

28 June 2024

To the Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY
GAOYU SECURITIES LIMITED
FOR AND ON BEHALF OF MR. WANG HE
TO ACQUIRE 30,160,000 SHARES IN
CHINA TONTINE WINES GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED BY MR. WANG HE
AND PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

Reference is made to the Announcement.

On 12 June 2024 (after trading hours), the Offeror notified the Offeree Company that he has firm intention to make the Partial Offer (in compliance with the Takeovers Code) to acquire 30,160,000 Offer Shares (representing approximately 10.00% of the Offeree Company's issued share capital as at the date of the Announcement) not already owned by the Offeror and parties acting in concert with him at the Offer Price of HK\$0.6 per Offer Share.

The making of the Partial Offer was subject to the satisfaction of the Pre-Condition, being the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. Reference is also made to the announcement of the Offeror dated 21 June 2024 in relation to the update on the Partial Offer. As disclosed in such announcement, on 21 June 2024, the Offeror announced that the Pre-Condition has been satisfied on 21 June 2024.

As at the Latest Practicable Date, the Offeror and parties acting in concert with him were not interested directly or indirectly in any voting rights or rights over any Shares, convertible securities, warrants or options of the Offeree Company or any derivatives in respect of such securities.

As at the Latest Practicable Date, the Offeree Company has 301,561,800 Shares and 29,405,480 share options with an exercise price of HK\$0.92 in issue. Save as disclosed above, the Offeree Company does not have any outstanding securities, options, derivatives, warrants which are convertible or exchangeable into Shares and the Offeree Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

This letter forms part of this Offer Document and sets out, among other things, principal terms of the Partial Offer, together with the information on the Offeror and the intention of the Offeror regarding the Group. Further details of the terms and procedures of acceptance of the Partial Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

THE PARTIAL OFFER

Principal terms of the Partial Offer

The Partial Offer is made by Gaoyu Securities, for and on behalf of the Offeror, in compliance with the Takeovers Code on the basis set out below:

For each Offer Share HK\$0.6 in cash

The Offer Price of HK\$0.6 per Share was determined after taking into account, among other things, the financial performance of the Offeree Company for the year ended 31 December 2023, the trading liquidity of the Shares and the historical closing prices of the Shares during the six-month period immediately preceding and including the Last Trading Day which demonstrated a general downward trend, and the prospect of the Offeree Company.

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

The procedures for acceptance and further details of the Partial Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

Pursuant to the Takeovers Code, the Offeree Document will be issued by the Offeree Company with the inclusion of the views of the Board and the independent board committee of the Offeree Company on the Partial Offer, and the written advice of the independent financial adviser of the Offeree Company in relation to whether the Partial Offer is fair and reasonable or not, and the reasons therefor. The Shareholders are advised to read the Offer Document and the Offeree Document before taking any action in respect of the Partial Offer.

Pre-Condition to the Partial Offer

As disclosed in the Announcement, the making of the Partial Offer was subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code.

As disclosed in the announcement of the Offeror dated 21 June 2024 in relation to the update on the Partial Offer, the Offeror announced that the Pre-Condition had been satisfied on 21 June 2024.

Condition to the Partial Offer

The Partial Offer is subject to the Condition that valid acceptances being received (and not, where permitted, withdrawn) in respect of a minimum of 30,160,000 Offer Shares at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, which shall be at least 28 days following the Despatch Date of the Offer Document issued by the Offeror in respect of the Partial Offer, or such later date as may be extended by the Offeror in accordance with the requirements of the Takeovers Code.

In the event that valid acceptances are received:

- (i) for less than the required number of 30,160,000 Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the requirements of the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; and
- (ii) for not less than the required number of 30,160,000 Offer Shares on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

Pursuant to Rule 15.1 of the Takeovers Code, where the offeree board circular is posted after the date of the Offer Document, the Partial Offer must initially be open for acceptance for at least 28 days following the Despatch Date.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances prior to the First Closing Date, provided that Rule 15.3 of the Takeovers Code is complied with, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Accordingly, if the acceptance condition is fulfilled during the period between the Despatch Date and the date which is 14 days before the First Closing Date, the Offeror must declare the Partial Offer unconditional as to acceptances on the day the acceptance condition is met, provided that the Partial Offer would remain open for acceptance for not less than 14 days thereafter, and the Offeror cannot extend the First Closing Date and the Final Closing Date would be on (but no earlier than) the First Closing Date. If the acceptance condition is fulfilled within the 14-days period before the First Closing Date, the Partial Offer would remain open for acceptance for 14 days after the Partial Offer is declared unconditional as to acceptance (i.e. the Final Closing Date).

