
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Hua Lien International (Holding) Company Limited**, you should at once hand this Response Document to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Limited take no responsibility for the contents of this Response Document, make no representation as to its 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 Response Document.



HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

華聯國際（控股）有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

**RESPONSE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY
GF SECURITIES (HONG KONG) BROKERAGE LIMITED
FOR AND ON BEHALF OF
GUANGKEN RUBBER (SINGAPORE) PTE. LTD.
TO ACQUIRE ALL THE ISSUED SHARES IN
HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY GUANGKEN RUBBER (SINGAPORE) PTE. LTD.
AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Company



Essence Corporate Finance (Hong Kong) Limited

Independent Financial Adviser to the Independent Board Committee



INCU Corporate Finance Limited

Unless the context requires otherwise, capitalised terms used on this cover page shall have the same meanings as those defined in this Response Document.

A letter from the Board is set out on pages 7 to 17 of this Response Document. A letter from the Independent Board Committee to the Offer Shareholders containing its recommendations is set out on pages 18 to 19 of this Response Document. A letter from the Independent Financial Adviser containing its advice in respect of the General Offer to the Independent Board Committee is set out on pages 20 to 48 of this Response Document.

This Response Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.irasia.com/listco/hk/hualien>) as long as the General Offer remains open. In case of any inconsistency, the English language texts of this Response Document shall prevail over the Chinese texts for the purpose of interpretation.

2 August 2024

CONTENTS

	<i>Pages</i>
EXPECTED TIMETABLE	ii
DEFINITIONS	1
LETTER FROM THE BOARD	7
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	18
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	20
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	49
APPENDIX II — GENERAL INFORMATION OF THE GROUP	56

EXPECTED TIMETABLE

The expected timetable of the General Offer together with the notes thereto below is extracted from the Offer Document (with appropriate adjustments) for reference.

The timetable set out below is indicative and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and date contained in the Offer Document and the accompanying Form of Acceptance refer to Hong Kong time and dates.

Event	Time & Date
Despatch date of the Offer Document and the accompanying Form of Acceptance and commencement date of the General Offer (Note 1)	Friday, 26 July 2024
General Offer opens for acceptance (Note 1)	Friday, 26 July 2024
Date of posting of this Response Document (Note 2)	Friday, 2 August 2024
Latest time and date of acceptance of the General Offer (Notes 3, 4 and 5)	by 4:00 p.m. on Friday, 23 August 2024
Closing Date (Notes 3 and 5)	Friday, 23 August 2024
Announcement of the results of the General Offer (or its extension or revision, if any) as at the Closing Date, to be posted on the website of the Stock Exchange (Notes 3 and 5)	no later than 7:00 p.m. on Friday, 23 August 2024
Latest date for posting of remittances in respect of valid acceptances received under the General Offer on the Closing Date (Notes 4 and 6)	Tuesday, 3 September 2024

EXPECTED TIMETABLE

Notes:

1. The General Offer, which is unconditional, was made on Friday, 26 July 2024, being the date of despatch of the Offer Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror revises or extends the General Offer in accordance with the Takeovers Code.
2. In accordance with the Takeovers Code, the Company is required to post this Response Document within 14 days from the posting of the Offer Document, unless the Executive consents to a later date. Such consent will only be given if the Offeror agrees to extend the Closing Date by the number of days in respect of which the delay in the posting of the Response Document is agreed.
3. In accordance with the Takeovers Code, where the Response Document is posted after the date on which the Offer Document is posted, the General Offer must initially be opened for acceptance for at least 28 days following the date on which the Offer Document is posted. The General Offer will be closed at 4:00 p.m. on the Closing Date unless the Offeror revises or extends the General Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the General Offer until such date as the Offeror may determine subject to compliance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). An announcement will be issued by the Offeror through the websites of the Stock Exchange and the Company by 7:00 p.m. on the Closing Date, stating the results of the General Offer and whether the General Offer has been revised or extended to another closing date or until further notice. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code.
4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning signal in force or “extreme conditions” announced by the government of Hong Kong (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the General Offer and the latest date for posting of remittances for the amounts due under the General Offer in respect of valid acceptances, the latest time for acceptance of the General Offer will remain at 4:00 p.m. on the same Business Day and the date of posting of remittances will remain on the same Business Day; or (ii) in force in Hong Kong at any local time at 12:00 noon and/or thereafter on the latest date for acceptance of the General Offer and the latest date for posting of remittances for the amounts due under the General Offer in respect of valid acceptances, the latest time for acceptance of the General Offer will be rescheduled to the following Business Day and the date of posting of remittances will be rescheduled to the following Business Day which does not have either of those warnings in force in Hong Kong at 12:00 noon and/or thereafter.
5. Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to the Offer Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Acceptances of the General Offer are irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to the section headed “RIGHT OF WITHDRAWAL” in Appendix I to the Offer Document for further information on the circumstances where acceptances may be withdrawn.

EXPECTED TIMETABLE

6. Remittances in respect of the Offer Shares (after deducting the sellers' ad valorem stamp duty, as applicable) tendered for acceptance under the General Offer will be despatched to the Offer Shareholders accepting the General Offer by ordinary post at their own risk as soon as possible, but in any event no later than seven (7) Business Days after the date on which the duly completed Form of Acceptance and the relevant documents of title of the Offer Shares are received by the Registrar to render each of such acceptance of the General Offer complete and valid in accordance with the Takeovers Code. Please refer to the sections headed "PROCEDURES FOR ACCEPTANCE OF THE GENERAL OFFER" and "SETTLEMENT OF THE GENERAL OFFER" in Appendix I to the Offer Document and the accompanying Form of Acceptance for further information.

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

DEFINITIONS

In this Response Document, unless the context otherwise requires, the following expressions shall have the following meanings:

“2018 Acquisition”	the acquisition of 16,000,000 COMPLANT Sugar Shares by Xinjiang Botai from China Complant at a consideration of approximately RMB149.8 million (equivalent to approximately HK\$164.5 million) pursuant to the sale and purchase agreement dated 11 July 2018 entered into between China Complant and Xinjiang Botai
“2021 Annual Report”	the annual report of the Company for the year ended 31 December 2021
“2021 Financial Statements”	the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the consolidated financial statements of the Group for the year ended 31 December 2021
“2022 Annual Report”	the annual report of the Company for the year ended 31 December 2022
“2022 Financial Statements”	the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the consolidated financial statements of the Group for the year ended 31 December 2022
“2023 Annual Report”	the annual report of the Company for the year ended 31 December 2023
“2023 Financial Statements”	the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the consolidated financial statements of the Group for the year ended 31 December 2023
“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Africa-Asia Investment”	Africa-Asia Investment Limited (非亞投資有限公司*), a company established in the British Virgin Islands with limited liability
“associated company”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business

DEFINITIONS

“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Charged Shares”	16,000,000 COMPLANT Sugar Shares, representing 40% of the total issued share capital of COMPLANT Sugar
“China Complant”	China National Complete Plant Import and Export Group Corporation Limited* (中國成套設備進出口集團有限公司), a company established in the PRC with limited liability and ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council (中國國務院國有資產監督管理委員會)
“Closing Date”	23 August 2024, the closing date of the General Offer, which is no less than 28 days following the date on which the Offer Document was posted, or if the General Offer is extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“Company”	Hua Lien International (Holding) Company Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 969)
“COMPLANT Sugar”	COMPLANT International Sugar Industry Co., Ltd. (中成國際糖業股份有限公司), a company established in the Cayman Islands with limited liability and a party acting in concert with Guangken under the Takeovers Code
“COMPLANT Sugar Shares”	ordinary shares of US\$1.00 each in the issued capital of COMPLANT Sugar
“Completion”	collectively, completions of the Transaction 1 in accordance with the terms and conditions of the Equity Transfer Agreement and the Transaction 2 in accordance with terms and conditions of the Sale and Purchase Agreement (as supplemented by the Supplemental SPA)
“Creditor’s Rights”	the interest-bearing creditor’s rights of China Complant against Xinjiang Botai in relation to a debt repayable by Xinjiang Botai to China Complant in the total amount of approximately RMB180.1 million (equivalent to approximately HK\$197.7 million) as at 31 March 2023
“Director(s)”	director(s) of the Company

DEFINITIONS

“Equity Transfer Agreement”	the agreement dated 28 May 2024 entered into between China Complant (as transferor) and Guangken (as transferee), regarding the transfer of the Target Interests and the Long-term Receivables from China Complant to Guangken at nil consideration
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the General Offer accompanying the Offer Document
“General Offer”	the mandatory unconditional cash offer being made by GF Securities, for and on behalf of the Offeror, to acquire all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it in accordance with the Takeovers Code
“GF Securities”	GF Securities (Hong Kong) Brokerage Limited (廣發証券(香港)經紀有限公司), the agent making the General Offer for and on behalf of the Offeror, being a licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO
“Group”	the Company and its subsidiaries
“Guangken”	Guang Dong Agribusiness Group Corporation (廣東省農墾集團公司), a company established in the PRC and a whole people-owned enterprise (全民所有制企業) directly wholly-owned by the Ministry of Agriculture and Rural Affairs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising non-executive Directors who have no direct or indirect interest in the General Offer, namely Ms. CHEN Si, Mr. CHENG Tai Kwan Sunny, Mr. SHI Zhu and Dr. LU Heng Henry but excluding Mr. ZHANG Zhaogang, which has been established for the purpose of advising and giving recommendations to the Offer Shareholders in respect of the General Offer and in particular as to whether the General Offer is fair and reasonable and as to acceptance of the General Offer

DEFINITIONS

“Independent Financial Adviser”	INCU Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in respect of the General Offer and as to its acceptance
“Joint Announcement”	the announcement jointly issued by the Offeror and the Company dated 20 June 2024 in relation to, among others, the Transactions and the General Offer
“Last Trading Day”	28 May 2024, being the last trading day of the Shares on the Stock Exchange immediately prior to the suspension of trading in the Shares pending the release of the Joint Announcement
“Latest Practicable Date”	30 July 2024, being the latest practicable date prior to the printing of this Response Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-term Receivables”	the long-term receivables, interest and dividends receivable by China Complant against COMPLANT Sugar in the amount of approximately US\$138.0 million (equivalent to approximately HK\$1,078.1 million) as at 30 November 2022
“Ministry of Agriculture and Rural Affairs”	the Ministry of Agriculture and Rural Affairs of the PRC (中華人民共和國農業農村部)
“Offer Document”	the offer document issued by the Offeror to the Offer Shareholders on 26 July 2024 in accordance with the Takeovers Code containing, among others, details of the General Offer and the Form of Acceptance
“Offer Period”	the period commencing from 20 June 2024, being the date of the Joint Announcement, until the Closing Date
“Offer Price”	HK\$0.156 per Offer Share
“Offer Share(s)”	issued Share(s) other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offer Shareholder(s)”	Shareholder(s), other than the Offeror and parties acting in concert with it

DEFINITIONS

“Offeror” or “Guangken Singapore”	Guangken Rubber (Singapore) Pte. Ltd. (廣墾橡膠(新加坡)有限公司), a private company incorporated in Singapore limited by shares and an indirect wholly-owned subsidiary of Guangken
“Overseas Shareholder(s)”	Offer Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	The People’s Republic of China (excluding, for the purpose of this Response Document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Registrar”	Union Registrars Limited of Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, being the Hong Kong branch share registrar and transfer office of the Company for receiving and processing acceptances of the General Offer in respect of the Offer Shares
“Relevant Period”	the period commencing from 19 December 2023 (being the date falling six months prior to 20 June 2024, the date of the commencement of the Offer Period) up to and including the Latest Practicable Date
“Response Document”	this response document dated 2 August 2024 issued by the Company in response to the General Offer
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement dated 28 May 2024 entered into between China Complant and Guangken, regarding the acquisition of the Creditor’s Rights at a consideration of RMB126.1 million (equivalent to approximately HK\$138.4 million), which has been supplemented by the Supplemental SPA
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Charge”	the share charge dated 21 January 2019 entered into between China Complant as the chargee and Xinjiang Botai as the chargor regarding the Charged Shares in securing the performance by Xinjiang Botai of its obligations including the payment obligation under the 2018 Acquisition

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental SPA”	the supplemental agreement dated 28 May 2024 to the Sale and Purchase Agreement, regarding the transfer of the Charged Shares to Guangken by the enforcement of security rights under the Share Charge upon completion of the sale and purchase of the Creditor’s Rights
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Target Interests”	collectively, (1) 30% of the equity interest in COMPLANT Sugar (i.e. 12,000,000 COMPLANT Sugar Shares) and (2) approximately 36.51% of the equity interests in the Company (i.e. 800,000,000 Shares)
“Transactions”	collectively, the Transaction 1 and the Transaction 2
“Transaction 1”	the transfer of the Target Interests and the Long-term Receivables pursuant to the terms and conditions of the Equity Transfer Agreement
“Transaction 2”	collectively, (1) the acquisition of the Creditor’s Rights pursuant to the terms and conditions of the Sale and Purchase Agreement and (2) the transfer of the Charged Shares pursuant to the terms and conditions of the Supplemental SPA
“Transfer Agreements”	collectively, the Equity Transfer Agreement, the Sale and Purchase Agreement and the Supplemental SPA
“US\$”	United States dollars, the lawful currency of the United States of America
“Xinjiang Botai”	Xinjiang Botai Energy Company Limited* (新疆博泰能源有限公司), a company established in the PRC with limited liability
%	per cent

For the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.9108 and US\$ is translated into HK\$ at the rate of HK\$1.00 = US\$0.1280.

