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## THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in CLSA Premium Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for 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 Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

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**Beijing Tong Ren Tang (Cayman) Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

**CLSA Premium Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 6877)**

### COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY SHANGGU SECURITIES LIMITED FOR AND ON BEHALF OF BEIJING TONG REN TANG (CAYMAN) LIMITED FOR ALL THE SHARES IN CLSA PREMIUM LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY BEIJING TONG REN TANG (CAYMAN) LIMITED AND/OR PARTIES ACTING IN CONCERT WITH IT)

**Financial Adviser to the Offeror in relation to the Offer**



**Financial Advisers to the Company**



**Independent Financial Adviser to the Independent Board Committee**



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

A letter from Shanggu containing, among other things, principal terms of the Offer is set out on pages 7 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 25 of this Composite Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Offer is set out on pages 26 to 27 of this Composite Document. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee in respect of the Offer and the principal factors considered by it in arriving at its recommendation is set out on pages 28 to 52 of this Composite Document.

The procedures for acceptance of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Tuesday, 1 April 2025 or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in the paragraphs headed "Overseas Shareholders" in the "Letter from Shanggu" and "7. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document is issued jointly by the Offeror and the Company. This Composite Document will remain on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.clsapremium.com](http://www.clsapremium.com)) as long as the Offer remains open. In case of any inconsistency, the English language texts of this Composite Document and the enclosed Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

11 March 2025

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## EXPECTED TIMETABLE

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*The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong time and dates.*

<b>Event</b>	<b>Time and Date</b>
Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer ( <i>Note 1</i> ) . . . . .	Tuesday, 11 March 2025
Latest time and date for acceptance of the Offer ( <i>Notes 2, 3 and 5</i> ) . . . . .	By 4:00 p.m. on Tuesday, 1 April 2025
Closing Date ( <i>Notes 2, 3 and 5</i> ) . . . . .	Tuesday, 1 April 2025
Announcement of the results of the Offer, to be posted on the website of the Stock Exchange ( <i>Notes 3 and 5</i> ) . . . . .	no later than 7:00 p.m. on Tuesday, 1 April 2025
Latest date for posting of remittances in respect of valid acceptances received under the Offer ( <i>Notes 4 and 5</i> ) . . . . .	Friday, 11 April 2025

*Notes:*

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed “6. Right of Withdrawal” in Appendix I to this Composite Document.
2. Beneficial owners of the Offer Shares who hold their 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 this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days after the date of this Composite Document. The latest time and date for acceptance of the Offer is 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). An announcement will be jointly issued by the Offeror and the Company on the website of the Stock Exchange by no later than 7:00 p.m. on the Closing Date stating the result of the Offer and whether the Offer has been revised or extended. In the event that the Offeror decides to revise the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days after the date of the revised offer document(s) and shall not close earlier than the Closing Date.

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## EXPECTED TIMETABLE

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4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be posted to the Independent Shareholder(s) accepting the 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 of receipt by the Registrar of duly completed Form of Acceptance and all the relevant documents of title of the Offer Shares required to render the acceptance under the Offer complete and valid in accordance with the Takeovers Code.
  
5. If there is a tropical cyclone warning signal number 8 or above or "extreme conditions" or a "a black rainstorm warning signal" as issued by the Hong Kong Observatory and/or the Government of Hong Kong (collectively, "severe weather conditions") on any of the following deadlines ("**Key Deadline(s)**"): (a) the Closing Date and the latest time for acceptance of the Offer and the submission and publication deadline for a closing announcement under Rule 19.1 of the Takeovers Code; and (b) the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances,
  - (i) in case any severe weather condition is in force in Hong Kong at any local time before 12:00 noon but no longer in force at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will remain on the same Business Day; or
  - (ii) in case any severe weather condition is in force in Hong Kong at any local time at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will be rescheduled to the following Business Day which does not have any of those warnings or conditions in force in Hong Kong at any time at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.

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

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## IMPORTANT NOTICE

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### NOTICE TO U.S. INVESTORS

The Offer relates to the issued Shares of a company incorporated in the Cayman Islands and is being made by means of mandatory general offer provided for under the Takeovers Code.

A transaction effected by means of a mandatory general offer is not subject to the tender offer rules or the proxy solicitation rules under the US Securities Exchange Act of 1934 (together with the rules and regulations promulgated thereunder, the “**US Exchange Act**”). Accordingly, the Offer is subject to the disclosure requirements and practices applicable in Hong Kong to mandatory general offer which differ from the disclosure requirements of US tender offer and proxy solicitation rules. Consistent with Rule 14e-5 under the US Exchange Act, the Offeror, Shanggu (on behalf of the Offeror) and/or certain affiliated companies or nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, Shares outside such offer during the period in which such offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the US either in the open market at prevailing prices or in private transactions at negotiated prices and would comply with applicable law, including, to the extent applicable, the US Exchange Act and the Takeovers Code. Any information about such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and, to the extent required to be publicly disclosed under the Takeovers Code, will be available on the website of the SFC at <http://www.sfc.hk/> and the website of the Stock Exchange at <https://www.hkexnews.hk/>.

The receipt of cash pursuant to the Offer by a U.S. holder of securities of the Company may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of securities of the Company is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Offer.

U.S. Shareholders may encounter difficulty enforcing their rights and any claim arising out of the U.S. federal securities laws, as the Offeror and the Company are located in a country outside the United States, and some or all of their officers and directors may be residents of a country other than the United States. U.S. Shareholders may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. Shareholders may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court’s judgement.

Financial information disclosed in respect of the Offer has been or will have been prepared in accordance with non-U.S. accounting standards that may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

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## IMPORTANT NOTICE

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### NOTICE TO OVERSEAS SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. 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 independent legal advice. It is the sole responsibility of the Overseas Shareholders who wish to take any action in relation to the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with any such action (including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes in respect of such jurisdictions).

**Any acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and regulations in which the Overseas Shareholder is located have been complied with. Overseas Shareholders should consult their professional advisers if in doubt.**

The Offeror, parties acting in concert with the Offeror, the Company, Shanggu, the Independent Financial Adviser, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay.

For further information, please refer to the section headed “Overseas Shareholders” in the Letter from Shanggu and the section headed “7. Overseas Shareholders” in Appendix I to this Composite Document.

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date.

The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws and regulations, including the Listing Rules and/or the Takeovers Code.

