



CHINA LONGEVITY GROUP COMPANY LIMITED
中國龍天集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1863)

Executive Directors:

Mr. Liu Jun (*Chairman*)
Mr. Jiang Shisheng
Mr. Gao Juwen

Independent Non-executive Directors:

Mr. Lau Chun Pong
Mr. Lu Jiayu
Ms. Jiang Ping

Registered office:

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Hutchins Drive
P.O. Box 2681
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Cayman Islands

*Head office and Principal place of
business in Hong Kong:*

Room 1307, New East Ocean Centre
9 Science Museum Road
Tsimshatsui East
Kowloon, Hong Kong

25 March 2025

To the Qualifying Shareholders

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY
SOMERLEY CAPITAL LIMITED
FOR AND ON BEHALF OF
ALTERNATIVE LIQUIDITY INDEX, LP
TO ACQUIRE A MAXIMUM OF 85,261,250 SHARES IN
CHINA LONGEVITY GROUP COMPANY LIMITED**

INTRODUCTION

Reference is made to the Announcement, whereby the Offeror intended to make the Partial Offer to acquire a minimum of 8,526,125 Offer Shares, representing approximately 1% of the Company's issued share capital as at the date of the Announcement, and a maximum of 85,261,250 Offer Shares, representing approximately 10.00% of the issued share capital of the Company as at the date of the Announcement.

The Offer Document accompanied with the Form of Acceptance were despatched on 11 March 2025.

The purpose of this Response Document is to provide with, among other things, information relating to the Group and the Partial Offer, the recommendation of the Board and the Independent Board Committee to the Qualifying Shareholders in respect of the Partial Offer, and the advice from the Joint Independent Financial Advisers to the Independent Board Committee on the Partial Offer.

You are advised to read this Response Document, the recommendation of the Board and the Independent Board Committee and the advice from the Joint Independent Financial Advisers carefully before taking any action in respect of the Partial Offer.

THE PARTIAL OFFER

The terms of the Partial Offer are set out in the Offer Document and the Form of Acceptance. You are recommended to refer to the Offer Document and the Form of Acceptance for further details.

Principal terms of the Partial Offer

The Partial Offer is being made by Somerley Capital, for and on behalf of the Offeror, in compliance with the Takeovers Code on the following basis

For each Offer Share HK\$0.01 in cash

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

The making of the Partial Offer is subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. According to the announcement made by the Offeror on 7 March 2025, the consent from the Executive in respect of the Partial Offer has been obtained and the Pre-Condition has been fulfilled on 7 March 2025.

As at the Latest Practicable Date, the Company did not have outstanding dividends which had been declared but not yet paid. A meeting of the Board will be held on Friday, 28 March 2025 at 3:00 pm for the purpose of, among other matters, considering and approving the announcement of the final results of the Company and its subsidiaries for the year ended 31 December 2024 and its publication, and considering the payment of a final dividend, if any.

Further details of the Partial Offer including, among others, the expected timetable, the conditions, terms and procedures of acceptance of the Partial Offer, are set out in the Offer Document, the Form of Acceptance, and further announcements made or to be made by the Offeror (if applicable).

Pre-Condition to the Partial Offer

As disclosed in the Announcement, the making of the Partial Offer was subject to (i) the obtaining of consent from Executive for the Partial Offer under Rule 28.1 of the Takeovers Code; and (ii) the obtaining of a waiver from requirement under Rule 28.7 of the Takeovers Code from the Executive in connection with the making of the Partial Offer for a specified range (rather than a precise number) of Shares.

As disclosed in the announcement of the Offeror dated 7 March 2025 in relation to the update on the Partial Offer, the Offeror announced that the Pre-Condition had been satisfied on 7 March 2025.

Condition to the Partial Offer

As disclosed in the Offer Document, the Partial Offer is subject to the Condition that valid acceptances are received (and not, where permitted, withdrawn) in respect of a minimum of 8,526,125 Offer Shares at or before 4:00 p.m. (Hong Kong time) on the First Closing Date which shall be at least 28 days 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 and with the permission of the Executive.

