal interest.
- (s) as at the Latest Practicable Date, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them on one hand and the Vendor, its ultimate beneficial owner and/or parties acting in concert with any of them on the other hand; and

- (t) as at the Latest Practicable Date, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them; or (ii)(b) the Company, its subsidiaries or associated companies.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which:

- (a) have been entered into or amended (including both continuous and fixed term contracts) within six months prior to the commencement of the Offer Period;
- (b) are continuous contracts with a notice period of twelve months or more; or
- (c) are fixed term contracts with more than twelve months to run irrespective of the notice period.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by members of the Group within two years immediately preceding the date of commencement of the Offer Period and up to the Latest Practicable Date which are or may be material:

- (a) a settlement agreement dated 17 September 2019 entered into among the Company, Starways Global Holding Inc. (“**Starways Global**”), Mr. Wang Bin and Great Empire International Group Limited (“**GE International**”) in relation to, among others, the unwinding of an acquisition of the entire issued share capital of GE International by the Company, which comprises the disposal of the entire issued share capital of GE International by the Company to Starways Global at the implied settlement consideration of HK\$94,400,000;
- (b) a disposal agreement dated 24 June 2020 entered into between H K Rich Technology International Company Limited (“**HK Rich**”, a direct wholly-owned subsidiary of the Company), as vendor, and BH Management Company Limited, as purchaser, in relation to sale and purchase of the accounts receivables due from and payable by the customers to HK Rich of an aggregate amount of US\$5,051,458.76 at the consideration of HK\$30,000,000; and

- (c) a contract for the sale and purchase of land dated 11 January 2021 entered into between GA Australia Investment Pty Ltd (an indirect wholly-owned subsidiary of the Company), as purchaser, and A Z Global Investment Pty Ltd (acting as the trustee of A Z Global Investment Trust), as vendor, in relation to the sale and purchase of the land parcel at 152 Milperra Road, Revesby, NSW 2212, New South Wales, Australia, at the consideration of A\$7,500,000.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. QUALIFICATION AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this Composite Document:

Name	Qualification
Yu Ming	a licensed corporation permitted to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO
Independent Financial Adviser	a licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Each of Yu Ming and the Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the text of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of Yu Ming and the Independent Financial Adviser had any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of Yu Ming and the Independent Financial Adviser had any direct or indirect interest in any assets which have been, since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DOCUMENTS ON DISPLAY

Copies of the following documents numbered (f), (i), (j), and (k) are published on the website of the Stock Exchange (<http://www.hkexnews.hk>), and copies of all of following documents are published on the respective websites of the SFC (www.sfc.hk) and the Company (www.hk-alpha.com), all from the date of this Composite Document up to and including the Closing Date):

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the articles of association of the Offeror;
- (c) the Sale and Purchase Agreement;
- (d) the Settlement Deed;
- (e) the annual reports of the Company for the years ended 31 March 2019, 2020 and 2021;
- (f) the letter from Yu Ming, the text of which is set out on pages 10 to 18 of this Composite Document;
- (g) the letter from the Board, the text of which is set out on pages 19 to 25 of this Composite Document;
- (h) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 26 to 27 of this Composite Document;
- (i) the letter from the Independent Financial Adviser to the Independent Board Committee, the text of which is set out on pages 28 to 53 of this Composite Document;
- (j) the material contracts referred to under the paragraph headed “Material Contracts” in this Appendix III; and
- (k) the written consents referred to under the paragraph headed “Qualification and Consents of Experts” in this Appendix III.

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at Continental Building, 25 Church Street, Hamilton, HM 12, Bermuda and its head office and principal place of business in Hong Kong is Room 1902, 19/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (b) The branch share registrar and transfer agent of the Company in Hong Kong is Tricor Investor Services Limited, which is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The Offeror is ultimately beneficially owned as to 100% by Ms. Chong.
- (d) The registered office of the Offeror is situated at 47/F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.
- (e) The registered office of Yu Ming is situated at Room 1801, 18/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (f) The registered office of the Independent Financial Adviser is situated at 21/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong.
- (g) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.