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Partial Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Partial Offer unconditional in all respects is 7:00 p.m. on the 60th day after the Despatch Date (or such later date to which the Executive may consent).

WARNING: Shareholders and potential investors of the Offeree Company should note that the Partial Offer will be subject to the satisfaction of the Condition. Accordingly, the Partial Offer may or may not become unconditional and will lapse if it does not become unconditional. Shareholders and potential investors of the Offeree Company are advised to exercise caution when dealing in the securities of the Offeree Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

Comparison of value for the Offer Price

The Offer Price of HK\$0.6 per Offer Share represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) no premium over or discount to the closing price of HK\$0.6 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 0.67% to the average of the closing prices of the Shares of approximately HK\$0.596 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 6.83% to the average of the closing prices of the Shares of approximately HK\$0.644 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 4.31% to the average of the closing prices of the Shares of approximately HK\$0.627 as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day; and
- (vi) a discount of approximately 59.5% over the 31 December 2023 Net Asset Value Per Share.

Highest and lowest Share prices

The highest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.92 per Share on 15 December 2023.

The lowest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.48 per Share on 6 March 2024.

Total value of the Partial Offer

Assuming valid acceptances of the Partial Offer for the required number of 30,160,000 Offer Shares have been tendered by the Qualifying Shareholders and based on the Offer Price of HK\$0.6 per Offer Share, the total cash consideration payable by the Offeror to purchase the 30,160,000 Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK\$18,096,000.

Financial resources available for the Partial Offer

The Offeror will finance the consideration payable under the Partial Offer by his personal savings. Euto Capital, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable by the Offeror under the Partial Offer.

Acceptance of the Partial Offer

Shareholders may accept the Partial Offer in respect of some or all of the Shares held by them. Subject to the Partial Offer becoming unconditional in all respects, if valid acceptances are received for more than the required number of Offer Shares on the date which is (i) the 14th day after the date on which the Partial Offer is declared unconditional as to acceptances; or (ii) the First Closing Date, whichever is the later, provided that the Partial Offer will be open for acceptance for at least 28 days following the Despatch Date, the total number of Offer Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

$$\frac{A}{B} \times C$$

- A = the number of Offer Shares under the Partial Offer (i.e. 30,160,000 Offer Shares)
- B = the total number of Offer Shares validly tendered for acceptance by all Qualifying Shareholders under the Partial Offer
- C = the number of Offer Shares tendered for acceptance by the relevant individual Qualifying Shareholder under the Partial Offer

Partial nature of the Partial Offer and effect of fractions

It is possible that, if a Qualifying Shareholder tenders all his/her Shares for acceptance under the Partial Offer, not all of such Shares will be taken up.

Fractions of Offer Shares will not be taken up under the Partial Offer and, accordingly, the number of Offer Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror, and in any event, the total number of Offer Shares to be taken up by the Offeror will not exceed the number of Offer Shares.

Odd lots

Shareholders should note that acceptance of the Partial Offer may result in holding odd lots of Shares. Accordingly, Mr. Thomas Ip of Gaoyu Securities, whose address is at Suite 4409, 44/F COSCO Tower, 183 Queen's Road Central, Central, Hong Kong (telephone number: (852) 2879 8363, office hours: 9:30 a.m. to 4:30 p.m.) has been appointed by the Offeror to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks following the closing of the Partial Offer to enable such Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Shareholders should note that the matching of odd lots is not guaranteed.

Effect of accepting the Partial Offer

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Qualifying Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. As at the Latest Practicable Date, the Offeree Company has not declared any dividends or other distributions which remain unpaid.

If, after the Latest Practicable Date and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in this Offer Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

Based on the published information of the Offeree Company available to the public as at the Latest Practicable Date, there has been no dividend or distribution declared by the Offeree Company for the financial year ended 31 December 2023 and up to the Latest Practicable Date.