In the event that valid acceptances are received:

- (i) for less than the required number of 8,526,125 Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the requirements of the Takeovers Code and with the permission of the Executive, the Partial Offer will not proceed and will lapse immediately; and
- (ii) for not less than the required number of 8,526,125 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.

For the avoidance of doubt, the Company has no knowledge and information as to whether the Condition has been fulfilled as at the Latest Practicable Date.

Pursuant to the Offer Document, 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.

WARNING: Shareholders and potential investors in the Company should note that the Partial Offer is 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 Company are advised to exercise caution when dealing in the securities of the 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.

INFORMATION OF THE OFFEROR

With reference to the Offer Document, the Offeror is a fund in the form of a Delaware incorporated limited partnership managed by Alternative Liquidity (which conducts business using the name Alternative Liquidity Capital) which acts as its general partner and investment manager responsible for managing the portfolio of the Offeror.

Alternative Liquidity, based in the state of Minnesota in the United States, is in the business of providing liquidity solutions to investors in delisted and non-traded securities globally by making offers for such securities which, after taking into account risk-reward assessments based on information and know-how available to it, are consistent with its long-term investment strategy. Alternative Liquidity has successfully completed more than 20 partial tender offers in the United States, Australia, and other jurisdictions. As at 31 December 2024, Alternative Liquidity had approximately US\$16.9 million in assets under management.

Alternative Liquidity has the sole discretion of making investments on behalf of the Offeror and exercising powers set forth in the relevant partnership agreement including, without limitation, to purchase and otherwise deal in securities and make investments in other entities.

Mr. Jacob Mohs is the founder and managing member of Alternative Liquidity, and in his capacity as the managing member of Alternative Liquidity, his roles and responsibilities include developing and implementing investment strategies, making final trading decisions, managing portfolio performance, overseeing risk assessment, ensuring the Offeror's compliance with all applicable regulations as well as ensuring accurate and timely financial reporting that adheres to industry best practices and investor expectations. Mr. Mohs also serves as a board director of several companies affiliated with the Offeror in Minnetonka, United States and is the founder of Diligent Research LLC (formerly known as Ockham Research LLC, doing business as Ockham Data Group, which is a financial data provider for the alternative investment industry) based in Minnetonka, United States. Mr. Mohs has an M.A. from the Elliott School of International Affairs at the George Washington University and a B.S. from the University of Wisconsin-Madison. He holds the Chartered Financial Analyst and Chartered Alternative Investment Analyst designations.

The Company recommends any Qualifying Shareholders who may require advice in this regard to consult their solicitor or other professional adviser before making the decision to, whether or not, accept the Partial Offer.

REASONS FOR THE PARTIAL OFFER

According to the information disclosed in the Offer Document, Alternative Liquidity seeks to make diversified long-term investments and provide liquidity solutions to investors in delisted and non-traded securities. Consistent with such investment strategy and philosophy, Alternative Liquidity is seeking to establish an ownership interest in the Shares for passive investment purposes and is not seeking to control or consolidate control of the Company. This is because to date, the business model of Alternative Liquidity does not involve acquiring control or seeking to consolidate control over investee companies, or to invest in companies as a controlling shareholder. As such, the Offeror is seeking to make the Partial Offer rather than

a general offer for all the Shares. Alternative Liquidity has a normal investment horizon of five to ten years. The Partial Offer is not intended as disruptive but rather as a means to take an investment position in a long-suspended company.

According to the Offer Document, Alternative Liquidity, acting for the Offeror, has determined the size and timing of the Partial Offer after taking into consideration various factors relevant to the Company including, without limitation, the financial position of the Company, the length of suspension of trading of the Shares, the reasons (including the Material Issues) for the suspension and their impact or implications for investors.

According to the Offer Document, Alternative Liquidity considers that the Partial Offer provides a reasonable opportunity for legacy holders of the Shares (who may wish to dispose of their Shares due to the Material Issues and other risks faced by the Company but are unable to do so due to the prolonged trading suspension) to dispose of some or all of their Shares in a fair and transparent manner. In the process, Alternative Liquidity would assume the relevant associated risks attached to the holding of the Shares in the longer term (consistent with its longer term investment strategy) which is reflected in the discount to the Offer Price commensurate with the risk-benefit balance.

