

Shenwan Hongyuan Capital (H.K.) Limited

To the Independent Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY SHENWAN
HONGYUAN CAPITAL (H.K.) LIMITED FOR AND ON BEHALF OF HONG
KONG YUFENGCHANG CO., LIMITED TO ACQUIRE ALL THE ISSUED
SHARES IN SUN KONG HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE
ACQUIRED BY HONG KONG YUFENGCHANG CO., LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to the Announcement in relation to, among other things, the Acquisition and the Offer.

As mentioned in the Announcement, on 4 September 2024 (after trading hours), the Offeror, the Vendor and Mr. Law entered into the Sale and Purchase Agreement, pursuant to which the Vendor had agreed to sell, and the Offeror had agreed to purchase, a total of 23,115,000 Sale Shares, free from Encumbrances, at an aggregate consideration of HK\$14,446,875, which is equivalent to HK\$0.625 per Sale Share. The Sale Shares represent approximately 57.79% of the total issued share capital of the Company as at the Latest Practicable Date.

Completion took place on 13 September 2024. Immediately prior to Completion, none of the Offeror or parties acting in concert with it were interested in any Shares or controlled any voting rights over Shares. Immediately following Completion and as at the Latest Practicable Date, the Offeror and the parties acting in concert with it held a total of 23,115,000 Shares, representing approximately 57.79% of the total issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it). Shenwan Hongyuan is making the Offer on behalf of the Offeror.

This letter forms part of this Composite Document and sets out, among other things, details of the Offer, information on Offeror, and its intentions in relation to the Company. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser”, the appendices to this Composite Document and the accompanying Form of Acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Shenwan Hongyuan, for and on behalf of the Offeror and pursuant to the Takeovers Code, is making the Offer on the following basis:

For each Offer ShareHK\$0.625 in cash

The Offer Price of HK\$0.625 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Company has 40,000,000 Shares in issue and the Company does not have any outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into Shares.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from any Encumbrances together with all rights and benefits accruing and attaching to them as at the date on which the Offer is made, being the date of the despatch of this Composite Document or subsequently becoming attached to them, including all rights to any dividend or other distribution and any return of capital, if any, declared, made or paid or agreed to be made or paid on or after the date on which the Offer is made, being the date of the despatch of this Composite Document. As at the Latest Practicable Date, (i) the Company has not declared any dividend or any other distributions which is outstanding and not yet paid; and (ii) the Company has confirmed that it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Offer.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimal number of Shares or any other conditions.

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

Comparison of Value

The Offer Price of HK\$0.625 per Offer Share represents:

- (i) a discount of approximately 23.78% to the closing price of HK\$0.820 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 21.88% to the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 21.48% to the average closing price of approximately HK\$0.796 per Share based on the daily closing prices as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 5.45% to the average closing price of approximately HK\$0.661 per Share based on the daily closing prices as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 8.70% over the average closing price of approximately HK\$0.575 per Share based on the daily closing prices as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 20.19% over the average closing price of approximately HK\$0.520 per Share based on the daily closing prices as quoted on the Stock Exchange for the sixty (60) consecutive trading days immediately prior to and including the Last Trading Day; and
- (vii) a discount of approximately 14.66% to the audited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.732 as at 31 March 2024, which was calculated based on the Group's latest published audited consolidated net assets attributable to owners of the Company of approximately HK\$29,296,000 as at 31 March 2024 and a total of 40,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices of the Shares

The highest and lowest closing price of the Shares as quoted on the Stock Exchange during the period commencing 6 months before the offer period and ending on the Latest Practicable Date were HK\$0.3 per Share on 20 June 2024 and HK\$0.87 per Share on 9 October 2024, 15 October 2024 and 16 October 2024, respectively.

Irrevocable undertakings not to accept the Offer

Immediately after Completion, the Vendor continues to be the beneficial owner of the 1,996,000 Remaining Shares, representing approximately 4.99% of the total number of Shares in issue. The Vendor and its sole shareholder, Mr. Law, wish for the Vendor to remain as a non-substantial shareholder of the Company in the foreseeable future in view of their confidence in the future development of the Company, and therefore the Vendor did not offer to sell the Remaining Shares in the Company. Taking into account the Vendor and Mr. Law's intention, the Offeror did not request to purchase the Remaining Shares as the minority stake in the Company will also incentivize the Vendor and Mr. Law to facilitate a smooth transition of the business operation of the Company after completion of the Acquisition and the Offer.