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

Settlement of consideration

Settlement of the consideration payable by the Offeror in respect of acceptance of the Partial Offer will be made as soon as possible but in any event no later than seven (7) business days after the Final Closing Date.

No fractions of a cent will be payable and the amount of cash consideration payable to any person who accept the Partial Offer will be rounded up to the nearest cent.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Partial Offer will be payable by the Qualifying Shareholders who accept the Partial Offer at a rate of 0.1% of (i) the consideration payable by the Offeror in respect of the relevant acceptance of the Partial Offer; or (ii) the market value of the Offer Shares, whichever is higher, and such stamp duty will be deducted from the cash amount payable by the Offeror to such Qualifying Shareholders on acceptance of the Partial Offer.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the Qualifying Shareholders that accept the Partial Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Partial Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Return of documents

If the Partial Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, or is withdrawn or lapsed, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to persons who have accepted the Partial Offer by ordinary post at his/her own risk as soon as possible but in any event no later than seven (7) business days after the Partial Offer is withdrawn or lapsed.

If part of the Shares tendered by the Qualifying Shareholders are not taken up by the Offeror under the Partial Offer, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for the Shares not taken up by the Offeror will be returned to persons who have accepted the Partial Offer by ordinary post at his/her own risk as soon as possible but in any event no later than seven (7) business days following the Final Closing Date.

Taxation advice

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Partial Offer. None of the Offeror and parties acting in concert with him, Euto Capital, Gaoyu Securities and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Partial Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Partial Offer.

Overseas Shareholders

The Partial Offer is made to all Qualifying Shareholders, including the Overseas Shareholders and a copy of this Offer Document will be sent to each Shareholder with registered addresses in Hong Kong or jurisdictions outside Hong Kong. The making of the Partial Offer to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be prohibited or affected by the applicable laws and regulations of their relevant jurisdictions of residence.

Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should satisfy themselves as to the observance of any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, consult their own professional advisers. It is the responsibilities of any such persons who wish to accept the Partial Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with therewith (including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements or the payment of any transfer or other taxes due from such persons in respect of such jurisdictions).

Any acceptance of the Partial Offer by any Qualifying Shareholders will be deemed to constitute a representation and warranty from such Qualifying Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

SHAREHOLDING STRUCTURE OF THE OFFEREE COMPANY AND EFFECT OF THE PARTIAL OFFER

Assuming that there will be no change to the issued share capital of the Offeree Company and no other change to the shareholding between the Latest Practicable Date and up to the Final Closing Date, the shareholding structure of the Offeree Company, as at the Latest Practicable Date and immediately upon completion of the Partial Offer, is set out below:

Name of shareholders of the Offeree Company	Notes	As at the Latest Practicable Date		Immediately upon completion of the Partial Offer assuming all Qualifying Shareholders tender 100% of their Shares for acceptance under the Partial Offer	
		No. of Shares	%	No. of Shares	%
Up Mount International Limited	1	49,517,872	16.42%	44,565,458	14.78%
Sky Source International Investments Limited	2	20,000,000	6.63%	17,999,746	5.96%
Bon Voyage Development Limited		40,000,000	13.26%	35,999,493	11.94%
Mr. Yan Shaohua		23,758,200	7.88%	21,382,079	7.09%
Mr. Yu Xinxin		25,760,000	8.54%	23,183,674	7.69%
Ms. Wang Lijun	3	2,000,000	0.66%	1,799,975	0.60%
Mr. Zhang Hebin	4	2,000,000	0.66%	1,799,975	0.60%
The Offeror and parties acting in concert with him	5	—	—	30,160,000	10.00%
Other shareholders		138,525,728	45.95%	124,671,400	41.34%
Total		301,561,800	100.00%	301,561,800	100.00%

Notes:

1. Up Mount International Limited is a company incorporated in the BVI and is owned as to 51% by Mr. Wang Guangyuan, an executive Director, and the chief executive officer of the Offeree Company, and 49% by Sky Source International Investments Limited. Accordingly, Mr. Wang Guangyuan and Sky Source International Investments Limited are deemed to be interested in 49,517,872 Shares held by Up Mount International Limited by virtue of the SFO. Ms. Zhang Min is the spouse of Mr. Wang Guangyuan and is deemed to be interested in all the Shares held by Mr. Wang Guangyuan by virtue of the SFO. Sky Source International Investments Limited is a company incorporated in Samoa and is owned as to 50% by Mr. Li Jerry Y. and 50% by Mr. Zhu Minghui, who are the non-executive Directors of the Offeree Company, accordingly, they are deemed to be interested in all the Shares held by Up Mount International Limited through Sky Source International Investments Limited by virtue of the SFO.
2. Sky Source International Investments Limited, as beneficial owner, holds 20,000,000 Shares, representing 6.63% of total number of issued Shares. Mr. Li Jerry Y. and Mr. Zhu Minghui are deemed to be interested in the Shares held by Sky Source under Part XV of the SFO. The shareholding information was extracted from the annual general meeting circular of the Offeree Company dated 30 April 2024.
3. Ms. Wang Lijun is the chairlady and an executive Director of the Offeree Company. The shareholding information was extracted from the annual general meeting circular of the Offeree Company dated 30 April 2024.
4. Mr. Zhang Hebin is an executive Director of the Offeree Company. This shareholding information was extracted from the annual general meeting circular of the Offeree Company dated 30 April 2024.
5. The Offeror will be a substantial Shareholder immediately upon completion of the Partial Offer. The Offeror does not have any relationship with each of the other substantial shareholders of the Offeree Company and they are not parties acting in concert with the Offeror.

INFORMATION ON THE OFFEREE GROUP

The Group is principally engaged in the business of manufacturing and sales of wine products.

The following table is a summary of the audited consolidated financial information of the Offeree Group for the two financial years ended 31 December 2022 and 2023 as extracted from the annual report of the Offeree Company for the year ended 31 December 2023:

	For the year ended 31 December	
	2022	2023
	(audited)	(audited)
	(RMB'000)	(RMB'000)
Revenue	146,118	189,139
Profit/(loss) before taxation	(27,554)	(70,806)
Profit/(loss) attributable to the Shareholders	(26,403)	(80,199)

As at 31 December 2023, the audited consolidated net assets of the Offeree Company were approximately RMB497.4 million, of which approximately RMB403.9 million was attributable to the Shareholders.

INFORMATION ON THE OFFEROR

The Offeror, age 34, is a businessman in the PRC, with his businesses covering auto parts manufacturing, venture capital, equity investment, etc. He worked as a research analyst at the investment banking department of ICBC International Capital Limited during year 2015, and then founded an investment company in 2017, Bohan Investment (Shenzhen) Co., Ltd.* (伯翰投資(深圳)有限公司), in Shenzhen, China, with around 10 years of experience in the field of venture capital and finance. He is currently the controlling shareholder, the executive director and the general manager of Bohan Investment (Shenzhen) Co., Ltd. The company was established in 2017 in the PRC and mainly engaged in investment business, directly and indirectly investing in more than 10 high-tech enterprises including both private and listed companies such as BYD Semiconductor Co., Ltd.* (比亞迪半導體股份有限公司), Hefei Jinghe Integrated Circuit Co., Ltd.* (合肥晶合集成電路股份有限公司) (SSE: 688249), Shenzhen Highpower Technology Co., Ltd.* (深圳市豪鵬科技股份有限公司) (SSE: 001283), Shenzhen Xinyuren Technology Co., Ltd.* (深圳市信宇人科技股份有限公司) (SSE: 688573), Guizhou Anda Technology Energy Co., Ltd.* (貴州安達科技能源股份有限公司) (BSE:830809), Beijing Ke Technology Co., Ltd.* (北京可以科技有限公司), Lesuo Intelligent Technology (Suzhou) Co., Ltd.* (雷索智能科技(蘇州)有限公司), Shenzhen Ruishi Intelligent Technology Co., Ltd.* (深圳瑞識智能科技有限公司), Anhui Hua Innovation Materials Co., Ltd.* (安徽華創新材料股份有限公司) and Beijing Guanqiao Medical Technology Co., Ltd.* (北京管橋醫療科技有限公司). Saved as disclosed above, the Offeror currently does not have any other interests in listed securities and does not involve in any listed companies in Hong Kong.