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## DEFINITIONS

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

“2023 Annual Report”	the annual report of the Company for the year ended 31 December 2023
“2024 Interim Report”	the interim report of the Company for the six months ended 30 June 2024
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Banclogix”	Banclogix System Co., Limited
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	1 April 2025, being the closing date of the Offer, which is 21 days after the date of this Composite Document, or if the Offer is extended, any subsequent closing date of the Offer as may be determined by the Offeror and jointly announced by the Offeror and the Company in accordance with the Takeovers Code
“Company”	CLSA Premium Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6877)
“Completion”	completion of the Transfer in accordance with the terms and conditions of the Share Transfer Agreement
“Completion Date”	18 February 2025, the date on which Completion took place
“Completion Payment”	the total amount of HK\$29,398,200, being the initial instalment of the consideration payable by the Offeror to the Vendor for the transfer of the Sale Shares

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## DEFINITIONS

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“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to all Shareholders in connection with the Offer in accordance with the Takeovers Code containing, among other things, the terms of the Offer, the letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer and the Form of Acceptance
“Consideration”	HK\$97,994,000, being the total amount of consideration payable by the Offeror to the Vendor for the transfer of the Sale Shares
“Deferred Payment”	the balance of the Consideration after payment of the Completion Payment, being HK\$68,595,800, which shall be paid to the Vendor within six months after the effective date of the Share Transfer Agreement
“Director(s)”	the director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien, assignment, option, restriction, retention of title, negative pledge, right of pre-emption, right of first refusal, third party right or interest, other encumbrance or security interest of any kind or other preferential arrangement having similar effect together with any obligation (including any conditional obligation) to create the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates from time to time
“Form of Acceptance”	the form of acceptance and transfer of Shares in respect of the Offer
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC



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## DEFINITIONS

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“Hong Kong Observatory”	a government department of Hong Kong responsible for monitoring and forecasting weather, as well as issuing warnings on weather-related hazards
“Independent Board Committee”	the independent committee of the Board comprising the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Wu Jianfeng and Ms. Hu Zhaoxia, established for the purpose of advising the Independent Shareholders in respect of the Offer
“Independent Financial Adviser” or “Somerley”	Somerley 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, being the independent financial adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer
“Independent Shareholder(s)”	Shareholders other than the Offeror and/or any parties acting in concert with it
“Interest”	interest accruing on the Deferred Payment at 5.5% per annum
“Joint Announcement”	the announcement jointly published by the Company and the Offeror dated 18 February 2025 in relation to, among other things, the Share Transfer Agreement and the Offer
“Last Trading Day”	18 February 2025, being the last trading day of the Shares immediately before the publication of the Joint Announcement
“Latest Practicable Date”	7 March 2025, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	main board of the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange

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## DEFINITIONS

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“Offer”	the unconditional mandatory cash offer being made by Shanggu for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code at the Offer Price
“Offeror”	Beijing Tong Ren Tang (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability, and the holder of the 813,316,000 Shares after Completion
“Offeror Group”	means the Offeror and its subsidiaries
“Offer Period”	has the meaning ascribed thereto under the Takeovers Code, being the period commenced from the date of the initial Rule 3.7 Announcement (i.e. 15 July 2024) to 4:00 p.m. on the Closing Date or such later time and/or date to which the Offeror may decide to extend the Offer in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer will be made in cash, being HK\$0.1229 per Offer Share
“Offer Share(s)”	all the Shares in issue, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it (including the Vendor)
“Offer Shareholder(s)”	holder(s) of Share(s), other than the Offeror and parties acting in concert with it
“Overseas Shareholder(s)”	Independent 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, which for the purpose of this Composite Document, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Union Registrars Limited, the Company’s Branch Share Registrar and Transfer Office in Hong Kong, located at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong

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## DEFINITIONS

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“Relevant Period”	the period commencing six months immediately prior to 15 July 2024 (being the date of the initial Rule 3.7 Announcement and date of commencement of the Offer Period) (i.e. 15 January 2024), up to and including the Latest Practicable Date
“Retained Shares”	386,994,001 Shares (representing approximately 19.03% of the issued share capital of the Company as at the Latest Practicable Date) which are owned by the Vendor upon Completion and have not been accounted for under the Share Transfer Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.7 Announcements”	the Company’s announcements dated 15 July 2024, 29 December 2024, 14 January 2025 and 28 January 2025 in relation to, among other things, the potential disposal by the Vendor of the Sale Shares and the possible mandatory general offer in accordance with Rule 26 of the Takeovers Code
“Sale Price”	the sale price of approximately HK\$0.1205 per Sale Share
“Sale Shares”	813,316,000 Shares acquired by the Offeror pursuant to the Share Transfer Agreement, representing 40% of the total issued share capital of the Company as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanggu”	Shanggu Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer and the agent making the Offer on behalf of the Offeror

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Share Charge”	the share charge executed by the Offeror in favour of the Vendor on 18 February 2025 as continuing security for payment of the secured obligations of the Offeror under the relevant transaction documents (i.e. the Share Transfer Agreement, the Share Charge and any other documents designated by the Offeror and the Vendor). For details, please refer to the paragraph headed “Share Charge” in the Joint Announcement
“Shareholder(s)”	holder(s) of Share(s)
“Share Transfer Agreement”	the share transfer agreement dated 18 February 2025 entered into between the Vendor and the Offeror in relation to the Transfer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time
“Transfer”	the transfer of the Sale Shares from the Vendor to the Offeror pursuant to the terms and conditions of the Share Transfer Agreement
“Vendor”	CITIC Securities International Company Limited, a private company with limited liability incorporated under the laws of Hong Kong, and the holder of the 386,994,001 Shares after Completion. The Vendor is a centrally regulated financial enterprise under the supervision of the Ministry of Finance of the PRC, and it is a wholly-owned subsidiary of CITIC Securities Company Limited
“U.S.” or “United States”	the United States of America
“%”	per cent

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## LETTER FROM SHANGGU

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上古證券有限公司  
Shanggu Securities Limited

SHANGGU SECURITIES LIMITED  
Suite 1812B, 18th Floor  
Tower 2, Lippo Centre  
89 Queensway, Admiralty  
Hong Kong

11 March 2025

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
SHANGGU SECURITIES LIMITED FOR AND ON BEHALF OF  
BEIJING TONG REN TANG (CAYMAN) LIMITED FOR  
ALL THE SHARES IN CLSA PREMIUM LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY  
OR AGREED TO BE ACQUIRED BY  
BEIJING TONG REN TANG (CAYMAN) LIMITED  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

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

As mentioned in the Joint Announcement, on 18 February 2025, the Offeror and the Vendor entered into the Share Transfer Agreement, pursuant to which the Vendor had conditionally agreed to transfer, and the Offeror had conditionally agreed to acquire, a total of 813,316,000 Sale Shares, for a total consideration of HK\$97,994,000 (equivalent to approximately HK\$0.1205 per Sale Share). The Sale Shares represent 40% of the total issued share capital of the Company as at the Latest Practicable Date.