In this respect, the Vendor and Mr. Law have given the Irrevocable Undertaking in favour of the Offeror, pursuant to which, the Vendor has undertaken that it shall, and Mr. Law has undertaken to procure the Vendor that the Vendor shall during the Offer Period (a) not accept the Offer in respect of the Remaining Shares, and (b) not offer, sell, give, transfer, pledge, charge, dispose of, or create or agree to create any encumbrance of or otherwise create any interests on the Remaining Shares. The Irrevocable Undertaking will terminate immediately and cease to be binding upon the closure of the Offer.

Value of the Offer

As at the Latest Practicable Date, the Company has 40,000,000 Shares in issue and the Company does not have any outstanding options, warrants, securities or derivatives (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares. On the basis of the Offer Price of HK\$0.625 per Offer Share, the entire issued share capital of the Company would be valued at approximately HK\$25,000,000.

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to the close of the Offer, and excluding (i) the 1,996,000 Remaining Shares subject to the Irrevocable Undertaking and (ii) the 23,115,000 Shares held by the Offeror and parties acting in concert with it immediately upon Completion and as at the Latest Practicable Date, 14,889,000 Shares will be subject to the Offer. If the Offer is accepted in full, the maximum consideration payable by the Offeror for the Offer is valued at HK\$9,305,625.

Confirmation of financial resources

The Offeror intends to finance the consideration payable under the Offer in full by the Facility.

The Facility is secured by (i) a Share Charge; (ii) a Personal Guarantee; and (iii) a Subordination Agreement.

The Offeror does not intend that the payment of interest on, repayment of or provision of security for any liability (contingent or otherwise) under the Facility will depend to any significant extent on the business of the Company.

Shenwan Hongyuan and Get Nice, being the Joint Financial Advisers to the Offeror in respect of the Offer, are satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offer.

PROCEDURES FOR ACCEPTANCE OF THE OFFER

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

The duly completed and signed Form of Acceptance, should be sent by post or by hand, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked “Sun Kong Holdings Limited – Offer”, on the envelope, as soon as possible and in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.

No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to “Further terms and procedures for acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Effect of accepting the Offer

As at the Latest Practicable Date, the Company has not declared any dividend or any other distribution which is not yet paid.

By accepting the Offer, the Independent Shareholders shall sell their Shares free from all Encumbrances and with all rights and benefits accruing and attaching thereto as at the date on which the Offer is made, being the date of the despatch of this Composite Document, or subsequently becoming attached thereto, including but not limited to all rights to any dividend and other distributions, and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

The Offer is unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions, and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code, details of which are set out in the section headed “6. RIGHT OF WITHDRAWAL” in Appendix I to this Composite Document.

PAYMENT

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event no later than seven (7) Business Days following the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Registrar or for the Offeror to render each such acceptance complete and valid in accordance with the Takeovers Code. No fractions of a Hong Kong cent will be payable and the amount of the consideration payable to any Independent Shareholder who accepts the Offer will be rounded up to the nearest Hong Kong cent.

Nominee registration

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

Overseas Shareholders

As the Offer to persons not being resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in respect of such jurisdictions).

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt. The Overseas Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

As at the Latest Practicable Date, based on the register of members of the Company, other than the Vendor, there are no Overseas Shareholders.

Hong Kong stamp duty

In Hong Kong, seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Independent Shareholders on the acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, Yufengchang International, the Company, the Vendor, the Joint Financial Advisers, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accept any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the Hong Kong with limited liability and is directly and wholly owned by Yufengchang International. Yufengchang International, which is an investment holding company incorporated in the Cayman Islands and is in turn directly and wholly owned by Mr. Wang. As at the Latest Practicable Date, Mr. Wang is the sole director of the Offeror and Yufengchang International.

Mr. Wang, aged 34, has over 7 years of experience in fund and securities management. He is the executive director and supervisor of Xi'an Cai Bang Fund Management Company Limited* (西安財幫基金管理有限公司), a fund management company which the Offeror has minority interests in, and the general manager and executive director of Xi'an Lexiang Xingtu Film and Television Culture Company Limited* (西安樂享星途影視文化有限公司), a company which is principally engaged in video and short video production and operation services. Mr. Wang is a member of the 14th Fuping County Committee of the Chinese People's Political Consultative Conference and a special supervisor of the County Civil Affairs Bureau in September 2022. He was appointed as the vice chairman of the Fuping County New Social Stratification Association* (富平縣新的社會階層人士聯誼會) in December 2023.

Mr. Wang obtained a bachelor's degree in finance from The National Open University* (國家開放大學) in July 2019 and a college diploma in accounting and auditing from Shaanxi Police College* (陝西警察學院) in July 2011. Mr. Wang was certified as a financial market analyst in September 2023 by the Institute of Vocational Education Training Centre of the China Academy of Management Science* (中國管理科學研究院職業教育培訓中心).