** For identification purpose only*

LETTER FROM THE BOARD



HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

華聯國際（控股）有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

Executive Directors:

Mr. HAN Hong
Mr. WANG Zhaohui
Mr. ZHANG Qi

Non-executive Directors:

Mr. ZHANG Zhaogang (Chairman)
Ms. CHEN Si

Independent non-executive Directors:

Mr. CHENG Tai Kwan Sunny
Mr. SHI Zhu
Dr. LU Heng Henry

Registered Office:

P.O. Box 309, Uglan House
South Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

Principal Place of Business

in Hong Kong:

18/F., Yue Thai Commercial Building
128 Connaught Road Central
Sheung Wan, Hong Kong

2 August 2024

To the Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
GF SECURITIES (HONG KONG) BROKERAGE LIMITED
FOR AND ON BEHALF OF
GUANGKEN RUBBER (SINGAPORE) PTE. LTD.
TO ACQUIRE ALL THE ISSUED SHARES IN
HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY GUANGKEN RUBBER (SINGAPORE) PTE. LTD.
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to the Joint Announcement dated 20 June 2024 jointly issued by the Offeror and the Company, and the Offer Document dated 26 July 2024 issued by the Offeror in relation to, among other things, the Transactions and the General Offer.

LETTER FROM THE BOARD

As disclosed in the Joint Announcement, on 28 May 2024 (after trading hours), (i) Guangken (as the transferee) entered into the Equity Transfer Agreement with China Complant (as the transferor), pursuant to which China Complant agreed to transfer 30% of the equity interest in COMPLANT Sugar (i.e. 12,000,000 COMPLANT Sugar Shares), approximately 36.51% of the equity interest in the Company (i.e. 800,000,000 Shares) and the Long-term Receivables to Guangken at nil consideration; and (ii) Guangken entered into the Sale and Purchase Agreement and the Supplemental SPA with China Complant, pursuant to which China Complant agreed to sell the Creditor's Rights to Guangken at a consideration of approximately RMB126.1 million (equivalent to approximately HK\$138.4 million) and transfer the Charged Shares to Guangken at a consideration of approximately US\$1.00 (equivalent to approximately HK\$7.80) by enforcing the security rights under the Share Charge in relation to the Creditor's Rights. Details of the Transactions can be referred to the Joint Announcement. Completion of the Transaction 1 took place on 12 June 2024, whereby completion of the Transaction 2 took place on 28 May 2024.

Immediately prior to Completion, neither Guangken nor any party acting in concert with it (excluding COMPLANT Sugar) owned (or had control or direction over) any Shares or voting rights of the Company or any other convertible securities, options, warrants or derivatives in the Company. Immediately following Completion, Guangken holds 800,000,000 Shares, representing approximately 36.51% of the total issued share capital of the Company as at Completion and holds 70% of the equity interests in COMPLANT Sugar. COMPLANT Sugar holds 300,000,000 Shares, representing approximately 13.69% of the total issued share capital of the Company as at Completion. As COMPLANT Sugar has become a subsidiary of Guangken immediately after Completion, COMPLANT Sugar is regarded to be acting in concert with Guangken under Class (1) presumption of the definition "acting in concert" under the Takeovers Code.

As a result of the foregoing, following Completion and as the Latest Practicable Date, Guangken and parties acting in concert with it hold in aggregate 1,100,000,000 Shares, representing approximately 50.20% of the total issued share capital of the Company, which comprise approximately 36.51% of the total issued share capital of the Company directly owned by Guangken and approximately 13.69% of the total issued share capital of the Company directly owned by COMPLANT Sugar.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, Guangken is required and has procured the Offeror, being an indirect wholly-owned subsidiary of Guangken, to make a mandatory unconditional cash offer (i.e. the General Offer) for all the outstanding issued Shares (other than those issued Shares which are already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

On 26 July 2024, the Offeror despatched the Offer Document and the accompanying Form of Acceptance setting out details of the General Offer.

The purpose of this Response Document is to provide you with, among others, information relating to the Group, the recommendations from the Independent Board Committee, the advice from the Independent Financial Adviser in respect of the General Offer and as to its acceptance.

LETTER FROM THE BOARD

GENERAL OFFER

The information relating to the General Offer below is extracted (with appropriate adjustments) from the Offer Document.

The General Offer

GF Securities, for and on behalf of Guangken Singapore, is making the General Offer to acquire all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code and on the terms set out below:

For each Offer Share HK\$0.156 in cash

Guangken Singapore had taken into account the decision of the Takeovers and Mergers Panel dated 27 August 2022 in relation to the total consideration option to determine the Offer Price by dividing the entire consideration paid for the Transactions (i.e. the sum of approximately RMB126.1 million and US\$1.00, which is equivalent to approximately HK\$138.4 million in aggregate) by the number of Shares (i.e. 1,100,000,000 Shares) to be controlled and held by Guangken upon Completion, under which the offer price would be set at HK\$0.126 per Offer Share.

However, considering that the offer price of HK\$0.126 per Offer Share would represent a discount of approximately 22.0% to the closing price of HK\$0.161 on the Last Trading Day, Guangken Singapore voluntarily offered a higher offer price and had decided to set the Offer Price at HK\$0.156 per Offer Share, which is equivalent to the average closing price of the Shares on the Stock Exchange during the six-month period preceding the Last Trading Day prior to the issuance of the Joint Announcement from 29 November 2023 to 28 May 2024 in order to provide a more reasonable and fairer offer price per Offer Share. The Offer Price has been rounded up to three decimal places.

The General Offer is unconditional in all respects.

Comparison of value

The Offer Price of approximately HK\$0.156 per Offer Share represents:

- (i) a premium of approximately 1.30% over the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on 30 July 2024, being the Latest Practicable Date;
- (ii) a discount of approximately 3.11% to the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on 28 May 2024, being the Last Trading Day;
- (iii) a discount of approximately 6.59% to the average closing price of approximately HK\$0.167 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iv) a discount of approximately 0.64% to the average closing price of HK\$0.157 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 1.96% over the average closing price of HK\$0.153 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 0.65% over the average closing price of HK\$0.155 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 0.65% over the average closing price of HK\$0.155 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day;
- (viii) a premium of approximately 0.00% over the average closing price of HK\$0.156 per Share as quoted on the Stock Exchange for the last 120 consecutive trading days up to and including the Last Trading Day; and
- (ix) a premium of approximately HK\$0.659 over the audited net liabilities per Share of approximately HK\$0.503 calculated based on the Group's audited consolidated net liabilities of approximately HK\$1,102 million as at 31 December 2023, divided by a total of 2,191,180,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period:

- (a) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.175 per Share on 28 March 2024, 2 April 2024, 23 May 2024 and 24 May 2024; and
- (b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.130 per Share on 22 April 2024.

Value of the General Offer

As at the Latest Practicable Date, there were 2,191,180,000 Shares in issue and the Company has no other outstanding Shares, options, derivatives, warrants or other securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and has not entered into any agreement for the issue of such options, derivatives, warrants or other relevant securities which are convertible or exchangeable into Shares. Based on the Offer Price of HK\$0.156 per Share, the entire issued share capital of the Company was valued at approximately HK\$341.8 million.

LETTER FROM THE BOARD

On the basis that there will be no change in the issued share capital of the Company from the Latest Practicable Date to the Closing Date and excluding the total of 1,100,000,000 Shares held by Guangken Singapore and parties acting in concert with it, a total of 1,091,180,000 Shares will be subject to the General Offer and the value of the General Offer is approximately HK\$170,224,080.

Effect of accepting the General Offer

By accepting the General Offer, the relevant Offer Shareholders will sell their Offer Shares to the Offeror 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 them, including the right to receive in full all dividends and other distributions, declared, made or paid on or after the date on which the Offer Document is posted. For the avoidance of doubt, if the Company declares any dividend during the Offer Period, the Offeror will not adjust the Offer Price. According to the published information by the Company, the Company did not declare any dividend for the year ended 31 December 2023. As at the Latest Practicable Date, the Company did not have any dividends or distributions announced, declared, recommended or made but unpaid and the Board has no intention to declare or pay any future dividend or make other distributions prior to and including the Closing Date.

Acceptances of the General Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Further details of the General Offer

Please refer to the Offer Document and the Form of Acceptance for further details of the terms of the General Offer and the procedures for acceptance.

INFORMATION OF THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 969). The Group is principally engaged in the provision of supporting services and sweetener business, cultivation of sugar cane and manufacturing of sugar and ethanol biofuel business in the PRC, Jamaica and Benin.

Set out below is a summary of the audited consolidated financial information of the Group for the two financial years ended 31 December 2022 and 31 December 2023 as extracted from the 2023 Annual Report.

LETTER FROM THE BOARD

	For the year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	142,298	142,835
Total comprehensive loss for the year	(48,929)	(64,179)
Total comprehensive loss for the year attributable to the owners of the Company	(35,551)	(39,161)
	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Total assets	86,071	107,040
Total liabilities	(1,188,132)	(1,160,172)
Net liabilities	(1,102,061)	(1,053,132)

During the Offer Period and up to and including the Latest Practicable Date, the Company has not declared any dividend which remains unpaid. The Company does not have any intention to make, declare or pay any future dividend/ make other distributions during the Offer Period.

Pursuant to Note 3 to Rule 2 of the Takeovers Code, the Board would like to draw the attention of the Offer Shareholders that for each of the three years ended 31 December 2021, 31 December 2022 and 31 December 2023, BDO Limited, the auditors of the Company, reported that there was a material uncertainty existed that might cast significant doubt on the Group's ability to continue as a going concern. For further details, please refer to the paragraphs headed "2. Audited consolidated financial statements of the Group" in Appendix I to this Response Document. The Offer Shareholders are advised to take into account the foregoing and consider carefully the terms of the General Offer. If the Offer Shareholders decide not to accept the General Offer, they should be aware of the potential risks associated with the material uncertainty relating to going concern.

Further details of the Group's financial information are set out in Appendix I to this Response Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately before Completion; (ii) immediately after Completion and as at the date of the Joint Announcement but prior to the General Offer being made; and (iii) as at the Latest Practicable Date.

LETTER FROM THE BOARD

Name of Shareholders	Immediately before Completion		Immediately after Completion and as at the date of the Joint Announcement but prior to the General Offer being made		As at the Latest Practicable Date	
	Number of Shares	Approximately %	Number of Shares	Approximately %	Number of Shares	Approximately %
	China Complant	800,000,000	36.51	-	-	-
Guangken (Note 1)	-	-	800,000,000	36.51	800,000,000	36.51
COMPLANT Sugar (Note 2)	<u>300,000,000</u>	<u>13.69</u>	<u>300,000,000</u>	<u>13.69</u>	<u>300,000,000</u>	<u>13.69</u>
Sub-total of the Offeror and parties acting in concert with it	-	-	1,100,000,000	50.20	1,100,000,000	50.20
Public Shareholders	<u>1,091,180,000</u>	<u>49.80</u>	<u>1,091,180,000</u>	<u>49.80</u>	<u>1,091,180,000</u>	<u>49.80</u>
Total	<u>2,191,180,000</u>	<u>100.00</u>	<u>2,191,180,000</u>	<u>100.00</u>	<u>2,191,180,000</u>	<u>100.00</u>

Notes:

- Guangken has procured the Offeror, its indirect wholly-owned subsidiary, to make the General Offer as required under Rule 26.1 of the Takeovers Code.
- Before Completion, COMPLANT Sugar was held as to 30% by China Complant, 30% by Africa-Asia Investment and 40% by Xinjiang Botai (subject to the Share Charge). After Completion, COMPLANT Sugar is held as to 70% by Guangken and 30% by Africa-Asia Investment. As COMPLANT Sugar has become a subsidiary of Guangken immediately after Completion, COMPLANT Sugar is regarded to be acting in concert with Guangken under class (1) presumption of the definition of “acting in concert” under the Takeovers Code.

INFORMATION OF GUANGKEN

Reproduced below is the information of Guangken as extracted from the Offer Document:

“Guangken is a company established in the PRC in 1995 and a wholly people-owned enterprise (全民所有制企業) directly wholly-owned by the Ministry of Agriculture and Rural Affairs.

LETTER FROM THE BOARD

The principal business activities of Guangken and its subsidiaries (“the Guangken Group”) involve the plantation, processing and sales of rubber, sugar cane, Chinese herbal medicine and other businesses (including but not limited to grain and oil, provision of agricultural products distribution service, and real estate and property). The factories of the Guangken Group that involve in the rubber production and processing business are located in both the PRC and Southeast Asia, most of which are self-owned. The sales of rubber mainly take place in the PRC and also to other countries comprise Southeast Asia, Europe, America and the Middle East. The plantation and processing of sugar cane was principally conducted in the self-owned production bases located in the PRC, and the sales of sugar cane mainly take place in the PRC; while other businesses of the Guangken Group are also carried out and located in the PRC. As at the Latest Practicable Date, the total number of employees of Guangken Group was more than 29,000.

According to the consolidated audited report of the Guangken Group prepared in accordance with the general accepted accounting principles of the PRC, the total revenue of the Guangken Group for the year ended 31 December 2023 was approximately RMB26,883 million, of which approximately 51.0% and 12.4% was generated from the sales of rubber and sugar cane, respectively. As at 31 December 2023, its total assets was approximately RMB42,438 million.”