Completion took place on 18 February 2025. Pursuant to the terms of the Share Transfer Agreement, the Consideration for the Transfer shall be paid by the Offeror in the following manner:

- (i) the Completion Payment, being HK\$29,398,200 was paid by the Offeror to the Vendor on the Completion Date; and
- (ii) the balance of the Consideration, being HK\$68,595,800 (i.e. the Deferred Payment), shall be paid by the Offeror to the Vendor within six months after the effective date of the Share Transfer Agreement.

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## LETTER FROM SHANGGU

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The Offeror has executed the Share Charge in favour of the Vendor to secure, among others, its payment of the Deferred Payment, and shall pay the Interest to the Vendor for the period from the Completion Date to the date on which the Deferred Payment is fully settled.

Immediately after Completion, the Vendor continues to hold the Retained Shares (i.e. 386,994,001 Shares), representing approximately 19.03% of the issued share capital of the Company as at the Latest Practicable Date. Due to the Deferred Payment which will be settled after Completion and the Share Charge, the Vendor is presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code until the full settlement of the Deferred Payment by the Offeror. The Offeror does not expect to make early repayment of the Deferred Payment prior to the close of the Offer. Pursuant to the Share Transfer Agreement, the Vendor agrees and acknowledges that the Offer will not extend to the Retained Shares, and further irrevocably undertakes that it will not sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Retained Shares or any interest in any of the Retained Shares during the Offer Period.

As at the Latest Practicable Date, the Company has 2,033,290,000 Shares in issue and the Company does not have any other outstanding Shares, warrants, options, derivatives or other securities which are convertible into Shares or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Immediately prior to Completion, none of the Offeror nor the parties acting in concert with it (excluding the Vendor) was interested in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (including the Vendor) are interested in 1,200,310,001 Shares, representing approximately 59.03% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, immediately following Completion, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it (including the Vendor)). The Offer will be made to the Independent Shareholders. Shanggu is making the Offer for and 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 the 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.

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## LETTER FROM SHANGGU

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### THE OFFER

Shanggu, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following terms:

**For each Offer Share . . . . . HK\$0.1229 in cash**

The Offer Price of HK\$0.1229 per Offer Share is equivalent to the Sale Price payable by the Offeror together with the Interest accruing on the Deferred Payment for a period of six months from the Completion Date divided by the number of the Sale Shares, i.e. 813,316,000 Shares, the calculation of which is illustrated below:

$$\text{Sale Price}^{(\text{Note 1})} + \frac{\text{Interest accruing on the Deferred Payment for a period of six months from the Completion Date}^{(\text{Note 2})}}{\text{Number of the Sale Shares}^{(\text{Note 3})}} = \text{HK\$0.1229}^{(\text{Note 4})}$$

Notes:

1. Sale Price = the Consideration divided by the number of Sale Shares = approximately HK\$0.1205 per Share
2. Interest accruing on the Deferred Payment for a period of six months from the Completion Date = (Deferred Payment x 5.5%) x 6 months/12 months = approximately HK\$1,886,384.50
3. Number of Sale Shares = 813,316,000 Shares
4. The Offer Price is rounded up to HK\$0.1229

**The Offeror will not increase the Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.**

The Company confirms that as at the Latest Practicable Date, (i) it has not declared any dividend which is not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing or lapse of the Offer. If, after the Latest Practicable Date, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution.

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## LETTER FROM SHANGGU

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### Offer Price and Comparisons of Value

The Offer Price of HK\$0.1229 per Offer Share represents:

- (i) a discount of approximately 10.94% to the closing price of HK\$0.138 per Share as quoted on the Stock Exchange on 7 March 2025, being the Latest Practicable Date;
- (ii) a premium of approximately 75.57% to the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on 24 April 2023, being the last trading day before the date of the initial Rule 3.7 Announcement dated 15 July 2024;
- (iii) a discount of approximately 33.57% to the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 24.97% to the average of the closing price as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day of approximately HK\$0.1638 per Share;
- (v) a discount of approximately 20.71% to the average of the closing price as quoted on the Stock Exchange for the ten trading days immediately prior to and including the Last Trading Day of approximately HK\$0.155 per Share;
- (vi) a premium of approximately 1.82% to the average of the closing price as quoted on the Stock Exchange for the thirty trading days immediately prior to and including the Last Trading Day of approximately HK\$0.1207 per Share;
- (vii) a premium of approximately 4.18% over the Group's audited consolidated net assets attributed to the Shareholders per Share of approximately HK\$0.1180 as at 31 December 2023 (calculated based on (i) a total of 2,033,290,000 Shares as at the Latest Practicable Date; and (ii) the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$239.865 million as at 31 December 2023); and
- (viii) a premium of approximately 1.74% over the Group's unaudited consolidated net assets attributed to the Shareholders per Share of approximately HK\$0.1208 as at 30 June 2024 (calculated based on (i) a total of 2,033,290,000 Shares as at the Latest Practicable Date; and (ii) the Group's unaudited consolidated net assets attributable to the Shareholders of HK\$245.606 million as at 30 June 2024).

### Highest and Lowest Trading Prices

During the Relevant Period and up to the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.241 per Share on 25 February 2025; and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.074 per Share on 20 September 2024.



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## LETTER FROM SHANGGU

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### **Value of the Offer**

As at the Latest Practicable Date, the total issued Shares of the Company is 2,033,290,000 Shares. Based on the Offer Price of HK\$0.1229 per Offer Share and the 2,033,290,000 Shares issued, the entire issued share capital of the Company is valued at HK\$249,891,341.

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 as the Offeror and the parties acting in concert with it (including the Vendor) are interested in an aggregate of 1,200,310,001 Shares immediately after Completion and as at the Latest Practicable Date, 832,979,999 Shares are subject to the Offer. Assuming full acceptance of the Offer and based on the Offer Price of HK\$0.1229 per Offer Share, the value of the Offer is approximately HK\$102,373,241.88.

### **Confirmation of Financial Resources**

As noted above, assuming full acceptance of the Offer and based on the Offer Price of HK\$0.1229 per Offer Share, the value of the Offer is approximately HK\$102,373,241.88. The Offeror intends to finance the consideration payable under the Offer in full with its internal financial resources.

Shanggu, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable 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, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, marked "CLSA Premium Limited – Offer" on the envelope, as soon as possible and in any event 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.

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## LETTER FROM SHANGGU

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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**

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

Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are fully paid, free from liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of despatch of the Composite Document.

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 after the date of receipt of a duly completed Form of Acceptance of the Offer. Relevant documents evidencing title of the Offer Shares must be received by or on behalf of the Offeror (or the branch share registrar and transfer office of the Company in Hong Kong) to render such acceptance of the Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

### **Hong Kong Stamp Duty**

Seller’s ad valorem stamp duty at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Independent Shareholder on acceptance of the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty will be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the sellers’ ad valorem stamp duty on behalf of the relevant Independent Shareholder accepting 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 in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

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## LETTER FROM SHANGGU

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### **Taxation Advice**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror (including the Vendor), the Company, and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **Overseas Shareholders**

The Offeror intends to make the Offer available to all Independent Shareholders, including those with a registered address in a jurisdiction outside Hong Kong. The availability of the Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to such Overseas Shareholders may be prohibited or limited by the laws or regulations of the relevant jurisdictions. The Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

It is the responsibility of the Overseas Shareholders who wish to take any action in relation to the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with any such action, including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes in respect of any relevant jurisdictions.