INFORMATION ON THE GROUP

Your attention is drawn to the sections headed "Information on the Group" in the "Letter from the Board" as set out on pages 21 to 29 of this Composite Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Mr. Wang has ample experience in management in various businesses. Not only is he currently involved in the management of companies as referred to in the section headed "Information on the Offeror" above, he has also previously acted as the chairman of the board of directors and general manager of Yijiayi Supply Chain (Shaanxi) Company Limited* (壹佳壹供應鏈(陝西)股份有限公司) between April 2021 and August 2023, a company that is principally engaged in materials logistics and storage services and in which Mr. Wang remains as the controlling shareholder as at the Latest Practicable Date. Leveraging Mr. Wang's experience in business and securities management as well as management of logistics-focused company, Mr. Wang and the Offeror are optimistic in the future development of the diesel oil sales and logistics business of the Group and believe that it is in their commercial interests to invest in the Company.

The Offeror considers and confirms that (i) it is intended that the Group will continue with the existing business of the Group; and (ii) it does not have the intention to (a) introduce any major changes to the existing business of the Group or (b) discontinue the employment of any of the Group's employees or (c) redeploy the fixed assets of the Group other than in its ordinary course of business. Furthermore, the Offeror has no plans to downsize the Company's existing business. Nonetheless, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group, including reassessing, adjusting and/or expanding the scale of the Company's existing business and considering whether to explore further opportunities as part of and/or in synergy with the existing business of the Group in due course.

As at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreements, arrangements, understandings or negotiations in relation to the injection or divesture of any assets/business into or from the Group, respectively.

As at the Latest Practicable Date, the Board comprises Mr. Law Ming Yik and Mr. Li Isaiah as executive Directors and Mr. Fenn David, Mr. Wong Ka Chun Matthew and Mr. Chan Ting Fung as independent non-executive Directors.

The Offeror intends to change the composition of the board of directors of the Company and nominate new directors to the board of directors of the Company no earlier than the earliest time permitted under the Takeovers Code, the GEM Listing Rules or other applicable rules or regulations. In addition to the intention of appointing Mr. Wang, who has previous experience in managing logistics business as a director after the close of the Offer, the Offeror also intends to appoint, among others, director which has experience in managing diesel oil related business after the close of the Offer as well as director of opposite gender in compliance with Rule 17.104 of the GEM Listing Rules. Nonetheless, taking into account Mr. Law's extensive experience in the principal business of the Group and the financial and managerial support provided by Mr. Law to the business and financial position of the Group, and with a view to ensure smooth transition and operation of the Group in the foreseeable future, the Offeror intends to retain Mr. Law as an executive Director and a key personnel for the operation of the existing business of the Group after the close of the Offer, and has no intention to reconsider his position as an executive Director prior to the next annual general meeting of the Company. Any changes to the board of directors of the Company will be made in compliance with the Takeovers Code and the GEM Listing Rules and further announcement will be made as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, as at the close of the 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) false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market, it

will consider exercising its discretion to suspend dealing in the Shares.

The Offeror intends the Company to remain listed on GEM after the close of the Offer. The sole director of the Offeror, the Directors and the new directors to be appointed to the Board of the Company, 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. In this connection, in the event that the public float of the Company falls below 25% upon the close of the Offer, the Offeror will, as soon as practicable, dispose of such number of Shares either directly in the market or through a placing agent to be appointed by the Offeror to ensure that the public float

requirement under the GEM Listing Rules can be met. No such arrangements have been confirmed or put in place as at the Latest Practicable Date. Further announcement(s) will be made in accordance with the requirements of the GEM Listing Rules and the Takeovers Code as and when appropriate.

COMPULSORY ACQUISITION

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

GENERAL

All documents and remittances in respect of cash consideration payable for the Offer Shares tendered under the Offer will be sent to the accepting Shareholders by ordinary post at such Shareholder's own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or in the case of joint Shareholders, to the Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror, Yufengchang International, parties acting in concert with any of them, the Company, the Joint Financial Advisers, the Independent Financial Adviser, the Registrar, the company secretary of the Company and any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer will be responsible for any loss in postage or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

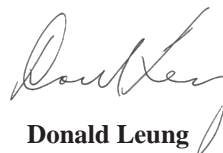
ADDITIONAL INFORMATION

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

Yours faithfully,

For and on behalf of

Shenwan Hongyuan Capital (H.K.) Limited



Donald Leung

Executive Director