INFORMATION OF THE OFFEROR

As stated in the Offer Document, the Offeror, a company established in Singapore in 2011, is an indirect wholly-owned subsidiary of Guangken and the principal business activities of the Offeror involve the sales and trading of rubber in the PRC.

As further set out in the Offer Document, according to the audited financial statement of the Offeror prepared in accordance with the Singapore Standards on Auditing, the revenue of the Offeror was approximately US\$12.1 million for the year ended 31 December 2023 and its total assets was approximately US\$174.7 million as at 31 December 2023.

INTENTION OF THE OFFEROR REGARDING THE GROUP

The information on the intention of the Offeror regarding the Group extracted from the Offer Document is reproduced as below:

“Guangken Singapore will continue to support the independent operation of the Company and maintain its listing status on the Stock Exchange. It is the intention of Guangken Singapore that the Company will continue its existing businesses in the provision of supporting services and sweetener business, cultivation of sugar cane and manufacturing of sugar and ethanol biofuel business and will maintain its listing status on the Stock Exchange following the close of the General Offer.

As noted from the annual report of the Company for the year ended 31 December 2023, the sugar business of the Company in Jamaica has faced a lot of difficult challenges during the year, including (i) the high cost structure of the sugar industry in Jamaica; (ii) the reduction in the new sugar cane planting activities affected by the COVID-19 pandemic; and (iii) labour shortage. Having considered one of the principal businesses of the Company is engaged in the growing of

LETTER FROM THE BOARD

sugar canes and the manufacture of sugar, the services of which are complementary to the sugar cane production undertaken by Guangken, the Guangken Group, with its expertise in the sugar industry and its experience in managing the production and sales of sugar cane, will continue to provide full support to the Company and all kinds of technical supports in the areas of sugar cane plantation and sugar production in order to enlarge the production capacity, improve the efficiency, reduce production cost and enhance the long-term growth potential of the Company. On the other hand, Guangken Singapore believes that investing in the Company could create synergy effect to Guangken's business by expanding Guangken's scales of sugar production and sales to overseas jurisdictions with an aim to improve the overall financial condition of the Group. Guangken Singapore intends to leverage the synergies between Guangken and the Group to explore related business opportunities in the future. Hence it is in its commercial interests to invest in the Company in terms of the long-term commercial justification. As at the Latest Practicable Date, Guangken Singapore does not have any plan and/or intention to downsize or change the scale of the Group's existing principal businesses.

Upon the close of the General Offer, Guangken Singapore intends to nominate new director(s) to the Board with effect from a date which is no earlier than such date permitted under the Listing Rules and the Takeovers Code or such later date as Guangken Singapore considers to be appropriate in compliance with the Takeovers Code. Such new director(s) of the Board is expected to perform an assessment on whether there is a need for a change to the senior management of the Group and to conduct a detailed review on the business operations and financial position of the Group in order to formulate a long-term strategy for the Group, and propose any changes they deem necessary or appropriate to the Group's business and operations to enhance the value of the Group. As at the Latest Practicable Date, Guangken Singapore had not identified any potential candidate to be appointed as a new director to the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

Subject to the results of the review, Guangken Singapore may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, no investment or business opportunity has been identified nor have Guangken Singapore entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group, or disposal of or downsizing of the Group's existing business. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

As at the Latest Practicable Date, Guangken Singapore has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code) or to acquire, dispose of or re-deploy the assets of the Group (other than those in its ordinary course of business)."

LETTER FROM THE BOARD

The Board is aware of the intention of the Offeror in respect of the Group and its employees as stated in the Offer Document and is willing to render reasonable co-operation with the Offeror during transitional period and continue to act in the best interests of the Company and the Shareholders as a whole.

Proposed change of the Board composition

As at the Latest Practicable Date, the Board is made up of eight Directors, comprising Mr. HAN Hong, Mr. WANG Zhaohui and Mr. ZHANG Qi as executive Directors, Mr. ZHANG Zhaogang and Ms. CHEN Si as non-executive Directors and Mr. CHENG Tai Kwan Sunny, Mr. SHI Zhu and Dr. LU Heng Henry as independent non-executive Directors.

As stated in the Offer Document, it is the intention of the Offeror that there will be a change in the composition of the Board. The Offeror is in the process of identifying suitable personnel for the positions of executive Directors, non-executive Directors and independent non-executive Directors. Once the appointment of the new Directors is confirmed, further announcement(s) will be made setting out details of the appointment of such Directors in accordance with Rule 13.51(2) of the Listing Rules.

LISTING STATUS AND PUBLIC FLOAT OF THE COMPANY

As stated in the Offer Document, the Offeror intends to maintain the listing status of the issued Shares on the Stock Exchange following the close of the General Offer.

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

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

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

As stated in the Offer Document, the Offeror intends the Company to remain listed on the Stock Exchange. As further stated in the Offer Document, the sole director of the Offeror and the new director(s) to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the Closing Date.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all non-executive Directors who have no direct or indirect interest in the General Offer, namely Ms. CHEN Si, Mr. CHENG Tai Kwan Sunny, Mr. SHI Zhu and Dr. LU Heng Henry, has been established to make recommendations to the Offer Shareholders as to whether the General Offer is

LETTER FROM THE BOARD

fair and reasonable and as to the acceptance of the General Offer. Mr. ZHANG Zhaogang, a non-executive Director, is the secretary of the party committee of China Complant which is a party to the Transfer Agreements. Therefore, Mr. ZHANG Zhaogang is not included as a member of the Independent Board Committee.

INCU Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the General Offer and, in particular, as to whether the General Offer is fair and reasonable and as to acceptance of the General Offer. The Independent Board Committee has approved the appointment of INCU Corporate Finance Limited as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code.

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 18 to 19 of this Response Document which contains the recommendations of the Independent Board Committee to the Offer Shareholders as to whether the General Offer is, or is not, fair and reasonable and as to their acceptance of the General Offer; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 20 to 48 of this Response Document which contains the advice of the Independent Financial Adviser to the Independent Board Committee in connection with the General Offer and the principal factors considered by it in arriving at its advice.

You are urged to read those letters and the additional information contained in the appendices to this Response Document carefully before taking any action in respect of the General Offer.

ADDITIONAL INFORMATION

You are advised to read this Response Document together with the Offer Document and the Form of Acceptance in respect of the acceptance and settlement procedures of the General Offer. Your attention is also drawn to the additional information contained in the appendices to this Response Document.

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

Your faithfully,
By order of the Board of
Hua Lien International (Holding) Company Limited
Mr. ZHANG Zhaogang
Chairman

** for identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

華聯國際（控股）有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

2 August 2024

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
GF SECURITIES (HONG KONG) BROKERAGE LIMITED
FOR AND ON BEHALF OF
GUANGKEN RUBBER (SINGAPORE) PTE. LTD.
TO ACQUIRE ALL THE ISSUED SHARES IN
HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY GUANGKEN RUBBER (SINGAPORE) PTE. LTD.
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the Response Document dated 2 August 2024 issued by the Company, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Response Document.

We have been appointed as members of the Independent Board Committee to consider the terms of the General Offer and to give recommendations to the Offer Shareholders on the General Offer. INCU Corporate Finance Limited has been appointed as the Independent Financial Adviser with the approval from the Independent Board Committee to advise us in this respect. Details of its advice and the principal factors and reasons taken into consideration in arriving at its advice are set out in the “Letter from Independent Financial Adviser” on pages 20 to 48 of the Response Document.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We, being the members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the General Offer and are therefore able to consider the terms of the General Offer and to make recommendations to the Offer Shareholders.

RECOMMENDATION

Taking into account the terms of the General Offer and the advice and recommendations from INCU Corporate Finance Limited, we concur with the view of the Independent Financial Adviser and consider that the terms of the General Offer are fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders to accept the General Offer.

The Offer Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” as contained in the Response Document.

Notwithstanding our recommendations, the Offer Shareholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, the Offer Shareholders should consult their own professional advisers for professional advice. Furthermore, the Offer Shareholders who wish to accept the General Offer are recommended to read carefully the procedures for accepting the General Offer as set out in Appendix I to the Offer Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of the
Independent Board Committee

**Ms. CHEN
Si**
*Non-executive
Director*

**Mr. CHENG
Tai Kwan Sunny**
*Independent
non-executive
Director*

**Mr. SHI
Zhu**
*Independent
non-executive
Director*

**Dr. LU
Heng Henry**
*Independent
non-executive
Director*

* for identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this response document, setting out its opinion to the Independent Board Committee and the Offer Shareholders in connection with the General Offer.



INCUCO Corporate Finance Limited
Unit 1402, 14/F, Winsome House,
73 Wyndham Street,
Central, Hong Kong

2 August 2024

*To: The Independent Board Committee and
the Offer Shareholders of
Hua Lien International (Holding) Company Limited*

Dear Sirs or Madams,

**MANDATORY UNCONDITIONAL CASH OFFER BY
GF SECURITIES (HONG KONG) BROKERAGE LIMITED
FOR AND ON BEHALF OF
GUANGKEN RUBBER(SINGAPORE)PTE. LTD.
TO ACQUIRE ALL THE ISSUED SHARES IN
HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY GUANGKEN RUBBER(SINGAPORE)PTE. LTD.
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 Offer Shareholders in respect of General Offer, details of which are set out in the response document of the Company dated 2 August 2024 (the “**Response Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Response Document unless the context requires otherwise.

References are made to the Joint Announcement jointly issued by the Offeror and the Company dated 20 June 2024 and the Offer Document issued by the Offeror dated 26 July 2024. On 28 May 2024 (after trading hours), Guangken (as the transferee) entered into the Equity Transfer Agreement with China Complant (as the transferor), pursuant to which China Complant agreed to transfer 30% of the equity interest in COMPLANT Sugar (i.e. 12,000,000 COMPLANT Sugar Shares), approximately 36.51% of the equity interest in the Company (i.e. 800,000,000 Shares) and the Long-term Receivables to Guangken at nil consideration. Completion of the Transaction 1 took place on 12 June 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 28 May 2024 (after trading hours), Guangken entered into the Sale and Purchase Agreement and the Supplemental SPA with China Complant, pursuant to which China Complant agreed to sell the Creditor's Rights to Guangken at a consideration of approximately RMB126.1 million (equivalent to approximately HK\$138.4 million) and transfer the Charged Shares to Guangken at a consideration of approximately US\$1.0 (equivalent to approximately HK\$7.8) by enforcing the security rights under the Share Charge in relation to the Creditor's Rights. Completion of the Transaction 2 took place on 28 May 2024.

Immediately before Completion, neither Guangken nor any party acting in concert with it (excluding COMPLANT Sugar) owned (or had control or direction over) any Shares or voting rights of the Company or any other convertible securities, options, warrants or derivatives in the Company. Immediately following Completion, Guangken holds 800,000,000 Shares, representing approximately 36.51% of the total issued share capital of the Company as at Completion and holds 70% of the equity interests in COMPLANT Sugar. COMPLANT Sugar holds 300,000,000 Shares, representing approximately 13.69% of the total issued share capital of the Company as at Completion. As COMPLANT Sugar has become a subsidiary of Guangken immediately after Completion, COMPLANT Sugar is regarded to be acting in concert with Guangken under Class (1) presumption of the definition "acting in concert" under the Takeovers Code.

As a result of the foregoing, following Completion and as at the Latest Practicable Date, Guangken and parties acting in concert with it hold 1,100,000,000 Shares, representing approximately 50.20% of the total issued share capital of the Company, which comprise approximately 36.51% of the total issued share capital of the Company directly owned by Guangken and approximately 13.69% of the total issued share capital of the Company directly owned by COMPLANT Sugar. As required under Rule 26.1 of the Takeovers Code, upon Completion, Guangken is required and has procured the Offeror, being an indirect wholly-owned subsidiary of Guangken, to make a mandatory unconditional cash offer (i.e. the General Offer) for all the outstanding Shares (other than those Shares which are already owned or agreed to be acquired by the Offeror and parties acting in concert with it). On 26 July 2024, the Offeror despatched the Offer Document and the accompanying Form of Acceptance setting out details of the General Offer.

As at the Latest Practicable Date, the Company has 2,191,180,000 Shares in issue and there are no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of the Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than as disclosed above as at the Latest Practicable Date.

INDEPENDENT BOARD COMMITTEE

In accordance with Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising all non-executive Directors with no direct or indirect interest in the General Offer, to make recommendation to the Offer Shareholders in respect of the General Offer. As a result, the Independent Board Committee comprising the non-executive Directors, namely Ms. CHEN Si, Mr. CHENG Tai Kwan Sunny, Mr. SHI Zhu and Dr. LU Heng Henry, has been established to advise the Offer Shareholders as to whether the General Offer is

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

fair and reasonable and as to acceptance of the General Offer. Mr. ZHANG Zhaogang, a non-executive Director, is the secretary of the party committee of China Complant which is the party to the Transfer Agreements. Therefore, Mr. ZHANG Zhaogang is not included as a member of the Independent Board Committee.