Any acceptance by Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. 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 record in the register of members of the Company, the Company had one Overseas Shareholder with registered address located in the PRC. The Offeror was advised by legal advisers in the PRC that there is no restriction as to the despatch of this Composite Document and the accompanying Form of Acceptance, and the making of the Offer, to such Overseas Shareholder. The Offeror will therefore despatch this Composite Document and the Form of Acceptance to such Overseas Shareholder. This Composite Document will not be filed, nor approved for its issuance sought, under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong and this Composite Document will be published on the websites of the Company and the Stock Exchange and all material information in this Composite Document will be made available to such Overseas Shareholder.

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## LETTER FROM SHANGGU

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### INFORMATION OF THE OFFEROR

The Offeror is a limited liability company established in the Cayman Islands, and is an enterprise which combined innovative health and ecological via internet. Through the Internet Plus model, it integrates global health and medical resources, and combines mobile internet technology, health cloud computing, artificial intelligence technology, etc. to serve and to provide high-quality professional health products and health services to global consumers. The business of the Offeror Group includes the traditional Chinese medicine internet hospital platform and a cross-border e-commerce platform.

As at the Latest Practicable Date, the Offeror is held as to 59.4% by Top Eminent Invest Co., Ltd., 24% by E-comm Offshore Holding Limited, 15% by JinRong International Holding Limited and 1.6% by Top Eminent Invest I Co., Limited. Top Eminent Invest Co., Ltd. is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Mr. Ji Guangfei, who is in turn one of the directors of the Offeror. E-comm Offshore Holding Limited is a limited liability company incorporated in the British Virgin Islands which is wholly-owned by Beijing Tong Ren Tang Chinese Medicine Company Limited (a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 3613)).

Mr. Ji Guangfei (“**Mr. Ji**”), aged 51, is a Hong Kong resident. Having dedicated over 25 years to the fields of corporate management and investment operation, and accumulated profound experience in various fields including medical health, financial investment and energy, etc, Mr. Ji possesses extensive resources integration ability to promote in-depth integration of industries. Mr. Ji currently serves as the chairman of Tong Ren Tang International Group, and plays a key role in the corporate management and strategic decision-making, leading the group to steady development. Concurrently, Mr. Ji also serves as the director of various companies, including Top Eminent Invest Co., Limited (an entity incorporated in Hong Kong), Top Eminent Investment (Singapore) Pte Ltd., Beijing Tong Ren Tang USA Inc., Beijing Tong Ren Tang Europe Holding B.V., and The Herb Booth Pty Ltd., etc., contributing to the corporate development with his rich experience and outstanding leadership. Mr. Ji obtained an Executive Master of Business Administration (EMBA) degree from the Chinese University of Hong Kong in 2015.

### INFORMATION ON THE GROUP

Your attention is drawn to the section headed “Information on the Group” in the “Letter from the Board” as set out on page 20 of this Composite Document.

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## LETTER FROM SHANGGU

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### INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Following the completion of the Offer, the Offeror intends to continue and support the existing principal businesses of the Group and to work closely with the Company's management team to drive both customer and shareholder value. As at the Latest Practicable Date, (i) the Offeror does not have any plans to make any material changes to the continued employment of the employees of the Group (other than those in the ordinary course of business); and (ii) the Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror will conduct a strategic review of the Group's assets, corporate structure, capitalization, operations, properties, policies and management to determine if any changes would be appropriate and desirable following the completion of the Offer with a view to optimizing the Group's activities and development, and may make such changes as the Offeror deems necessary, appropriate or beneficial for the Group following its strategic review and/or taking into account any future developments.

### THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprises Mr. Yuan Feng and Mr. Chung Cheuk Fan Marco as executive Directors, Mr. Li Jiong and Mr. Xu Jianqiang as non-executive Directors, and Mr. Wu Jianfeng, Ms. Hu Zhaoxia and Mr. Ma Anyang as independent non-executive Directors.

The Offeror does not have any intention to nominate new Directors to the Board but may do so in the future. If the Offeror wishes to nominate new Directors to the Board in the future, such nomination(s) shall be with effect from the earliest time permitted under the Takeovers Code. Further announcement(s) will be made by the Company in compliance with the requirements of the Listing Rules as and when there are changes in the composition of the Board.

Pursuant to the Share Transfer Agreement, upon Completion, the Offeror shall use its best endeavor to procure the Company to take all necessary actions to ensure that (subject to compliance with the articles of the Company, the Listing Rules and the Takeovers Code), for the period from the Completion Date to the day the Vendor ceases to be a shareholder of the Company, at least two candidates nominated by the Vendor are appointed as Directors. As at the Latest Practicable Date, save for the aforesaid arrangement, there is no agreement between the Offeror and the Vendor regarding the voting in respect of appointment of new Directors. Save for the Share Transfer Agreement and the Share Charge, there is no relationship, agreement or arrangement between the Offeror and the Vendor.

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## LETTER FROM SHANGGU

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### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Stock Exchange has stated that if, at the closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the total 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) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The directors of the Offeror and the new directors 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. Further announcement(s) will be made in accordance with the requirements of the 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 Offer Shares not acquired pursuant to the Offer after the close of the Offer.

### **GENERAL**

All documents, communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title 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 as at the Latest Practicable Date, 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, parties acting in concert with the Offeror (including the Vendor), the Company, Shanggu, 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.

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## LETTER FROM SHANGGU

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### 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 and to consult your professional advisers, before deciding whether or not to accept the Offer.

Yours faithfully,

For and on behalf of

**SHANGGU SECURITIES LIMITED**

**Wiley O’Yang**

**Han Xu**

*Managing Director    Managing Director*

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LETTER FROM THE BOARD

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**CLSA Premium Limited**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 6877)

*Executive Directors*

Mr. Yuan Feng  
Mr. Chung Cheuk Fan Marco

*Non-executive Directors*

Mr. Li Jiong  
Mr. Xu Jianqiang

*Independent Non-executive Directors*

Mr. Wu Jianfeng  
Ms. Hu Zhaoxia  
Mr. Ma Anyang

*Registered Office*

Cricket Square,  
Hutchins Drive,  
P.O. Box 2681,  
Grand Cayman,  
KY1-1111,  
Cayman Islands

*Head Office and Principal Place of Business*

Suite 810, Level 8,  
One Pacific Place,  
88 Queensway,  
Hong Kong

11 March 2025

*To the Offer Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
SHANGGU SECURITIES LIMITED FOR AND ON BEHALF OF  
BEIJING TONG REN TANG (CAYMAN) LIMITED FOR  
ALL THE SHARES IN CLSA PREMIUM LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY  
OR AGREED TO BE ACQUIRED BY  
BEIJING TONG REN TANG (CAYMAN) LIMITED  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

Reference is made to the Joint Announcement in relation to, among other things, the Share Transfer Agreement and the Offer. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.