REASONS FOR THE PARTIAL OFFER

The Offeror has certain experience in investing in consumer goods industry and invested in Shenzhen Ledi Culture Co., Ltd.* (深圳市樂的文化股份有限公司), an amusement operation chain enterprise group that focuses on creating indoor amusement interactive spaces for kids. It is headquartered in Shenzhen, Guangdong Province. Its business operations include theme parks, parent-child entertainment, casual dining, electronic games, animation and trendy entertainment, etc.. To diversify his investment, the Offeror would like to extend his investments to the liquor industry. He will consider exploring new liquor business opportunities for the Offeree Company should the Partial Offer be completed, ultimately achieves a long-term sustainable development of the Offeree Company and creates additional values for himself as well as other Shareholders. After the completion of the Partial Offer, the Offeror will be the third largest shareholder of the Offeree Company and he will introduce or refer experienced and knowledgeable employees and management to the board and management of the Offeree Company, or may also refer business or sales to the Offeree Company. With the investment experiences and business networks of the Offeror, he hopes to contribute to the a long-term sustainable development of the Offeree Company and creates value for himself as well as other Shareholders. The Offeror is also optimistic about the liquor industry in the PRC. He considers China's social activity and dining habits have gradually recovered after the coronavirus pandemic. He is confident that the Offeree Company can sooner or later achieving a higher sales target, may enter the top 20 domestic liquor companies, and become one of the most valuable liquor companies in the PRC.

* English translation of the name for identification only

Nevertheless, the Offeror considers that the Offeree Company has value in its assets as the Offeree Company recorded bank and cash balances amounted to approximately RMB95.5 million as at 31 December 2023. Given the loss-making performance for the year ended 31 December 2023, the Offeror considers that such circumstances has resulted in the decrease in the price of the Shares in the past year. Based on the Offeror's assessment, the market price of the Shares is undervalued as the closing price quoted on the Lasting Trading Day represented a discount of approximately 59.5% to 31 December 2023 Net Asset Value Per Share. Therefore, the Offeror considers that the Partial Offer represents an opportunity for him to acquire shares of the Offeree Company, which has value in its assets. Considering his own financial resources needed for the Partial Offer, the Offeror intends to acquire approximately 10.00% of the issued share capital of the Offeree Company. However, the low trading liquidity of the Shares make it difficult for the Offeror to acquire such number of the Shares in the open market. As such, the Offeror proposes to initiate the Partial Offer instead of a full general offer for the purpose of investment and in view of his own financial resources. The Partial Offer which was proposed by the Offeror and parties acting in concert with him can also demonstrate the Offeror's confidence towards the prospects of the Offeree Group.

Also, the low liquidity of the Shares makes it difficult for shareholders to sell a large number of Shares in the market without adversely affecting the price of the Shares. The Partial Offer provides the Shareholders an opportunity to realize their investment in the Offeree Company in exchange for cash at an attractive price without causing any downward pressure on the share price.

PUBLIC FLOAT OF THE OFFEREE COMPANY

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

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares.

As at the Latest Practicable Date, the Offeree Company has a public float of approximately 45.95% of the Shares in issue. Assuming (i) full acceptances of the number of Offer Shares under the Partial Offer by the Qualifying Shareholders; and (ii) that there are no changes to the issued share capital of the Offeree Company between the Latest Practicable Date and up to the Final Closing Date, the Offeree Company will have a public float of above 25% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules. As required to be disclosed pursuant to Rule 14.81(1) of the Listing Rules, the Offeror intends that the Offeree Company remains listed on the Stock Exchange. The Offeror undertakes to the Stock Exchange to take appropriate steps if required to ensure that sufficient public float exists in the Shares as a result of the Partial Offer.

ACCEPTANCE AND SETTLEMENT OF THE PARTIAL OFFER

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

COMPULSORY ACQUISITION

The Offeror will not have the power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Partial Offer after the close of the Partial Offer.

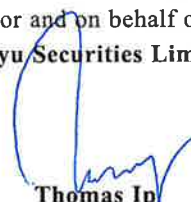
GENERAL

All documents and remittances will be sent to the Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with him, Euto Capital, Gaoyu Securities and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Partial Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Partial Offer set out in the appendices to this Offer Document and the accompanying Form of Acceptance, which form part of this Offer Document.

Yours faithfully,
For and on behalf of
Gaoyu Securities Limited



Thomas Ip
Managing Director