OUR INDEPENDENCE

We, INCU Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Offer Shareholders as to whether the General Offer is fair and reasonable and as to the acceptance of the General Offer. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

During the past two years, we did not act as an independent financial adviser and has not provided any other services to the Company, the Offeror, Guangken, China Complant, COMPLANT Sugar and any party acting, or presumed to be acting, in concert with any of the above, or any company controlled by any of them. We are independent from, and are not associated with the Company, the Offeror, Guangken, China Complant, COMPLANT Sugar and any party acting, or presumed to be acting, in concert with any of the above, or any company controlled by any of them. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the abovementioned parties or any party acting, or presumed to be acting, in concert with any of them, any of their respective associates, close associates or core connected persons or other parties that could be regarded as relevant to our independence. Accordingly, we are considered eligible to give independent advice in respect of the General Offer to the Independent Board Committee and the Offer Shareholders in accordance with Rule 2.1 of the Takeovers Code.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in the Response Document, Offer Document and/or provided to us by the Directors and the Offeror (where applicable). We have reviewed the information of the Company, including but not limited to, the announcements of the Company, the annual report for the year ended 31 December 2023 (the “**Annual Report 2023**”), the information contained in the Response Document, Offer Document and certain published information from the public domain. We have assumed that all statements, information and representations provided by the Directors and the Offeror (where applicable) are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such statements, information, representations and/or our opinion contained in this letter as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offeror respectively in the Response Document and Offer 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 Offer Document and Response Document, or the reasonableness of the opinions expressed by the Directors and the Offeror (where applicable), which have been provided to us.

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

We have not carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. We have not considered the taxation implication on the Group or the Shareholders as a result of the General Offer.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context. Shareholders will be notified of any material changes to such statements, information, opinions and/or representation as soon as possible in accordance with Rule 9.1 of the Takeovers Code if there arises any material changes of information previously provided to us by the Company or of our opinion in which event this letter shall be amended and updated.

PRINCIPAL TERMS OF THE GENERAL OFFER

GF Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the General Offer to acquire all the Offer Shares on terms to be set out in the Offer Document and Response Document in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.156 in cash

Guangken Singapore had taken into account the decision of the Takeovers and Mergers Panel dated 27 August 2022 in relation to the total consideration option to determine the Offer Price by dividing the entire consideration paid for the Transactions (i.e. the sum of approximately RMB126.1 million and US\$1.0, which is equivalent to approximately HK\$138.4 million in aggregate) by the number of Shares (i.e. 1,100,000,000) to be controlled and held by Guangken upon Completion, under which the offer price should be set at HK\$0.126 per Offer Share.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

However, considering that the offer price of HK\$0.126 per Offer Share would represent a discount of approximately 22.0% to the closing price of HK\$0.161 on the Last Trading Day, Guangken Singapore voluntarily offered a higher offer price and has decided to set the Offer Price at HK\$0.156 per Offer Share, which is equivalent to the average closing price of the Offer Shares of the Company on the Stock Exchange during the six-month period preceding the Last Trading Day prior to the issuance of the Joint Announcement from 29 November 2023 to 28 May 2024 in order to provide a more reasonable and fairer offer price per Offer Share. The Offer Price has been rounded up to three decimal places.

By accepting the General Offer, the relevant Offer Shareholders will sell their Offer Shares to the Offeror 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 them, including the right to receive in full all dividends and other distributions, declared, made or paid on or after the date on which the Offer Document is posted. For the avoidance of doubt, if the Company declares any dividend during the Offer Period, the Offeror will not adjust the Offer Price. According to the published information by the Company, the Company did not declare any dividend for the year ended 31 December 2023. As at the Latest Practicable Date, the Company did not have any dividends or distributions announced, declared, recommended or made but unpaid and the Board has no intention to declare or pay any future dividend or make other distributions prior to and including the Closing Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Offer Shareholders in respect of the General Offer, we have taken into account the following principal factors and reasons:

1. Background and financial information of the Group

General information of the Group

The Company is a company incorporated in the Cayman Island, with limited liability, the Shares of which are currently listed on the Main Board of the Stock Exchange (Stock Code: 969). The Group is principally engaged in the provision of supporting services and sweetener business (“**Support Services Segment**”), cultivation of sugar cane and manufacturing of sugar (“**Sugar Business**”) and ethanol biofuel business (“**Ethanol Biofuel Business**”) in the PRC, Jamaica and Benin.

Financial information of the Group

Set out below is a summary of the financial performance of the Group for the financial years ended 31 December 2022 (“**FY2022**”) and 31 December 2023 (“**FY2023**”) respectively as extracted from the Annual Report 2023:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	FY2022 <i>(HK\$'000)</i> audited	FY2023 <i>(HK\$'000)</i> audited
Revenue	142,835	142,298
Loss before taxation	(45,489)	(58,267)
Loss for the year attributable to owners of the Company	(33,138)	(41,212)

According to the Annual Report 2023, all revenue of the Group for FY2022 and FY2023 was generated from Sugar Business located in Jamaica. As shown in the above table, the Group's revenue for FY2023 was approximately HK\$142.30 million, representing a decrease of approximately HK\$0.54 million or 0.4%, compared to the revenue of approximately HK\$142.84 million for FY2022. The decrease in revenue was due to the depreciation of Jamaican dollar during FY2023. As stated in the Annual Report 2023, the revenue of the Group in Jamaican dollar in fact increased by approximately 0.5 million Jamaican dollars, which was due to the increase in average selling price of raw sugar and molasses and partially offset by the decrease in sales volume of raw sugar and molasses.

Even though the Group's revenue remained stable during FY2022 and FY2023, the gross profit of the Group, which was approximately HK\$20.85 million and HK\$21.60 million for FY2022 and FY2023 respectively, was insufficient to cover the operating expenses of the Group, which mainly included (i) administrative expenses of approximately HK\$33.08 million and HK\$27.48 million for FY2022 and FY2023 respectively; (ii) negative change in fair value of biological assets of approximately HK\$16.49 million and HK\$21.13 million for FY2022 and FY2023 respectively; and (iii) finance costs of approximately HK\$10.08 million and HK\$34.63 million for FY2022 and FY2023 respectively.

As a result, the Group recorded loss before taxation of approximately HK\$58.27 million for FY2023, representing an increase of approximately HK\$12.78 million or 28.1%, compared to the loss before taxation of approximately HK\$45.49 million for FY2022. According to Annual Report 2023, the increase in loss before taxation was mainly due to (i) the increase in finance costs of approximately HK\$24.55 million as a result of the increase in foreign exchange loss arising on translating the results and financial position of the subsidiaries when their functional currencies of Jamaican dollars and West African CFA Franc depreciated against the reporting currency of the Group during FY2023; and (ii) further loss from change in fair value of biological assets of approximately HK\$4.64 million as compared with FY2022 mainly due to the decrease in area under sugarcane of approximately 600 hectares during FY2023 as those low yielding sugarcane area needed to be ploughed to rejuvenate the soil with nutrients, and partially offset by (iii) the decrease in other operating expenses of approximately HK\$9.71 million owing to the decrease in write-down on inventory of spare parts for property, plant and equipment during FY2023; (iv) the decrease in administrative expenses of approximately HK\$5.60 million mainly by virtue of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the decrease in packaging costs involving local sales and decrease in export-related expenses when export sales declined during FY2023; (v) the increase in gross profit of approximately HK\$0.75 million by reason of increase in gross profit margin through the increase in average selling prices of raw sugar and molasses; and (vi) the increase in other net income of approximately HK\$0.38 million mainly by cause of the increase in sales of scrap metal and interest income.

As a result of the increase in loss before taxation as discussed above, the Group recorded loss for the year attributable to owners of the Company of approximately HK\$41.21 million for FY2023, representing an increase of approximately HK\$8.07 million or 24.4%, compared to the loss for the year attributable to owners of the Company of approximately HK\$33.14 million for FY2022.

As discussed with the management of the Company, in order to improve the gross profit of the Group, continuous effort has been put to improve the operational efficiency of the Group, including enhancing the farm field management and the maintenance work for factory and agricultural machinery and equipment. However, after considering that (a) as stated in the Annual Report 2023, (i) the Company expected that the raw sugar price will only be slightly increased by single digit; and (ii) the labour cost, that accounts for about 10% of production cost, is expected to be further increased as wage adjustment is demanding from local trade unions that will push up the production cost in year 2024; and (b) as discussed in the section headed “2. Prospect and outlook of the Group” below in this letter, (i) the Support Services Segment and Ethanol Biofuel Business will continue to suspend and remain inactive; and (ii) as at the Latest Practicable Date, the Company has no intention to resume the operation of the suspended Bernard Lodge Sugar Estate, Monymusk Sugar Estate and Monymusk Sugar Factory of Sugar Business; and (c) as discussed in the section headed “5. The intention of the Offeror in relation to the Group and proposed change of composition of the Board” below in this letter, (i) the Offeror did not outline detailed plan for the development of the business of the Group in the Offer Document; and (ii) the Offeror will only conduct a detailed review on the business operations and financial position of the Group after the close of the General Offer and the appointment of the new Directors to the Board, we consider that the future development of the Group will remain uncertain.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the financial position of the Group as at 31 December 2022 and 31 December 2023 respectively as extracted from the Annual Report 2023:

	As at 31 December 2022 <i>(HK\$'000)</i> audited	As at 31 December 2023 <i>(HK\$'000)</i> audited
Non-current assets		
Property, plant and equipment	6,368	5,771
Intangible asset	–	–
Right-of-use assets	–	–
	6,368	5,771
Current assets		
Biological assets – growing cane	17,975	17,606
Inventories	33,299	22,394
Trade and other receivables	4,664	2,836
Bank balances, deposits and cash	44,734	37,464
	100,672	80,300
Total assets	107,040	86,071
Current liabilities		
Trade and other payable	551,483	547,345
Contract liabilities	374	10,529
Lease liabilities	1,562	1,457
Amount due to non-controlling interests	582,581	604,559
	1,136,000	1,163,890
Non-current liabilities		
Lease liabilities	24,172	24,242
	24,172	24,242
Total liabilities	1,160,172	1,188,132
Net current liabilities	1,035,328	1,083,590
Net liabilities	1,053,132	1,102,061

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the above table, the non-current assets of the Group consist of only property, plant and equipment, which were approximately HK\$6.37 million and HK\$5.78 million as at 31 December 2022 and 31 December 2023 respectively.

The current assets of the Group were approximately HK\$100.67 million and HK\$80.30 million as at 31 December 2022 and 31 December 2023 respectively. The decrease in current assets of the Group was mainly due to (i) the decrease in inventories mainly as a result of the inventory of the consumables and components being consumed during FY2023; and (ii) the decrease in bank balances, deposits and cash mainly as a result of repayment of advance from COMPLANT Sugar during FY2023.

The current liabilities of the Group, which amounted to approximately HK\$1,136.00 million and HK\$1,163.89 million as at 31 December 2022 and 31 December 2023 respectively, mainly comprised trade and other payable and amount due to non-controlling interests. Trade and other payable of approximately HK\$547.35 million as at 31 December 2023 mainly included the amount of HK\$518,099,000 payable on demand to COMPLANT Sugar related to convertible notes that matured on 27 February 2019 and the repayment of such amount was further extended by the Supplemental Undertaking (as defined below). The amount due to non-controlling interests of approximately HK\$604.56 million as at 31 December 2023, included (i) principal of US\$13,000,000 bearing fixed interest rate of 6.15% per annum; and (ii) principal of US\$40,135,000 bearing floating interest rate of 4.31% for FY2023 and 4.60% for FY2022, is payable on demand but the Company secured a letter of support from COMPLANT Sugar of which COMPLANT Sugar has undertaken not to recall until such time as further discussed under the sub-section headed “Going concern uncertainty” below in order to maintain the Group as a going concern. The increase in current liabilities was mainly due to the increase in amount due to non-controlling interests (i.e., COMPLANT Sugar) as a result of the increase in accrued interests.

The non-current liabilities of the Group consist of only lease liabilities and remained stable.

Dividend payment

We note that the Company has not declared and distributed any dividend in the last ten years. Given the loss-making performance of the Group during FY2022 and FY2023 and the net liabilities position as at 31 December 2023 as discussed above, there is no guarantee that the Company will declare and distribute dividends to the Shareholders in future.

Going concern uncertainty

We note that the auditors of the Company had issued material uncertainty relating to the ability of the Group to continue as a going concern for FY2023 in the Annual Report 2023 as the Group has incurred a net loss of approximately HK\$58.27 million for FY2023 and the Group had net current liabilities and net liabilities of approximately HK\$1,083.59 million and approximately HK\$1,102.06 million respectively as at 31 December 2023. The

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

auditors of the Company considered that the Group's financial conditions indicated the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

As disclosed in the Annual Report 2023, in view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance and also the following measures:

1. The substantial shareholder of the Company, COMPLANT Sugar, had granted an irrevocable supplemental undertaking (the "**Supplemental Undertaking**") on 22 December 2023 in favour of the Company. Pursuant to the Supplemental Undertaking, conditional upon the entering into an agreement for a formal repayment plan, COMPLANT Sugar will not demand repayment of or performance of obligations under the amount payable on demand of HK\$518,099,000 until 31 December 2025 (the "**Extended Period**");
2. The Company secured a letter of support from COMPLANT Sugar on 28 March 2024 of which COMPLANT Sugar has undertaken at least for the period of a cash flow forecast covering 12-month from the date of approval of the consolidated financial statements of the Annual Report 2023 to provide continuing financial support and will not recall any of the amounts due to it, until the Group is able to pay its other creditors in the normal course of business, in order to maintain the Group as a going concern; and
3. The Company will take the Extended Period to improve the financial performance of the Group to enable the Company to bargain for a more favourable terms when restructuring the liabilities.