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## LETTER FROM THE BOARD

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As disclosed in the Joint Announcement, the Board was informed by the Offeror that the Offeror and the Vendor entered into the Share Transfer Agreement on 18 February 2025, pursuant to which the Vendor conditionally agreed to transfer and the Offeror conditionally agreed to acquire 813,316,000 Shares, representing 40% of the total issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK\$97,994,000 (equivalent to approximately HK\$0.1205 per Sale Share), which shall be paid in the following manner:

- (a) the Completion Payment, being HK\$29,398,200 was paid by the Offeror to the Vendor on the Completion Date; and
- (b) the Deferred Payment, being HK\$68,595,800 shall be paid by the Offeror to the Vendor within six months after the effective date of the Share Transfer Agreement.

The Offeror also executed the Share Charge on 18 February 2025 in favour of the Vendor to secure, among others, its payment of the Deferred Payment and the Offeror shall pay Interest to the Vendor for the period from the Completion Date to the date on which the Deferred Payment is fully settled.

For avoidance of doubt, Completion took place on 18 February 2025 upon the completion of the transfer of the Sale Shares and the settlement of the Completion Payment and, without prejudice to the right of the Vendor to receive the Deferred Payment and the Interest, is not subject to the Deferred Payment having been paid.

Immediately prior to Completion, none of the Offeror nor the parties acting in concert with it (excluding the Vendor) was interested in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Immediately after Completion, the Vendor continues to hold the Retained Shares (i.e. 386,994,001 Shares), representing approximately 19.03% of the issued share capital of the Company as at the Latest Practicable Date. Due to the Deferred Payment which will be settled after Completion and the Share Charge, the Vendor is presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code until the full settlement of the Deferred Payment by the Offeror. The Offeror does not expect to make early repayment of the Deferred Payment in full prior to the close of the Offer.

Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (including the Vendor) are interested in 1,200,310,001 Shares, representing approximately 59.03% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, immediately following Completion, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and the parties acting in concert with it (including the Vendor)).

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## LETTER FROM THE BOARD

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### THE OFFER

As disclosed in the “Letter from Shanggu” in the Composite Document, Shanggu, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following terms:

**For each Offer Share . . . . . HK\$0.1229 in cash**

The Offer Price of HK\$0.1229 per Offer Share is equivalent to the Sale Price payable by the Offeror together with the Interest accruing on the Deferred Payment for a period of six months from the Completion Date divided by the number of the Sale Shares, i.e. 813,316,000 Shares.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions. The Offer is extended to all issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and the parties acting in concert with it (including the Vendor)).

The Offeror intends to finance the consideration payable under the Offer in full with its internal financial resources.

The Company confirms that as at the Latest Practicable Date, the Company does not have any dividend or distribution recommended, declared or made but unpaid and the Company does not intend to declare any dividend or make other distribution during the Offer Period.

Following discussions with the Executive, the Company notes that its announcement dated 15 July 2024 should have been considered to be an announcement made under Rule 3.7 of the Takeovers Code. Accordingly, the Offer Period in relation to the Company commenced from the publication of such announcement on 15 July 2024. Please see the announcement of despatch of this Composite Document dated today for further clarification by the Company in this regard.

Further details of the terms of the Offer and the procedures for acceptance and settlement are set out in the “Letter from Shanggu” in the Composite Document, Appendix I “Further terms and procedures for acceptance of the Offer” to the Composite Document and the accompanying Form of Acceptance.

Offer Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which are included in the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as contained in the Composite Document.

### INFORMATION ON THE GROUP

The Company is a holding company and its subsidiaries are principally engaged in the healthcare business and its Shares are listed on the Main Board of the Stock Exchange (stock code: 6877). The Company’s foreign exchange trading business has been completely discontinued since May 2023 and it currently has no other operating businesses other than its healthcare business.

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## LETTER FROM THE BOARD

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Set out below is a summary of the certain consolidated financial information of the Company for the two financial years ended 31 December 2022 and 31 December 2023 as extracted from the 2023 Annual Report, and for the six months ended 30 June 2023 and 30 June 2024 as extracted from the 2024 Interim Report:

	<b>For the year ended 31</b>		<b>For the six months ended</b>	
	<b>December</b>		<b>30 June</b>	
	<b>2022</b>	<b>2023</b>	<b>2023</b>	<b>2024</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	45,854	201,488	143,008	55,501
Profit/(loss) before taxation	(30,979)	11,587	6,858	7,436
Profit/(loss) after taxation	(31,052)	9,842	5,554	6,260
Total comprehensive income/ (expenses)	(37,957)	9,065	5,074	5,741
	<b>As at 31 December</b>		<b>As at 30 June</b>	
	<b>2022</b>	<b>2023</b>	<b>2023</b>	<b>2024</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Total assets	284,310	251,775	268,733	262,097
Total liabilities	53,510	11,910	32,859	16,491
Net assets	230,800	239,865	235,874	245,606

The following financial information is extracted from the unaudited condensed consolidated management accounts of the Company as of 31 December 2024:

	<b>As at</b>
	<b>31 December</b>
	<b>2024</b>
	<i>HK\$'000</i>
	(Unaudited)
Net cash position	205,171
Total assets	280,283
Total liabilities	35,776
Net assets attributable to equity holders of the Company	244,507

Further details of the Group are set out in Appendix II “Financial Information of the Group” and Appendix III “General Information of the Group” to the Composite Document.

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## LETTER FROM THE BOARD

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### VALUATION OF THE GROUP

As disclosed in the Joint Announcement and the announcements of the Company dated 29 December 2024 and 14 January 2025, as a centrally regulated financial enterprise under the supervision of the Ministry of Finance of the PRC, the Vendor is required to prepare a valuation report to comply with requirements under Article 18(5) of the Administrative Measures for the Transfer of State-owned Assets of Financial Enterprises (No. 54 of the Ministry of Finance). China Enterprise Appraisals Consultation Co., Ltd., an independent valuer based in the PRC, has been appointed to assess the market value of the entire shareholders' equity of the Company as of 31 December 2023. Pursuant to the valuation report issued by China Enterprise Appraisals Consultation Co., Ltd., the appraised value of the Company as of 31 December 2023 was HK\$244,984,700. For the said full valuation report prepared by China Enterprise Appraisals Consultation Co., Ltd., please refer to Appendix V.