INTENTION OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

The Partial Offer is uninvited and as at the Latest Practicable Date, the Offeror and the Board have not had any discussion on the long-term strategic and development plan on the Group and its employees. According to the Offer Document, Alternative Liquidity is seeking to establish an ownership interest in the Shares for passive investment purposes and is not seeking to control or consolidate control of the Company. As no concrete or detailed plan was provided by the Offeror in the Offer Document for the business of the Group and its employees, the Board is unable to form any view on the Offeror's intentions in respect of the Group and its employees.

COMPULSORY ACQUISITION AND MAINTAINING THE LISTING STATUS OF THE COMPANY

With reference to the Offer Document, 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.

As disclosed in the Offer Document, the Offeror intends that the Company to remain listed on the Stock Exchange.

INFORMATION ON THE GROUP

The Company acts as an investment holding company. The Company, through its major subsidiaries, is principally engaged in the design, development, manufacture and sale of (i) polymer processed high strength polyester fabric composite materials and other reinforced composite and conventional materials; and (ii) PVC and Non-PVC composite materials of floorings and wall panels, with primary operation in the PRC. For details about the business segment and trading prospect of the Group, please refer to "Appendix II - General information – 5. Financial and trading prospect of the Group" in this Response Document.

The Shares of the Company have been suspended from trading on the Stock Exchange since 14 February 2013. The Company has been working and will continue to work actively towards the resumption of trading in its shares and will keep the Shareholders and potential investors informed of the progress as and when appropriate.

As at the Latest Practicable Date, the Company has not received any notice from the Stock Exchange stating that it is proceeding to delist the Company. As at the Latest Practicable Date, the Company has not received any notice from the SFC stating its decision on the resumption application of the Company.

The following table is a summary of (i) certain consolidated financial information of the Company for the six months ended 30 June 2023 and 30 June 2024; and (ii) certain audited consolidated financial information of the Company for the years ended 31 December 2022 and 31 December 2023:

	For the year ended		For the six months ended	
	31 December		30 June	
	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	926,621	933,930	447,722	532,153
Profit before tax	48,858	64,653	19,861	22,850
Profit for the year/period	44,519	58,645	17,653	17,791
Profit for the year/period attributable to the Shareholders	46,188	63,000	19,545	20,153
Earnings per Share attributable to the Shareholders (RMB cents)	5.42	7.39	2.29	2.36

As at 31 December 2023, the audited consolidated net assets of the Company amounted to approximately RMB758,156 million, and as at 30 June 2024, the unaudited consolidated net assets of the Company amounted to approximately RMB775,954 million. For further details in relation to the financial information of the Company, please refer to “Appendix I – Financial Information of the Group” to this Response Document.

PUBLIC FLOAT OF THE COMPANY

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

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in the 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 Company has a public float of approximately 51.81% of the Shares. Assuming (i) acceptances of the maximum 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 Company between the Latest Practicable Date and up to the Final Closing Date, the Company will have a public float of above 25% of the Shares 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. With reference to the Offer Document, as required to be disclosed pursuant to Rule 14.81(1) of the Listing Rules, the Offeror intends the Company to remain listed on the Stock Exchange and undertakes to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares as a result of the Partial Offer.

SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER

Assuming that (i) there will be no change to the issued share capital of the Company; and (ii) no other change to the shareholding between the Latest Practicable Date and up to the Final Closing Date, the shareholding structure of the Company, as at the Latest Practicable Date and immediately upon completion of the Partial Offer in the event (a) the maximum of 85,261,250 Offer Shares are tendered by Qualifying Shareholders and each Qualifying Shareholder has tendered an approximately 10% (i.e. 85,261,250 divided by 852,612,470) of his/her holdings of Shares for acceptance under the Partial Offer; and (b) the minimum of 8,526,125 Offer Shares for the Partial Offer to become unconditional are tendered by Qualifying Shareholders and each Qualifying Shareholder has tendered an approximately 1% (i.e. 8,526,125 divided by 852,612,470) of his/her holdings of Shares for acceptance under the Partial Offer, is set out in the following table, for illustration purpose :