Assuming the successful implementation of the above measures, the Directors were of the opinion that the Group would have sufficient financial resources to finance the operations and meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis notwithstanding that a material uncertainty exists related to the above conditions that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their net realisable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements in the Annual Report 2023. According to the Annual Report 2023, the auditors of the Company concluded on the appropriateness of the directors' use of the going concern basis of accounting based on the audit evidence obtained. The opinion of the auditors of the Company was not modified in respect of the going concern issue. Please refer to the section

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

headed “Independent Auditor’s Report” in Annual Report 2023 and the section headed “2. Audited consolidated financial statements of the Group” in Appendix I of the Response Document for details.

As confirmed by the management of the Company, the General Offer will have no effect on validity of the Supplemental Undertaking and letter of support from COMPLANT Sugar. However, in view of the financial condition of the Group, including the loss-making position for the FY2022 and FY2023, net current liabilities and net liabilities position as at 31 December 2022 and 31 December 2023, and the material uncertainty relating to the ability of the Group to continue as a going concern as issued by the auditors of the Company, we are of the view that there are uncertainties which may cast doubt on the Group’s ability to continue as a going concern without the continuous financial support from the substantial shareholder of the Company and other debt restructuring measures as discussed above.

The Offer Shareholders are advised to take into account the material uncertainties relating to going concern as reported by the auditors of the Company on the consolidated financial statements of the Group. Please refer to Appendix I to this Response Document for further details. Those Offer Shareholders who decide to retain part or all of their investments in the Shares should aware of the potential risks associated with the material uncertainties relating to going concern and carefully monitor the Group’s financial performance and actions taken by the Group in respect of implementation of the above measures as well as the intention of the Offeror in relation to the Group in the future.

2. Prospect and outlook of the Group

As discussed above, all revenue of the Group was generated from Sugar Business for FY2022 and FY2023. We have reviewed the section headed “Chairman’s Statement & Management Discussion and Analysis” in the Annual Report 2023 in respect of the operation and prospect of the Group as follows:

According to the Annual Report 2023, the Support Services Segment remain inactive and did not record revenue for FY2022 and FY2023. The Support Services Segment was seriously hindered by the proposed resolution in respect of the renewal of the continuing connected transactions in relation to the 2019-2021 supply agreements with customers and supplier, but was voted down by the independent shareholders at the extraordinary general meeting of the Company held on 31 May 2019. Therefore, the Support Services Segment cannot carry out any continuing connected transaction with connected parties. A subsidiary incorporated in the PRC under the Support Services Segment had been wound up on 5 December 2022 because of its diminishing business prospects and to avoid the maintenance cost of retenting staff and an office in the PRC. The remaining subsidiary under the Support Services Segment will continue to suspend those continuing connected transactions with connected parties in year 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For Sugar Business, the Group has three sugar estates, namely Bernard Lodge Sugar Estate, Monymusk Sugar Estate and Frome Sugar Estate and two sugar factories, namely Monymusk Sugar Factory and Frome Sugar Factory in Jamaica. Due to the severe business environment for the sugar cane growing and sugar manufacturing business impacted by the decrease in supply of sugar cane resulting from drought in the year of 2015 in Jamaica, the Group has suspended certain agricultural and factory operations that are under serious loss since June 2016, which include two sugar estates of Bernard Lodge Sugar Estate and Monymusk Sugar Estate as well as one sugar factory of Monymusk Sugar Factory. The operation of Monymusk Sugar Factory was resumed in year 2018 but suspended again in 2019. As discussed with the management of the Company, all revenue of Sugar Business was generated from Frome Sugar Estate and Frome Sugar Factory since the suspension of the Monymusk Sugar Factory in 2019. As at the Latest Practicable Date, the Group has no intention to resume the operation of Bernard Lodge Sugar Estate, Monymusk Sugar Estate and Monymusk Sugar Factory, therefore, the Group will continue to operate solely the Frome Sugar Estate and Frome Sugar Factory before any business plan to be provided by the Offeror. Business plan to improve the business or financial position of the Group has yet to be provided by the Offeror and the Offeror will only conduct a detailed review on the business operations and financial position of the Group after the close of the General Offer and the appointment of the new Directors to the Board.

The Ethanol Biofuel Business in Benin is operated by Compagnie Beninoise De Bioenergie SA (“**CBB**”), a company incorporated under the Republic of Benin with limited liability and is a 90% indirectly owned subsidiary of the Company. The construction of ethanol plant of CBB continues to suspend because the Government of the Republic of Benin is still unable to execute the leased land provision under the cooperation agreement entered into with the Group on 3 October 2011. With reference to the announcement of the Company dated 3 March 2014, the leased land (the “**Leased Land**”) represents 4,800 hectare of land at annual rental of 11,875 FCFA (approximately HK\$185) per hectare for the cultivation of cassava and/or sugar cane for the project of the production of bioethanol in Benin. The Leased Land is still unavailable for CBB for cultivation of cassava and/or sugar cane to supply raw materials of its production of bioethanol. Construction works were still under suspension pending for appropriate alternate business plan. According to the Annual Report 2023, the Board considered that the likelihood to resume the construction in near future is still extremely remote as the Group still cannot figure out how to obtain sufficient raw materials under the situation Leased Land is not made available by the Government of the Republic of Benin.

As stated in the Offer Document, the Offeror intends that the Group will continue its existing businesses in Support Services Segment, Sugar Business and Ethanol Biofuel Business and will maintain its listing status on the Stock Exchange following the close of the General Offer. Given that (i) the continuing connected transaction under Support Services Segment is suspended; (ii) the construction of ethanol plant of CBB remains uncertain; and (iii) all revenue of the Group was generated from Sugar Business as discussed above, we focus our desktop research on the outlook and prospect of the Sugar Business in Jamaica.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

From our review of the Annual Report 2023, we note that the domestic sales in Jamaica accounted for 93% and 100% of total sales of Sugar Business of the Group for FY2022 and FY2023 respectively. The remaining 7% of total sales of Sugar Business for FY2022 was exported to the United States. In order to get better grasp of the outlook and prospect of the Sugar Business in Jamaica, we have conducted desktop research and reviewed the report on the website of the United States Department of Agriculture Foreign Agricultural Service issued on 15 April 2024 (the “**US DAFAS Report**”) (https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Sugar%20Annual_Kingston_Jamaica_JM2024-0001.pdf) in respect of the recent development of sugar industry in Jamaica.

According to the US DAFAS Report, for the marketing year from October 2023 to September 2024, approximately 14,000 hectares were dedicated to sugar cane cultivation in Jamaica. Of the total area planted, approximately only half the area was harvested due to ongoing issues, such as unreliable labour availability and inefficiencies within factories, which have plagued the sector in the last few years. With only two sugar factories presently operational in Jamaica, the report projects that the area planted will hold steady at 14,000 hectares in the marketing year 2024/2025. Industry data shows consistent underperformance in key production areas for both raw sugar and sugarcane over the last several years, which represents a steady decline in raw sugar production from 48,000 metric tons in market year 2020/2021 to 36,000 metric tons in marketing year 2023/2024. The decline in Jamaica’s raw sugar production is due to various factors, including the rising costs of inputs, fertilizers, labour shortages, and reduced land availability. Former sugarcane cultivation areas have now been repurposed for housing and other cash crops, further exacerbating the decline. The government of Jamaica has also redistributed lands, which were previously under sugarcane cultivation for other agricultural undertakings. Most sugar mills have ceased operations in recent years, leaving only two sugar mills operating in Jamaica, namely Pan Caribbean, which is the subsidiary of the Group that operates the Sugar Business, and Worthy Park , an independent third party.

The US DAFAS Report also stated that Jamaica has historically exported sugar to the European Union under the European Union Sugar Protocol (“**EUSP**”), which was extended to countries of the African, Caribbean, and Pacific group (“**ACP Countries**”). In 2013, the European Union revised the Common Agricultural Policy, EUCAP, effectively removing the preferential price enjoyed by ACP Countries. This led to ACP Countries, such as Jamaica, to operate under the market conditions without the incentives from the EUSP enjoyed by ACP Countries, which have the issues of high input costs and low efficiency compared to the sugar markets other than ACP Countries. The changes to the European Union’s policy reshaped Jamaica’s raw sugar marketing strategies. After the change of the European Union’s policy, sugar in Jamaica is primarily used for domestic purposes, and exported to the Caribbean, the United States (based on a pre-determined quota), and in modest quantities to the European Union. It is expected that Jamaica will continue to export raw sugar to the United States under the World Trade Organization tariff-rate quota program and will continue to meet demand in both local and Caribbean export markets, particularly where prices are competitive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

After considering that (i) the Group has been loss-making for FY2022 and FY2023; (ii) the net liabilities position of the Group as at 31 December 2023; (iii) the receded sugar production in past few years in Jamaica and the challenging market condition of the Sugar Business; (iv) no intention by the Company as at the Latest Practicable Date for the resumption of the suspended Bernard Lodge Sugar Estate, Monymusk Sugar Estate and Monymusk Sugar Factory of Sugar Business and the resumption of the Support Services Segment and Ethanol Biofuel Business; and (v) as stated in the Offer Document, the Offeror does not have any plan and/or intention to change the scale of the Group's existing principal businesses and will only conduct a detailed review on the business operations and financial position of the Group after the close of the General Offer and the appointment of the new Directors to the Board in order to formulate a long-term strategy for the Group to enhance the value of the Group, we consider that the Group's business prospects and outlook will remain unclear.

3. Information of China Complant and COMPLANT Sugar

China Complant

China Complant, a state-owned company incorporated in the PRC, is a wholly-owned subsidiary of State Development & Investment Corp., Ltd. (國家開發投資集團有限公司) and ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council.

Immediately before Completion, China Complant was holding approximately 36.51% of the total issued share capital of the Company and 30.00 % equity interest in COMPLANT Sugar. Immediately after Completion and as at the Latest Practicable Date, China Complant does not have any equity interests in the Company or COMPLANT Sugar.

China Complant, through its subsidiaries, is principally engaged in international cooperation projects (including China-aided foreign projects, international contracting projects, labor services, complete plant export and other related business) and offshore investment and lease operation in sugar industry.

COMPLANT Sugar

COMPLANT Sugar is a company incorporated in the Cayman Islands with limited liability. Immediately before Completion, it was owned as to 30% by China Complant, 40% (subject to the Share Charge) by Xinjiang Botai and 30% by Africa-Asia Investment. Immediately after Completion, COMPLANT Sugar is owned as to 70% by Guangken and 30% by Africa-Asia Investment. The principal business activities of COMPLANT Sugar are sugar cane planting and production of sugar products and ethanol in Africa and Jamaica.

Xinjiang Botai is a company established in the PRC with limited liability. The principal business activities of Xinjiang Botai are development of chemical products and the provision of oil drilling and related services in Xinjiang, the PRC. To the best of the Company's information and knowledge, Xinjiang Botai is controlled by Mr. Zeng Wei.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Africa-Asia Investment is a company incorporated in the British Virgin Islands with limited liability. The principal business activities of Africa-Asia Investment are overseas investment in sugar industry and lease operations in various overseas jurisdictions, namely Togo, Benin, Madagascar and Jamaica. To the best of the Company's information and knowledge, Africa-Asia Investment is controlled by Mr. Yi Guo Xiao.

As at Completion and the Latest Practicable Date, COMPLANT Sugar is interested in approximately 13.69% of the total issued share capital of the Company.

4. Information of Guangken and the Offeror

Guangken

According to the Offer Document, Guangken is a company established in the PRC in 1995 and a wholly people-owned enterprise (全民所有制企業) directly wholly-owned by the Ministry of Agriculture and Rural Affairs. The principal business activities of Guangken and its subsidiaries (the "**Guangken Group**") involve the plantation, processing and sale of rubber, sugar cane, Chinese herbal medicine and other businesses (including but not limited to grain and oil, provision of agricultural products distribution service, and real estate and property). The factories of the Guangken Group that involve in the rubber production and processing business are located in both the PRC and Southeast Asia, most of which are self-owned. The sale of rubber mainly takes place in the PRC and also to other countries comprise Southeast Asia, Europe, America and the Middle East. The plantation and processing of sugar cane was principally conducted in the self-owned production bases located in the PRC, and the sale of sugar cane mainly takes place in the PRC; while other businesses of the Guangken Group are also carried out and located in the PRC. As at the Latest Practicable Date, the total number of employees of Guangken Group are more than 29,000.

As stated in the Offer Document, according to the consolidated audited report of the Guangken Group prepared in accordance with the general accepted accounting principles of the PRC, the total revenue of the Guangken Group for FY2023 was approximately RMB26,883 million, of which approximately 51.0% and 12.4% was generated from the sale of rubber and sugar cane, respectively. As at 31 December 2023, its total assets were approximately RMB42,438 million.

The Offeror

According to the Offer Document, the Offeror is a company established in Singapore in 2011 and an indirect wholly-owned subsidiary of Guangken. The principal business activities of the Offeror involve the sales and trading of rubber in the PRC.

As stated in the Offer Document, according to the audited financial statement of the Offeror prepared in accordance with the Singapore Standards on Auditing, the revenue of the Offeror was approximately US\$12.1 million for FY2023 and its total assets were approximately US\$174.7 million as at 31 December 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. The intention of the Offeror in relation to the Group and proposed change of composition of the Board

Intention of the Offeror in relation to the Group

As stated in the Offer Document, the Offeror intends that the Group will continue its existing businesses in Support Services Segment, Sugar Business and Ethanol Biofuel Business and will maintain its listing status on the Stock Exchange following the close of the General Offer.