As disclosed in the Joint Announcement and the Company's announcement dated 14 January 2025, Odysseus Capital Asia Limited, being one of the financial advisers to the Company, has also been appointed as the independent valuer to assess the market value of the entire shareholders' equity of the Company as of 31 December 2024 in compliance with Rule 11 of the Takeovers Code. Pursuant to the valuation report issued by Odysseus Capital Asia Limited, the appraised fair value of the entire equity interest of the Company as of 31 December 2024 was HK\$250,801,000. For the said full valuation report prepared by the Odysseus Capital Asia Limited, please refer to Appendix VI.

### SHAREHOLDING STRUCTURE OF THE COMPANY

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

Shareholders	Immediately prior to Completion		Immediately after Completion and as at the Latest Practicable Date	
	Number of Shares	Approximate % of the issued Shares <sup>1</sup>	Number of Shares	Approximate % of the issued Shares <sup>1</sup>
<b>Offeror and parties acting in concert with it</b>				
Offeror	–	–	813,316,000	40.00
Vendor <sup>2</sup>	<u>1,200,310,001</u>	<u>59.03</u>	<u>386,994,001</u>	<u>19.03</u>
Subtotal of the Offeror and parties acting in concert with it (including the Vendor)	1,200,310,001	59.03%	1,200,310,001	59.03%
Independent Shareholders	<u>832,979,999</u>	<u>40.97</u>	<u>832,979,999</u>	<u>40.97</u>
Total	<u>2,033,290,000</u>	<u>100.00</u>	<u>2,033,290,000</u>	<u>100.00</u>

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## LETTER FROM THE BOARD

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*Note:*

1. Certain percentage figures in the above table are subject to rounding adjustments.
2. Due to the Deferred Payment which will be settled after Completion and the Share Charge, the Vendor is presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code until the full settlement of the Deferred Payment by the Offeror.

As at the Latest Practicable Date, the Company has 2,033,290,000 Shares in issue. The Company does not have any other outstanding Shares, warrants, options, derivatives or other securities which are convertible into Shares or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code), as at the Latest Practicable Date.

### **INFORMATION ON THE OFFEROR**

Your attention is drawn to the “Letter from Shanggu” in the Composite Document for the information on the Offeror and its intention in relation to the Group.

### **INTENTION OF THE OFFEROR IN RELATION TO THE GROUP AND NO CHANGE OF BOARD COMPOSITION**

As set out in the section headed “INTENTIONS OF THE OFFEROR REGARDING THE GROUP” and “THE BOARD COMPOSITION OF THE COMPANY” in the “Letter from Shanggu” in the Composite Document, it is the intention of the Offeror to continue and support the existing principal businesses of the Group and to work closely with the Company’s management team to drive both customer and shareholder value. As at the Latest Practicable Date, (i) the Offeror does not have any plans to make any material changes to the continued employment of the employees of the Group (other than in the ordinary course of business); and (ii) the Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror will conduct a strategic review of the Group’s assets, corporate structure, capitalization, operations, properties, policies and management to determine if any changes would be appropriate and desirable following the completion of the Offer with a view to optimizing the Group’s activities and development, and may make such changes as the Offeror deems necessary, appropriate or beneficial for the Group following its strategic review and/or taking into account any future developments.

Under the Share Transfer Agreement, upon Completion, the Offeror shall use its best endeavor to procure the Company to take all necessary actions to ensure that (subject to compliance with the articles of the Company, the Listing Rules and the Takeovers Code), for the period from the Completion Date to the day the Vendor ceases to be a shareholder of the Company, at least two candidates nominated by the Vendor are appointed as Directors.

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## LETTER FROM THE BOARD

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The Offeror does not have any intention to nominate new Directors to the Board but may do so in the future. If the Offeror wishes to nominate new Directors to the Board in the future, it shall be with effect from the earliest time permitted under the Takeovers Code. Further announcement(s) will be made by the Company in compliance with the requirements of the Listing Rules as and when there are changes in the composition of the Board. As at the Latest Practicable Date, save for the agreed arrangements regarding the Board composition of the Company under the Share Transfer Agreement as set out in the above paragraph, there is no agreement between the Offeror and the Vendor regarding the voting in respect of appointment of new Directors.

### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

As set out in the section headed “PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY” in “Letter from Shanggu”, the Offeror intends the Company to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Stock Exchange has stated that if, at the closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the total 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) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The directors of the Offeror and new directors 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. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, which comprises the Independent Non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Wu Jianfeng and Ms. Hu Zhaoxia, has been established by the Company to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Mr. Li Jiong and Mr. Xu Jianqiang, both Non-executive Directors of the Company, also concurrently serve as the chief treasury officer and the deputy head of the equity derivatives business line, respectively, of CITIC Securities Company Limited, the holding company of the Vendor. Mr. Ma Anyang, an Independent Non-Executive Director of the Company, is a director of certain wholly-owned subsidiaries of Beijing Tong Ren Tang Chinese Medicine Company Limited, the holding company of E-comm Offshore Holding Limited, which in turn is a shareholder of the Offeror. As such, Mr. Li Jiong, Mr. Xu Jianqiang and Mr. Ma Anyang are considered to have direct or indirect interests in the Offer by virtue of their respective relationship with the Vendor or the Offeror Group and as a result have not been appointed as members of the Independent Board Committee.

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## LETTER FROM THE BOARD

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

For the opinions and advice of the Independent Financial Adviser, please refer to the “Letter from the Independent Financial Adviser” as contained in the Composite Document.

### **RECOMMENDATION**

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 26 to 27 of the Composite Document which contains the recommendation of the Independent Board Committee to the Offer Shareholders as to whether the Offer is, or is not, fair and reasonable and as to their acceptance of the Offer; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 28 to 52 of the Composite Document which contains the advice of the Independent Financial Adviser to the Independent Board Committee in connection with the Offer and the principal factors considered by it in arriving at its advice. The Offer Shareholders are encouraged to read these letters carefully before taking any action in respect of the Offer.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information contained in the appendices to the Composite Document. Further details on the terms and the procedures for acceptance and settlement of the Offer are set out in Appendix I “Further terms and procedures for acceptance of the Offer” to the Composite Document and the accompanying Form of Acceptance. You are also recommended to read carefully the Form of Acceptance for further details in respect of the procedures for acceptance and settlement of the Offer.

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

By order of the Board  
**CLSA Premium Limited**  
**Yuan Feng**  
*Executive Director*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**CLSA Premium Limited**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 6877)

11 March 2025

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
SHANGGU SECURITIES LIMITED FOR AND ON BEHALF OF  
BEIJING TONG REN TANG (CAYMAN) LIMITED FOR  
ALL THE SHARES IN CLSA PREMIUM LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY  
OR AGREED TO BE ACQUIRED BY  
BEIJING TONG REN TANG (CAYMAN) LIMITED  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

We refer to the Composite Document dated 11 March 2025 issued jointly by the Company and the Offeror, of which this letter forms part of. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Composite Document.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you (i.e., the Independent Shareholders) as to, in our opinion, whether or not the terms of the Offer are fair and reasonable and to make recommendation in respect of acceptance of the Offer.