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Partial Offer in the event that the maximum of 85,261,250 Offer Shares have been tendered by Qualifying Shareholders for acceptance under the Partial Offer		Immediately upon completion of the Partial Offer in the event that 8,526,125 Offer Shares (being the minimum number required to be tendered for the Partial Offer to become unconditional) have been tendered by Qualifying Shareholders for acceptance under the Partial Offer	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Hopeland International Holdings Company Limited ⁽¹⁾	410,886,000	48.19	369,797,399	43.37	406,777,140	47.71
Glory Bright Investments Enterprise Limited ⁽²⁾	59,011,000	6.92	53,109,900	6.23	58,420,890	6.85
The Offeror and parties acting in concert with it	-	-	85,261,250	10.00	8,526,125	1.00
Other public Shareholders	<u>382,715,470</u>	<u>44.89</u>	<u>344,443,921</u>	<u>40.40</u>	<u>378,888,315</u>	<u>44.44</u>
Total:	<u><u>852,612,470</u></u>	<u><u>100.00</u></u>	<u><u>852,612,470</u></u>	<u><u>100.00</u></u>	<u><u>852,612,470</u></u>	<u><u>100.00</u></u>

Notes:

- As at the Latest Practicable Date, Mr. Lin Shengxiong through his 100% equity interest in Hopeland International Holdings Company Limited held 410,886,000 Shares, representing approximately 48.19% of the entire issued share capital of the Offeree Company. Mr. Lin Shengxiong is a former executive Director of the Company and resigned on 1 December 2022.
- Glory Bright Investments Enterprise Limited is beneficially owned by Mr. Lin Wanpeng, an independent third party. As as the Latest Practicable Date, Mr. Lin Wanpeng is deemed to be interested in 59,011,000 Shares, representing approximately 6.92% of the entire issued share capital of the Company.
- Percentage figures are rounded to two decimal places, and certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As at the Latest Practicable Date, none of the Directors had any interest in the Shares of the Company.

INDEPENDENT BOARD COMMITTEE AND JOINT INDEPENDENT FINANCIAL ADVISERS

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising Mr. Lau Chun Pong, Mr. Lu Jiayu and Ms. Jiang Ping, being all independent non-executive Directors, who have no direct or indirect interest in the Partial Offer other than as holders of the Shares (if any), was formed to give advice to the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable and as to the acceptance of the Partial Offer.

The Board has appointed Silverbricks Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO and VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer and, in particular, as to whether the Partial Offer is fair and reasonable and as to the acceptance of the Partial Offer. Each of the appointment of Silverbricks Securities Company Limited and VBG Capital Limited as the Joint Independent Financial Advisers has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code. The letter of advice from the Joint Independent Financial Advisers in respect of the Partial Offer and the recommendations as to the Independent Board Committee and the Qualifying Shareholders is included in this Response Document.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 15 to 16 of this Response Document, which contains its recommendation to the Qualifying Shareholders in respect of the Partial Offer; and (ii) the letter from the Joint Independent Financial Advisers set out on pages 17 to 44 of this Response Document, which contains its advice to the Independent Board Committee in connection with the Partial Offer, as well as the principal factors and reasons considered by it in arriving at its recommendation. **Qualifying Shareholders should read these letters in conjunction with the Offer Document carefully before taking any action in respect of the Partial Offer.**

The Directors (excluding the members of the Independent Board Committee whose view is set out in the “Letter from the Independent Board Committee” in this Response Document) concur with the views of the Independent Board Committee and the Joint Independent Financial Advisers and are of the view that the Partial Offer is NOT fair and reasonable so far as the Qualifying Shareholders are concerned and accordingly recommend the Qualifying Shareholders NOT to accept the Partial Offer

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Response Document.

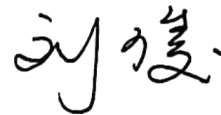
You are also recommended to read carefully the Offer Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Partial Offer.

SUSPENSION OF TRADING

Trading of shares of the Company has been suspended since 14 February 2013 and will remain suspended until further notice.

As as the Latest Practicable Date the Company has not received any notice from the Stock Exchange stating that it is proceeding to delist the Company.

Yours faithfully,
For and on behalf of the Board

Handwritten signature in Chinese characters, likely representing Liu Jun.

CHINA LONGEVITY GROUP COMPANY LIMITED

Liu Jun

Chairman and Executive Director