According to the Offer Document, Sugar Business in Jamaica has faced a lot of difficult challenges during the year, including (i) the high cost structure of the sugar industry in Jamaica; (ii) the reduction in the new sugar cane planting activities; and (iii) labour shortage. Having considered one of the principal businesses of the Company is engaged in the growing of sugar canes and the manufacture of sugar, the business activities of which are complementary to the sugar cane production undertaken by Guangken, the Guangken Group, with its expertise in the sugar industry and its experience in managing the production and sales of sugar cane, will continue to provide full support to the Company and all kinds of technical supports in the areas of sugar cane plantation and sugar production in order to enlarge the production capacity, improve the efficiency, reduce production cost and enhance the long-term growth potential of the Company. On the other hand, the Offeror believes that investing in the Company could create synergy effect to Guangken's business by expanding its scales of sugar production and sales to overseas jurisdictions with an aim to improve the overall financial condition of the Group. The Offeror intends to leverage the synergies between Guangken and the Group to explore related business opportunities in the future. Hence it is in its commercial interests to invest in the Company in terms of the long-term commercial justification. As at the Latest Practicable Date, the Offeror does not have any plan and/or intention to downsize or change the scale of the Group's existing principal businesses.

Upon the close of the General Offer, the Offeror intends to nominate new director(s) to the Board with effect from a date which is no earlier than such date permitted under the Listing Rules and the Takeovers Code or such later date as the Offeror considers to be appropriate in compliance with the Takeovers Code. Such new director(s) of the Board is expected to perform an assessment on whether there is a need for a change to the senior management of the Group and to conduct a detailed review on the business operations and financial position of the Group in order to formulate a long-term strategy for the Group, and propose any changes they deem necessary or appropriate to the Group's business and operations to enhance the value of the Group. As at the Latest Practicable Date, the Offeror has not identified any potential candidate to be appointed as a new director to the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, no investment or business opportunity has been identified nor have the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group, or disposal of or downsizing of the Group's existing business. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

As at the Latest Practicable Date, the Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeover Codes) or to acquire, dispose of or re-deploy the assets of the Group (other than those in its ordinary course of business).

According to the Response Document, the Board is aware of the intention of the Offeror in respect of the Group and its employees as stated in the Offer Document and is willing to render reasonable co-operation with the Offeror during the transitional period and continue to act in the best interests of the Company and the Shareholders as a whole.

Proposed change of composition of the Board

As at the Latest Practicable Date, the Board comprised Mr. Han Hong, Mr. Wang Zhaohui and Mr. Zhang Qi as the executive Directors; Mr. Zhang Zhaogang and Ms. Chen Si as the non-executive Directors; and Mr. Cheng Tai Kwan Sunny, Mr. Shi Zhu and Dr. Lu Heng Henry, as the independent non-executive Directors.

As stated in the Offer Document, it is the intention of the Offeror that there will be a change in the composition of the Board. The Offeror is in the process of identifying suitable personnel for the positions of executive Directors, non-executive Directors and independent non-executive Directors. Once the appointment of the new Directors is confirmed, further announcement(s) will be made setting out details of the appointment of such Directors in accordance with Rule 13.51(2) of the Listing Rules. All appointments and resignations of Directors would be made in full compliance with the requirements of the Takeovers Code and further announcement(s) will be made by the Company in accordance with the requirements of the Listing Rules.

Although the Offeror stated in the Offer Document that the Guangken Group involves in, among other things, the sugar production in the PRC and investing in the Company could create synergy effect to Guangken's business, having taken into account that (i) the receded sugar production in the past few years in Jamaica as discussed in section headed "2. Prospect and outlook of the Group" in this letter above; (ii) the Offeror has yet to provide any plan on the long term strategy for the future development of the Group and to improve the business operation and financial condition of the Group in the Offer Document and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

detailed review on the business operations and financial position of the Group to formulate a long-term strategy for the Group will be conducted by the new Directors to be appointed by the Offeror; and (iii) the new Directors to be nominated by the Offeror have not yet be identified, thus lack of identity or credentials on the expertise of the new Directors in the existing business of the Group have been provided in the Offer Document, we consider that the Offeror's plan to improve the business operation and financial condition of the Group and its long-term strategy were unclear as at the Latest Practicable Date and the synergy effect between Guangken and the Group's business as discussed in the Offer Document has yet to be proven. Those Offer Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the measures to be taken by the Offeror and the Group and their implementation in the future.

6. Public float and maintaining the listing status of the Company

As stated in the Offer Document, the Offeror intends to maintain the listing status of the issued Shares on the Stock Exchange following the close of the General Offer.

If, at the close of the General Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares(excluding treasury shares), are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

As stated in the Offer Document, the Offeror intends the Company to remain listed on the Stock Exchange. As further stated in the Offer Document, the sole director of the Offeror and the new director(s) to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the Closing Date. Further announcement(s) will be made as and when necessary.

7. Principal terms of the General Offer

According to the Offer Document, the Offeror had taken into account the decision of the Takeovers and Mergers Panel dated 27 August 2022 and voluntarily offered a higher offer price at HK\$0.156 per Offer Share.

The Offer Price of HK\$0.156 per Offer Share represents:

- (i) a premium of approximately 1.30% over the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 3.11% to the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) a discount of approximately 6.59% to the average closing price of approximately HK\$0.167 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 discount of approximately 0.64% to the average closing price of HK\$0.157 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 1.96% over the average closing price of HK\$0.153 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 0.65% over the average closing price of HK\$0.155 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 0.65% over the average closing price of HK\$0.155 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day;
- (viii) the average closing price of HK\$0.156 per Share as quoted on the Stock Exchange for the last 120 consecutive trading days up to and including the Last Trading Day; and
- (ix) a premium of approximately HK\$0.659 over the audited net liabilities per Share of approximately HK\$0.503 calculated based on the Group's audited consolidated net liabilities of approximately HK\$1,102.06 million as at 31 December 2023, divided by a total of 2,191,180,000 Shares in issue as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical Share price performance

In order to assess the fairness and reasonableness of the Offer Price, we have reviewed the chart and table that illustrate the historical daily closing price as quoted on the Stock Exchange during (i) the period commencing from 29 May 2023 up to and including the Last Trading Day (the “**Pre-Announcement Period**”), being approximately one year prior to the Last Trading Day; and (ii) the period commencing from 21 June 2024 (i.e. the date of the resumption of trading of the Shares after publication of the Joint Announcement) to the Latest Practicable Date (the “**Post-Announcement Period**”) (collectively, the “**Review Period**”). We consider that the Review Period is adequate as it represents a reasonable period to reflect a general overview of the historical price movement of the Shares that covers a full year prior to the Last Trading Day, which includes the release of the interim results for the six months ended 30 June 2023 and the annual results for FY2023, and avoids any short-term fluctuation of the Share price, which may distort our analysis. The following chart sets out the daily closing price of the Shares on the Stock Exchange during the Review Period:

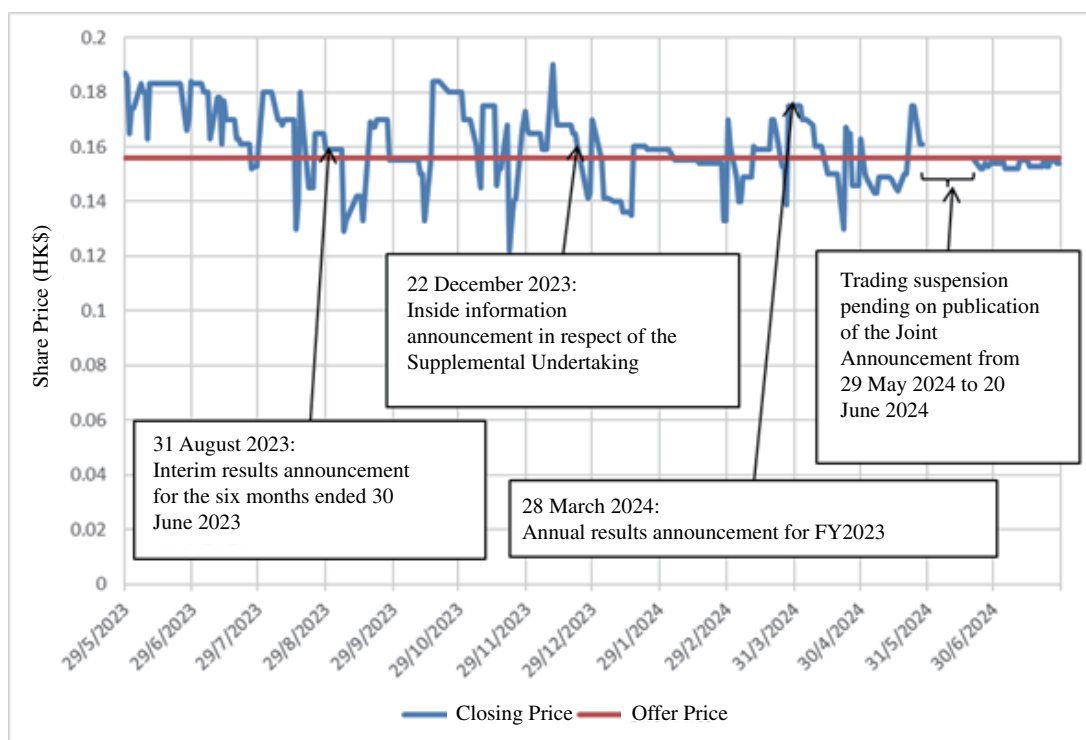


Chart 1: Historical Share price performance of the Company during the Review Period

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the above Chart 1, during the Pre-Announcement Period, the daily closing price of the Shares was relatively stable and ranged from the lowest of HK\$0.122 per Share to the highest of HK\$0.190 per Share, with an average closing price of HK\$0.161 per Share. We note that the Offer Price of HK\$0.156 per Offer Share is within the range of the closing price of Shares during the Pre-Announcement Period and represents a slight discount of approximately 3.1% to the average closing price of the Shares during the Pre-Announcement Period. Having considered that the Offeror voluntarily offered a higher offer price at HK\$0.156 per Offer Share, which is a premium of approximately 23.8% over the price of HK\$0.126 per Share as calculated under the decision of the Takeovers and Mergers Panel dated 27 August 2022, we consider that the discount of the Offer Price to the average closing price of the Shares during the Pre-Announcement Period is acceptable.

During the Post-Announcement Period, the daily closing price of the Shares ranged from the lowest of HK\$0.152 per Share to the highest of HK\$0.156 per Share, with an average closing price of HK\$0.153 per Share. We note that the Offer Price of HK\$0.156 per Offer Share is within the range of the closing price of the Shares and more favourable than the average closing price of the Shares during the Post-Announcement Period.

Trading volume of the Shares

In addition to the historical closing price of the Shares, we have also reviewed the trading volume of the Shares during the Review Period. The table below summarizes the trading volume of the Shares during the Review Period:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Month	Total trading volume of Shares <i>(Shares)</i>	Number of trading days <i>(days)</i>	Approximate average daily trading volume of the Shares <i>(Shares)</i>	Approximate percentage of average daily trading volume to the total number of issued Shares held by public Shareholders <i>(Note 1)</i>
Pre-Announcement Period				
2023				
29 May to 31 May	180,000	3	60,000	0.005%
June	1,248,000	21	59,429	0.005%
July	264,000	20	13,200	0.001%
August	2,140,000	23	93,043	0.009%
September	286,000	19	15,053	0.001%
October	630,000	20	31,500	0.003%
November	2,010,000	22	91,364	0.008%
December	1,130,000	19	59,474	0.005%
2024				
January	364,000	22	16,545	0.002%
February	96,000	19	5,053	0.000%
March	844,000	20	42,200	0.004%
April	1,100,000	20	55,000	0.005%
1 May to Last Trading Day	4,280,000	18	237,778	0.022%
Post-Announcement Period				
2024				
21 June to 28 June	35,652,000	6	5,942,000	0.545%
2 July to Latest Practicable Date	7,676,000	21	365,524	0.033%

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

Note:

- The percentage is calculated based on the approximate average daily trading volume of the Shares divided by the total number of issued Shares held by public Shareholders, which represents the total number of issued Shares at the end of each month or period subtracted by the number of issued Shares held by Guangken, China Complant and COMPLANT Sugar (where applicable).

During the Pre-Announcement Period, the average daily trading volume of the Shares ranged between 5,053 Shares and 237,778 Shares, representing approximately 0.000% and 0.022% of the total number of issued Shares held by the public Shareholders at the end of the relevant months respectively. Therefore, we consider the trading of the Shares of the Company was thin during the Pre-Announcement Period given that the average daily trading volume of the Shares during the Pre-Announcement Period represents less than 0.030% to the total number of the Shares held by public Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the Post-Announcement Period, the average daily trading volume of the Shares ranged between 365,524 Shares and 5,942,000 Shares, representing approximately 0.033% and 0.545% of the total number of issued Shares held by the public Shareholders at the end of the relevant months respectively. Although the increment in the trading volume of the Shares during the Post-Announcement Period may be caused by positive market reaction in relation to the transactions set out in the Joint Announcement, there is no guarantee that such increment in the six trading days in June 2024 would be sustainable as the trading volume has decreased in July 2024.