Somerley has been appointed as the Independent Financial Adviser with our approval to make recommendation to us in respect of the terms of Offer and, in particular, whether the terms of the Offer are fair and reasonable and to make recommendation in respect of the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from the Independent Financial Adviser” on pages 28 to 52 of the Composite Document.

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



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATION

Having taken into account the Offer and the independent advice from the Independent Financial Adviser, as well as the principal factors and reasons considered in arriving at its recommendation, we concur with the view of the Independent Financial Adviser and consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Independent Shareholders as a whole. As such, we recommend the Independent Shareholders to accept the Offer.

However, following the Rule 3.7 Announcement dated on 28 January 2025, Share price started to increase and the Shares have been traded above the Offer Price, closing at HK\$0.138 as at the Latest Practicable Date, which is higher than the Offer Price of HK\$0.1229 per Offer Share. Independent Shareholders who intend to realise their investments in the Company in whole or in part by accepting the Offer should monitor the Share price, and if the proceeds of selling in the open market (net of costs) would be higher than the net proceeds receivable under the Offer, such Independent Shareholders should consider selling their Shares in the open market instead of realising their investment by accepting the Offer. Independent Shareholders should also monitor the overall trading volume of the Shares, as they may or may not be able to dispose of their Shares in the market without exerting downward pressure on the Share prices.

Those Independent Shareholders who, after considering the information on the Offeror and their intentions regarding the Group, are attracted by the future prospects of the Group following the close of the Offer, may consider retaining their Shares or tendering less than all their Shares under the Offer.

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to accept the Offer or to hold your investment in the Shares is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the terms and procedures for acceptance of the Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,  
for and on behalf of the  
Independent Board Committee of CLSA Premium Limited

**Mr. Wu Jianfeng**  
*Independent Non-executive Director*

**Ms. Hu Zhaoxia**  
*Independent Non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the letter of advice from the Independent Financial Adviser, Somerley Capital Limited, to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Composite Document.*



**SOMERLEY CAPITAL LIMITED**

20th Floor

China Building

29 Queen's Road Central

Hong Kong

11 March 2025

*To: the Independent Board Committee*

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
SHANGGU SECURITIES LIMITED FOR AND ON BEHALF OF  
BEIJING TONG REN TANG (CAYMAN) LIMITED FOR  
ALL THE SHARES IN CLSA PREMIUM LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY  
OR AGREED TO BE ACQUIRED BY  
BEIJING TONG REN TANG (CAYMAN) LIMITED  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the Offer, details of which are set out in the Composite Document dated 11 March 2025, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

As mentioned in the Joint Announcement, the Offeror and the Vendor entered into the Share Transfer Agreement on 18 February 2025, pursuant to which the Vendor had conditionally agreed to transfer, and the Offeror had conditionally agreed to acquire, a total of 813,316,000 Sale Shares, for a total consideration of HK\$97,994,000 (equivalent to approximately HK\$0.1205 per Sale Share), comprising (i) the Completion Payment of HK\$29,398,200 paid by the Offeror on 18 February 2025, and (ii) the Deferred Payment of HK\$68,595,800 payable within six months after the effective date of the Share Transfer Agreement on 18 February 2025. Interest is accrued on the Deferred Payment from the Completion Date to the date on which the Deferred Payment is fully settled at 5.5% per annum. The Sale Shares represent 40% of the total issued Shares of the Company as at the Latest Practicable Date. Completion of the Transfer took place on 18 February 2025.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Immediately upon Completion of the Transfer, the Vendor continues to hold the Retained Shares of 386,994,001 Shares, representing approximately 19.03% of the total issued Shares of the Company as at the Latest Practicable Date. The Vendor is presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code until the full settlement of the Deferred Payment by the Offeror.

Immediately after Completion of the Transfer and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (including the Vendor) were interested in 1,200,310,001 Shares, representing approximately 59.03% of the total issued Shares of the Company. Pursuant to Rule 26.1 of the Takeovers Code, immediately following Completion of the Transfer, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it (including the Vendor)).

The Independent Board Committee comprising two independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Wu Jianfeng and Ms. Hu Zhaoxia, was established for the purpose of advising the Independent Shareholders in respect of the Offer. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee on the Offer.

We are not associated with the Company, the Offeror or their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion, we have reviewed, among other things, (i) the Composite Document; (ii) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”); and (iii) the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”). We have relied on the information and facts supplied by the Company and the opinions expressed by the Directors, and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects as at the Latest Practicable Date. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us which would render any statement in this letter misleading. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them; nor have we carried out any independent verification of the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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information supplied. The Company will notify the Independent Shareholders of any material changes to information contained or referred to in the Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be informed of any material changes to the information contained or referred to herein as well as changes to our opinion, if any, as soon as practicable throughout the Offer Period in accordance with Rule 9.1 of the Takeovers Code.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer, since these depend on their individual circumstances. In particular, Independent Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on security dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

### PRINCIPAL TERMS OF THE OFFER

Shanggu, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following terms:

**For each Offer Share . . . . . HK\$0.1229 in cash**

The Offer Price of HK\$0.1229 per Offer Share is equivalent to the Sale Price payable by the Offeror together with the Interest accruing on the Deferred Payment for a period of six months from the Completion Date of the Transfer, divided by the number of the Sale Shares. Details of the calculation is set out in the section headed “The Offer” in the “Letter from Shanggu” of the Composite Document.

**As stated in the “Letter from Shanggu” of the Composite Document, the Offeror will not increase the Offer Price. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.**

As at the Latest Practicable Date, the Company (i) has not declared any dividend which is not yet paid; and (ii) does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing or lapse of the Offer. If, after the Latest Practicable Date, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offer, we have taken into account the following principal factors and reasons:

#### 1. Information and prospects of the Group

##### *(i) Background information of the Group*

The Group is principally engaged in the healthcare business and its Shares are listed on the Main Board of the Stock Exchange (stock code: 6877). After the Group has completely ceased its margin dealing business since May 2023, the only operating businesses of the Group is its healthcare business, which started to record income in May 2022.