Comparable analysis

To further evaluate the fairness and reasonableness of the Offer Price, we have attempted to carry out comparable companies analysis to compare the Offer Price against the market valuation of other comparable companies using the commonly adopted comparison benchmarks in the evaluation of a company, namely the price-to-earnings ratio and price-to-book ratio. However, as the Group recorded net losses in the latest two financial years and net liabilities as at 31 December 2023 as disclosed in the Annual Report 2023, the analysis of the price-to-earnings ratio and price-to-book ratio is not applicable. Therefore, we consider the comparable companies analysis to compare the Offer Price against the market valuation of other comparable companies is not meaningful.

To provide further information to the Offer Shareholders, we have attempted to search for but were not able to find any mandatory general offer transaction (excluding share buy-back, privatisation, whitewash and rescue-related transactions) announced by the company, which is listed on the Stock Exchange and engaged in similar business as the Group, during the Pre-Announcement Period. Given that the value of the General Offer is approximately HK\$341.82 million based on the Offer Price and the number of Shares in issue as at the Latest Practicable Date, we conducted instead a research and analysis of comparable mandatory general offer transactions (excluding share buy-back, privatisation, whitewash and rescue-related transactions) announced during the Pre-Announcement Period by the companies, which (i) are listed on the Stock Exchange; and (ii) are with implied market capitalisation ranged from HK\$100 million to HK\$500 million as calculated based on the corresponding offer prices and number of issued shares as at date of respective offer announcements. In this connection, we have conducted an exhaustive search on the website of the Stock Exchange and identified a total of 13 comparable transactions (the “**Comparable Transactions**”). We consider the above search criteria to be generally relevant to the General Offer, and the sample size is reasonably sufficient and representative for the purpose of our analysis. We also consider that the Pre-Announcement Period is adequate and appropriate (i) to reflect the prevailing market conditions and sentiment in the Hong Kong stock market when the Offer Price was determined; and (ii) to provide a general reference of the recent mandatory general offer transactions being conducted under similar market conditions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Although the subject companies under the Comparable Transactions may have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company, we are of the view that the analysis of the Comparable Transactions is meaningful for illustration purpose and is relevant in comparing the premium and discount of the offer prices over/to the respective closing prices and average closing prices in the market of other similar transactions to the General Offer to enable the Offer Shareholders to make a balanced and informed decision of whether the Offer Price is fair and reasonable given that (i) the premium and discount of the offer prices of the Comparable Transactions can provide the general pricing trend of the offer prices of recent mandatory general offer transactions of listed companies in Hong Kong that the offerors are willing to pay to the independent shareholders in order to obtain control over a listed company under the current economic condition with reference to the respective closing prices and average closing prices; and (ii) the purpose of the analysis is to compare the premium and discount of the Offer Price with the premium and discount of the offer prices of the Comparable Transactions over/to respective closing prices and average closing prices so as to determine whether the Offer Price is in line with the offer prices of the recent general offer exercises in the market.

Set out below is a summary of the Comparable Transactions:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Name of company	Stock code	Implied market capitalisation based on the offer price (HK\$ million) (Note 1)	Offer price (HK\$)	Premium/ (discount) of offer price over/(to) the closing price on the last trading day	Premium/ (discount) of offer price over/(to) the average closing price for the five (5) consecutive trading days up to and including the last trading day	Premium/ (discount) of offer price over/(to) the average closing price for the ten (10) consecutive trading days up to and including the last trading day	Premium/ (discount) of offer price over/(to) the average closing price for the thirty (30) consecutive trading days up to and including the last trading day
1	26 April 2024	i-Control Holdings Limited	241.62	0.23	27.78%	27.78%	27.78%	36.90%
2	12 April 2024	Vision International Holdings Limited	114.90	0.8483	(83.03)%	(83.41)%	(83.82)%	(83.95)%
3	31 January 2024	Modern Living Investments Holdings Limited	280.00	0.35	22.81%	25.45%	38.34%	73.27%
4	1 December 2023	KFM Kingdom Holdings Limited	180.00	0.3	3.45%	10.70%	18.58%	27.66%
5	30 October 2023	China Rongzhong Financial Holdings Company Limited	159.89	0.38	(9.52)%	(9.09)%	(8.87)%	(7.54)%
6	10 October 2023	Yield Go Holdings Ltd.	220.94	0.4603	(76.87)%	(75.98)%	(70.66)%	(60.18)%
7	28 September 2023	Honworld Group Limited	291.34	0.5034	19.86%	20.72%	17.75%	13.08%
8	27 September 2023	Artini Holdings Limited	200.04	0.1812	(18.74)%	(16.27)%	(13.92)%	(20.61)%
9	28 August 2023	Kingwisoft Technology Group Company Limited	145.19	0.0304	1.33%	(5.00)%	(13.14)%	(17.84)%
10	10 August 2023	Li Bao Ge Group Limited	143.66	0.13	(47.80)%	(48.00)%	(46.90)%	(43.00)%
11	3 August 2023	First Shanghai Investments Limited	172.12	0.11	(12.00)%	(9.80)%	(10.60)%	(12.70)%
12	28 July 2023	Hong Kong Resources Holdings Company Limited	188.77	0.7	66.67%	66.67%	75.00%	71.57%
13	21 July 2023	Vision International Holdings Limited	287.76	2.18	(Note 2) (69.72)%	(Note 2) (64.26)%	(Note 2) (60.22)%	(Note 2) (51.77)%
				Maximum	66.67%	66.67%	75.00%	73.27%
				Minimum	(83.03)%	(83.41)%	(83.82)%	(83.95)%
				Average	(13.52)%	(12.35)%	(10.05)%	(5.78)%
20 June 2024	The Company	969	341.82	0.156	(3.11)%	(6.59)%	(0.64)%	1.96%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

Notes:

- 1. The calculation is based on the offer price multiplied by the number of issued shares of the company as at the date of respective offer announcement of the Comparable Transactions.*
- 2. The closing price on 27 July 2023 is used as the basis for comparison as the trading of the shares of Hong Kong Resources Holdings Company Limited (stock code: 2882) was suspended at 10:23 a.m. on 28 July 2023 pending the publication of the joint announcement.*

Based on the above analysis, we note that:

- (a) the premium/(discount) of offer price over/(to) closing price on the last trading day of the Comparable Transactions ranged from discount of approximately 83.03% to premium of approximately 66.67% with an average of discount of approximately 13.52%;
- (b) the premium/(discount) of offer price over/(to) the average closing price for the five (5) consecutive trading days up to and including the last trading day of the Comparable Transactions ranged from discount of approximately 83.41% to premium of approximately 66.67% with an average of discount of approximately 12.35%;
- (c) the premium/(discount) of offer price over/(to) the average closing price for the ten (10) consecutive trading days up to and including the last trading day of the Comparable Transactions ranged from discount of approximately 83.82% to premium of approximately 75.00% with an average of discount of approximately 10.05%; and
- (d) the premium/(discount) of offer price over/(to) the average closing price for the thirty (30) consecutive trading days up to and including the last trading day of the Comparable Transactions ranged from discount of approximately 83.95% to premium of approximately 73.27% with an average of discount of approximately 5.78%.

Although there is a wide range of the premium and discount of the offer price in the analysis of the Comparable Transactions, after reviewing the financial position and the share price movement prior to the joint announcement of the underlying companies of the Comparable Transactions with high premium or discount, we are not aware of any other reason or factor correlated to such high premium and discount for those Comparable Transactions. Therefore, we consider the above comparable results provide a meaningful comparison despite the wide range of the premium and discount of the offer price resulted in the above analysis. Based on the result of the analysis of the Comparable Transactions as stated above, we note that the discount and premium of the Offer Price over/to the closing price and the average closing price is within all the range of the Comparable Transactions as mentioned above and is more favourable than the average of the Comparable Transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our analysis of historical share price performance, trading volume of the Shares and comparable analysis above, after considering that, (i) the Offer Price represents a premium of approximately 23.8% over the price of HK\$0.126 per Offer Share as calculated based on the decision of the Takeovers and Mergers Panel dated 27 August 2022; (ii) as illustrated in Chart 1 under the paragraph headed “Historical Share price performance” above, the Offer Price is within the range of the closing price of Shares during the Pre-Announcement Period and is more favourable than the average closing price of the Shares during the Post-Announcement Period; (iii) as discussed under the paragraph headed “Trading volume of the Shares” above, the low liquidity of the Shares might cause difficulty for the Offer Shareholders to dispose of their Shares in the market, in particular for those who would like to dispose of substantial amount of Shares without adversely affecting the price of the Shares; and (iv) the discount and premium of the Offer Price over/to the closing price and the average closing price is within all the range of the Comparable Transactions and is more favourable than the average of the Comparable Transactions, we consider that the Offer Price is fair and reasonable and the General Offer provides an opportunity for the Offer Shareholders who would like to realise their investments in the Shares, especially for those holding a large block of the Shares, at the Offer Price.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, in particular, that:

- (i) the financial position of the Group as at 31 December 2022 and 31 December 2023, and material uncertainties relating to the going concern basis of the Group as raised by the auditors of the Company for FY2022 and FY2023;
- (ii) outlook and prospect of the Group remains uncertain due to the receded raw sugar production in past few years in Jamaica;
- (iii) no business plan is provided by the Company and the Offeror to expand the revenue source of the Group, to restructure the Group’s liabilities nor to demonstrate the synergy between Guangken and the Group;
- (iv) the Offeror has not determined the change of board composition of the Company as at Latest Practicable Date;
- (v) the Offer Price represents a premium over the price as calculated based on the decision of the Takeovers and Mergers Panel dated 27 August 2022;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) the Offer Price represents a slight discount to the average of the closing price of the Shares during the Pre-Announcement Period but it is within the range of the closing price of the Shares during the Pre-Announcement Period and is more favourable than the average closing price of the Shares during the Post-Announcement Period; and
- (vii) the low liquidity of the Shares might cause difficulty for the Offer Shareholders to dispose of their Shares in the market,

we are of the view that the terms of General Offer are fair and reasonable so far as the Company and the Offer Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Offer Shareholders to accept the General Offer. The Offer Shareholders should read carefully the procedures for acceptance of the General Offer as detailed in the Offer Document, the appendices to the Offer Document and the Form of Acceptance, if they wish to accept the General Offer.

We would like to remind the Offer Shareholders that, if they consider retaining their Shares under the General Offer, they should (i) carefully consider the potential difficulties they may encounter in disposing their investments in the Shares after the close of the General Offer due to the historical low liquidity of the Shares; and (ii) closely monitor the development of the Group and any announcements of the Company regarding the Offeror's business strategies during and after the Offer Period, in particular, the potential risks associated with the material uncertainties relating to going concern and actions taken by the Group in respect of implementation of the measures for the going concern issue.

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

Yours faithfully,
For and on behalf of
INCUBORPORATE FINANCE LIMITED
Gina Leung **Psyche So**
Managing Director *Associate Director*

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 as extracted from the 2021 Annual Report, 2022 Annual Report and 2023 Annual Report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December		
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	142,298	142,835	135,619
Cost of sales	<u>(120,703)</u>	<u>(121,989)</u>	<u>(113,675)</u>
Gross profit	21,595	20,846	21,944
Change in fair value of biological assets	(21,129)	(16,487)	(4,122)
Other income, net	4,865	4,492	4,919
Administrative expenses	(27,483)	(33,076)	(28,363)
Other operating (expenses)/income, net	(1,482)	(11,187)	24,650
Finance costs	<u>(34,633)</u>	<u>(10,077)</u>	<u>(76,327)</u>
Loss before income tax	(58,267)	(45,489)	(57,299)
Income tax expense	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the year	(58,267)	(45,489)	(57,299)
Other comprehensive income/(loss), net of tax			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operation	<u>9,338</u>	<u>(18,690)</u>	<u>53,501</u>
Total comprehensive loss for the year	<u><u>(48,929)</u></u>	<u><u>(64,179)</u></u>	<u><u>(3,798)</u></u>
Loss for the year attributable to			
Owners of the Company	(41,212)	(33,138)	(33,178)
Non-controlling interests	<u>(17,055)</u>	<u>(12,351)</u>	<u>(24,121)</u>
	<u><u>(58,267)</u></u>	<u><u>(45,489)</u></u>	<u><u>(57,299)</u></u>
Total comprehensive loss for the year attributable to			
Owners of the Company	(35,551)	(39,161)	(3,065)
Non-controlling interests	<u>(13,378)</u>	<u>(25,018)</u>	<u>(733)</u>
	<u><u>(48,929)</u></u>	<u><u>(64,179)</u></u>	<u><u>(3,798)</u></u>
Loss per Share – (HK cents)			
– Basic	(1.88)	(1.51)	(1.51)
– Diluted	<u>(1.88)</u>	<u>(1.51)</u>	<u>(1.51)</u>
Dividend per Share	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment	5,771	6,368	6,686
Intangible asset	–	–	–
Right-of-use asset	–	–	–
Total non-current assets	<u>5,771</u>	<u>6,368</u>	<u>6,686</u>
Current assets			
Biological assets – growing cane	17,606	17,975	18,719
Inventories	22,394	33,299	37,926
Trade and other receivables	2,836	4,664	6,772
Bank balances, deposits and cash	37,464	44,734	81,162
Total current assets	<u>80,300</u>	<u>100,672</u>	<u>144,579</u>
Total assets	<u>86,071</u>	<u>107,040</u>	<u>151,265</u>
Current liabilities			
Trade and other payables	547,345	551,483	579,714
Contract liabilities	10,529	374	–
Lease liabilities	1,457	1,562	1,684
Amount due to non-controlling interests	604,559	582,581	534,608
Total current liabilities	<u>1,163,890</u>	<u>1,136,000</u>	<u>1,116,006</u>
Net current liabilities	<u>(1,083,590)</u>	<u>(1,035,328)</u>	<u>(971,427)</u>
Total assets less current liabilities	<u>(1,077,819)</u>	<u>(1,028,960)</u>	<u>(964,741)</u>
Non-current liability			
Lease liabilities	24,242	24,172	24,212
Net liabilities	<u>(1,102,061)</u>	<u>(1,053,132)</u>	<u>(988,953)</u>
Capital and reserves			
Share capital	219,118	219,118	219,118
Reserves	(1,109,377)	(1,073,826)	(1,034,665)
Capital deficiency attributable to owners of the Company	(890,259)	(854,708)	(815,547)
Non-controlling interests	(211,802)	(198,424)	(173,406)
Total capital deficiency	<u>(1,102,061)</u>	<u>(1,053,132)</u>	<u>(988,953)</u>

Save as disclosed in the above summary, the Group did not have any item of any income or expense which was material during each of the three years ended 31 December 2021, 2022 and 2023.

No dividend was paid or proposed by the Company during each of the three years ended 31 December 2021, 2022 and 2023.

There was no change in the Group's accounting policy during each of the three years ended 31 December 2021, 2022 and 2023 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Response Document in the 2021 Financial Statements, the 2022 Financial Statements, and the 2023 Financial Statements, together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

Annual Report 2021

The 2021 Financial Statements are set out from pages 45 to 99 in the 2021 Annual Report, which was published on 27 April 2022. The 2021 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.irasia.com/listco/hk/hualien>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042701007.pdf>

The consolidated financial statements of the Group for the year ended 31 December 2021 was audited by BDO Limited. No modified opinion was given by the auditors of the Group in respect of the 2021 Annual Report. The full text of the material uncertainty related to going concern, which are extracted from the 2021 Annual Report is reproduced as below:

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$57,299,000 for the year ended 31 December 2021 and, as of that date, the Group had net current liabilities and net liabilities of HK\$971,427,000 and HK\$988,953,000 respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Annual Report 2022

The 2022 Financial Statements are set out from pages 48 to 103 in the 2022 Annual Report, which was published on 27 April 2023. The 2022 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.irasia.com/listco/hk/hualien>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042704398.pdf>

The consolidated financial statements of the Group for the year ended 31 December 2022 was audited by BDO Limited. No modified opinion was given by the auditors of the Group in respect of the 2022 Annual Report. The full text of the material uncertainty related to going concern, which are extracted from the 2022 Annual Report is reproduced as below:

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$45,489,000 and net cash used in operating activities of HK\$44,447,000 for the year ended 31 December 2022 and, as of that date, the Group had net current liabilities and net liabilities of HK\$1,035,328,000 and HK\$1,053,132,000 respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Annual Report 2023

The 2023 Financial Statements are set out from pages 50 to 97 in the 2023 Annual Report, which was published on 26 April 2024. The 2023 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.irasia.com/listco/hk/hualien>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042602596.pdf>

The consolidated financial statements of the Group for the year ended 31 December 2023 was audited by BDO Limited. No modified opinion was given by the auditors of the Group in respect of the 2023 Annual Report. The full text of the material uncertainty related to going concern, which are extracted from the 2023 Annual Report is reproduced as below:

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$58,267,000 for the year ended 31 December 2023 and, as of that date, the Group had net current liabilities and net liabilities of HK\$1,083,590,000 and HK\$1,102,061,000 respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Response Document, the Group had the following indebtedness:

	<i>HK\$000</i>
Amount due to non-controlling interests (<i>note a</i>)	621,833
Other payable (<i>note b</i>)	518,099
Lease liabilities (<i>note c</i>)	<u>24,374</u>
Total	<u><u>1,164,306</u></u>

Notes

- a. Amount due to non-controlling interests

	<i>HK\$000</i>
Principals	423,440
Accrued interests	<u>198,393</u>
	<u><u>621,833</u></u>

The amount due to non-controlling interests, COMPLANT Sugar, which is denominated in USD, repayable on demand, unsecured and unguaranteed, with (i) principal of US\$13,000,000 (approximately HK\$101,523,000) bears fixed interest rate of 6.15% per annum and (ii) principals of approximately US\$41,221,000 (approximately HK\$321,917,000) bear floating interest rate presently at 5.40% per annum.

b. Other payable

As at the close of business on 31 May 2024, there was other payable of HK\$518,099,000 due to COMPLANT Sugar upon the maturity of the convertible notes on 27 February 2019. Pursuant to the Third Supplemental Undertaking as mentioned in the announcement of the Company dated 22 December 2023, conditional upon the entering into of an agreement for a formal repayment plan, COMPLANT Sugar will not demand repayment of or performance of obligations until 31 December 2025. The amount due was unsecured, unguaranteed, interest-free and repayable on demand.

c. Lease liabilities

As at the close of business on 31 May 2024, the Group had lease liabilities relating to farmland leased by the Group of approximately HK\$24,374,000.

Save as aforesaid or as otherwise disclosed herein, as at the close of business on 31 May 2024, and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, or any outstanding bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

Save as disclosed below, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (i) as stated in the 2023 Annual Report, the biological assets – growing cane were approximately HK\$17.61 million as at 31 December 2023. According to the latest unaudited management accounts of the Group for the five months ended 31 May 2024, the biological assets – growing cane decreased by approximately HK\$8.34 million or 47.4% to approximately HK\$9.27 million as at 31 May 2024. Such decrease was mainly attributable to the seasonal factor of sugar cane harvested during harvesting season;
- (ii) as stated in the 2023 Annual Report, the inventories were approximately HK\$22.39 million as at 31 December 2023. According to the latest unaudited management accounts of the Group for the five months ended 31 May 2024, the inventories increased by approximately HK\$34.24 million or 152.9% to approximately HK\$56.63 million as at 31 May 2024. Such increase was mainly attributable to the seasonal factor of the increase in finished goods of sugar and molasses produced during the harvesting season; and
- (iii) as stated in the 2023 Annual Report, the trade and other receivables were approximately HK\$2.84 million as at 31 December 2023. According to the latest unaudited management accounts of the Group for the five months ended 31 May 2024, the trade and other receivables increased by HK\$8.53 million or 300.4% to approximately HK\$11.37 million as at 31 May 2024. Such increase was mainly attributable to the seasonal factor due to the harvesting season.

1. RESPONSIBILITY STATEMENTS

This Response Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders with regard to the Company and the General Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Response Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Response Document have been arrived at after due and careful consideration and there are no other facts not contained in this Response Document, the omission of which would make any statements in this Response Document misleading.

The information contained in this Response Document relating to the General Offer, the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them has been extracted from or based on the Offer Document. The only responsibility accepted by the Directors in respect of such information is for the correctness and fairness of the extraction of such information and/or its reproduction or presentation.

2. SHARE CAPITAL

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

<i>Authorised</i>	<i>HK\$</i>
<u>6,000,000,000</u> Shares with par value of HK\$0.10 each	<u>600,000,000</u>
<i>Issued and fully paid</i>	<i>HK\$</i>
<u>2,191,180,000</u> Shares with par value of HK\$0.10 each	<u>219,118,000</u>

All issued Shares are fully paid up and rank *pari passu* in all respects with each other, including rights to dividends, voting rights and return of capital. Since 31 December 2023, being the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, the Company did not issue or repurchase any Shares.

All issued Shares are listed on the Stock Exchange. None of the securities of the Company are listed on or dealt in any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

As at the Latest Practicable Date, the Company had no outstanding securities, options, warrants, or derivatives which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such securities, options, warrants, or derivatives of the Company.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors and the Company's chief executives in the Company

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

As at the Latest Practicable Date, none of the Directors had any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

(b) Interests of the substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors or chief executives of the Company) or entities had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or 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:

Name	Nature of interests and capacity in which interest are held				Approximate percentage of issued share capital
	Beneficial owner	Interest in controlled corporation	Interest of spouse	Total	
Guangken (Notes 1 & 2)	800,000,000	300,000,000	—	1,100,000,000	50.20%
COMPLANT Sugar (Note 2)	300,000,000	—	—	300,000,000	13.69%
Hollyview International Limited (Note 3)	212,495,083	—	—	212,495,083	9.70%
HU Yebi (Note 3)	—	212,495,083	3,448,000	215,943,083	9.86%
LI Ling Xu (Note 3)	3,448,000	—	212,495,083	215,943,083	9.86%

All the interests disclosed above represent long positions in the Shares and underlying shares of the Company.

Note:

1. Guangken is a whole people-owned enterprise (全民所有制企業) directly wholly-owned by the Ministry of Agriculture and Rural Affairs.
2. COMPLANT Sugar is held as to 70% by Guangken and 30% by Africa-Asia Investment. By virtue of the SFO, Guangken is deemed to be interested in the 300,000,000 Shares held by COMPLANT Sugar.
3. Hollyview International Limited is beneficially and wholly-owned by Mr. HU Yebi. By virtue of the SFO, Mr. HU Yebi is deemed to be interested in the 212,495,083 Shares held by Hollyview International Limited. Mr. Hu Yebi is also deemed to be interested in the Shares held by Ms. LI Ling Xiu, his spouse, by virtue of the SFO. Among these 215,943,083 Shares, 3,448,000 Shares are beneficially owned by Ms. LI Ling Xiu.

Save as disclosed above, the Directors or chief executive of the Company are not aware of any party who, as at the Latest Practicable Date, had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or 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.

(c) Interests of the Company and the Directors in the Offeror

As at the Latest Practicable Date,

- (i) the Company did not own any share of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror; and
- (ii) none of the Directors was interested in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

(d) Additional disclosure of interests in the Company and arrangement in connection with the General Offer

As at the Latest Practicable Date,

- (i) none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding any exempt principal trader and exempt fund managers, owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

- (ii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (iii) no Shares or any convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (iv) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the General Offer;
- (v) none of the Company nor the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares; and
- (vi) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder on the one hand; and (2) the Company, its subsidiaries or associated companies on the other hand.

4. DEALINGS IN THE SECURITIES OF THE OFFEROR

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

5. DEALINGS IN THE SHARES

During the Relevant Period,

- (i) none of the Company and any of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares;
- (ii) none of the subsidiaries of the Company, or pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding any exempt principal traders and exempt fund managers had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

- (iii) no fund managers (other than exempt fund managers) connected with the Company who manages funds on a discretionary basis had dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares; and
- (iv) no person between whom there is arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code with the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code, or who is an associate of the Company by virtue of classes (2), (3) or (4) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company or any of its subsidiaries or any of its associates was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, there was no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) entered into by the Group within the two years before the commencement of the Offer Period and up to and including the Latest Practicable Date.

8. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

- (i) none of the Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the General Offer;
- (ii) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the General Offer or otherwise connected with the General Offer; and
- (iii) there was no material contract entered into by the Offeror in which any of the Directors had a material personal interest.

9. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

10. EXPERT AND CONSENT

The following is the qualification of the expert which has given opinions or advices contained or referred to in this Response Document:

Name	Qualification
INCU Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

INCU Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this Response Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which it appears herein.

As at the Latest Practicable Date, INCU Corporate Finance Limited did not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or had any interest, either directly or indirectly, in any assets which had been, since 31 December 2023 (the date to which the latest published annual audited financial statement of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies and its principal place of business in Hong Kong is situated at 18/F., Yue Thai Commercial Building, 128 Connaught Road Central, Sheung Wan, Hong Kong.
- (b) The Hong Kong branch registrar and transfer office of the Company is Union Registrars Limited of Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (c) The company secretary of the Company is Mr. WAN Hok Shing who is a Fellow Member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the UK, a Chartered Secretary, a Chartered Governance Professional and an Associate Member of The Chartered

Governance Institute (formerly The Institute of Chartered Secretaries and Administrators of the UK) and The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries), a Member of The Chinese Institute of Certified Public Accountants of the PRC and a Chartered Financial Analyst (CFA) Charterholder.

- (d) The registered office of the Independent Financial Adviser, INCU Corporate Finance Limited, is situated at Unit 1402, 14/F., Winsome House, 73 Wyndham Street, Central, Hong Kong.
- (e) The English text of this Response Document shall prevail over their respective Chinese text in case of inconsistency.

12. DOCUMENTS ON DISPLAY

Copies of the documents set out in this section are available for inspection on (i) the website of the SFC (<http://www.sfc.hk>); and (ii) the website of the Company (<https://www.irasia.com/listco/hk/hualien/>) from the date of this Response Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Company;
- (ii) the 2021 Annual Report, the 2022 Annual Report, and the 2023 Annual Report;
- (iii) the letter from the Board, the text of which is set out on pages 7 to 17 in this Response Document;
- (iv) the letter from the Independent Board Committee, the text of which is set out on pages 18 to 19 in this Response Document;
- (v) the letter from the Independent Financial Adviser, the text of which is set out on pages 20 to 48 in this Response Document;
- (vi) the written consent referred to in the paragraph headed “Expert and Consent”, in this appendix; and
- (vii) this Response Document.