The major categories of products sold by the Group include Chinese healthcare products, fish oil products, vitamins and supplements, ginseng products and bird's nest products. The Group sells its products through business-to-business (“**B2B**”) and business-to-consumer (“**B2C**”) operation model, and also develops its original design manufacturing (“**ODM**”) products. Under the B2B business model, the Group purchases products in bulk from its suppliers and sells the products to offline wholesale customers, which, in turn, on-sell to end consumers. Under the B2C business model, the Group sell its products to online individual customers via four e-commerce stores on two globally renowned e-commerce platforms. As disclosed in the Company's announcement dated 24 October 2023, the Group has entered into a strategic cooperation agreement with Beijing Tong Ren Tang (Hong Kong) Limited, a wholly-owned subsidiary of the Offeror, and 中科分子生物(廣東)股份有限公司 (CasMo Bio-tech (Guangdong) Co., Ltd.). Pursuant to the said agreement, the Group is responsible for designing the ODM products and serving as the global distributor.

Trading in the Shares on the Stock Exchange has been suspended on 25 April 2023 as the Company failed to maintain a sufficient level of operations and assets of sufficient value to support its operations as required under Rule 13.24 of the Listing Rules. With the fulfillment of all resumption guidance, trading of the Shares was resumed around one year and three months later on 19 July 2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(ii) Financial information of the Group**

**(A) Financial performance**

The following table sets out a summary of the consolidated statements of profit or loss of the Group for the two years ended 31 December 2022 and 2023, and for the six months ended 30 June 2023 and 2024, as extracted and summarised from the 2023 Annual Report and 2024 Interim Report.

	For the six months ended		For the year ended	
	30 June		31 December	
	2024	2023	2023	2022
	(unaudited)	(unaudited)	(audited)	(audited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
<b>Total income</b>	<b>55,501</b>	<b>143,008</b>	<b>201,488</b>	<b>45,854</b>
– Continuing operations	55,501	141,895	199,683	39,125
– Discontinued operations	–	1,113	1,805	6,729
<b>Profit/(loss) for the period/year</b>	<b>6,260</b>	<b>5,554</b>	<b>9,842</b>	<b>(31,052)</b>
– Continuing operations	6,260	6,932	12,830	(11,018)
– Discontinued operations	–	(1,378)	(2,988)	(20,034)

*Note:* Discontinued operations represent the margin dealing business of the Group completely ceased in May 2023.

**(a) Continuing operations**

**(i) Total income**

The following table sets out a breakdown of income from continuing operations:

	For the six months ended		For the year ended	
	30 June		31 December	
	2024	2023	2023	2022
	(unaudited)	(unaudited)	(audited)	(audited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
<b>Total income from continuing operations</b>	<b>55,501</b>	<b>141,895</b>	<b>199,683</b>	<b>39,125</b>
– Sales of goods from healthcare business	50,687	138,108	191,170	39,129
– Other income, net	4,814	3,787	8,513	(4)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group began recording income from its healthcare business in May 2022 which experienced notable volatility since then. Income generated from the healthcare business was approximately HK\$191.2 million for the year ended 31 December 2023, representing (a) over 95% of the Group's total income from continuing operations; and (b) an increase of approximately 388.6% from approximately HK\$39.1 million for 2022 (the Group started record income from healthcare business since May 2022). According to the 2023 Annual Report, such increase was driven by the growth of the healthcare business, with each of the B2B and B2C channels of the Group have recorded growth of more than 200% in 2023. Other income, net comprises mainly interest income generated from the Group's bank deposits.

For the first half of 2024, income from healthcare business of the Group dropped by approximately 63.3% compared to the same period in 2023. As advised by the management of the Company, such decrease was mainly attributable to decrease in B2B income (from around 71% of total income in the first half of 2023 to around 62% in the first half of 2024) as the Group focused on income from B2C business (from around 29% of total income in the first half of 2023 to around 38% in the first half of 2024) during the first half of 2024, which yield higher margin.

(ii) *Total expenses*

The following table sets out a breakdown of total expenses for continuing operations:

	For the six months ended		For the year ended	
	30 June		31 December	
	2024	2023	2023	2022
	(unaudited)	(unaudited)	(audited)	(audited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
<b>Total expenses for continuing operations</b>	<b>(48,065)</b>	<b>(133,659)</b>	<b>(185,108)</b>	<b>(49,911)</b>
– Cost of sales from healthcare business	(31,086)	(118,651)	(151,077)	(31,961)
– Referral expenses and other charges	(1,305)	(1,086)	(3,642)	(516)
– Staff costs	(1,630)	(1,117)	(1,934)	(2,305)
– Depreciation – property, plant and equipment for first half of 2024 or right-of-use assets for 2022	(194)	–	–	(757)
– Other operating expenses	(13,850)	(12,805)	(28,455)	(14,372)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Cost of sales from healthcare business

Total expenses for continuing operations in 2023 mainly comprised of cost of sales from healthcare business of approximately HK\$151.1 million, representing (a) over 81% total expenses for continuing operations; and (b) an increase of approximately 372.6% comparing to approximately HK\$32.0 million in 2022. According to the 2023 Annual Report, such increase was due to the growth of business activities of the healthcare business, from which the Group has only recorded income since May 2022 and thus was still considered at its early stage. Cost to sales ratios in 2022 and 2023 based on (a) sales of goods from healthcare business; and (b) cost of sales from healthcare business, was approximately 81.7% and 79.0% respectively.

Cost of sales from healthcare business was approximately HK\$31.1 million for the first half of 2024 compared with approximately HK\$118.7 million for the 2023 interim period. Cost to sales ratio decreased from approximately 85.9% in the first half of 2023 to approximately 61.3% in the first half of 2024, reflecting the Group's focus on the high margin B2C business as mentioned above.

### Other operating expenses

Other operating expenses of the Group increased by approximately 98.0% to HK\$28.5 million in 2023 from approximately HK\$14.4 million in 2022. According to the 2023 Annual Report, such increase was mainly attributable to the increase in (a) marketing, advertising and promotion expenses; (b) professional and consultancy fee; and (c) postage and courier expenses for the continuing operations by approximately HK\$5.7 million, HK\$3.9 million and HK\$2.8 million respectively compared to that in 2022.

In first half of 2024, other operating expenses of the Group increased by approximately 8.2% to HK\$13.9 million, mainly due to the increase in marketing and promotional expenses by approximately HK\$1.8 million.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(iii) Profit/(loss) for the period/year*

The Group generated net profit of approximately HK\$12.8 million from continuing operations in 2023 compared with the net loss of approximately HK\$11.0 million for 2022. Such net profit was mainly attributable to the significant growth of healthcare business in 2023 with a significant increase in sales of healthcare products as explained above.

For the first half of 2024, despite drop in income, the Group focused on the high margin B2C business and maintained net profit from continuing operations of approximately HK\$6.3 million compared with net profit of approximately HK\$6.9 million for the corresponding period of 2023.

*(b) Discontinued operations*

The Group completely ceased its margin dealing business in May 2023. Income from the Group's discontinued margin dealing business decreased by approximately 73.2% to HK\$1.8 million in 2023 from HK\$6.7 million in 2022. The Group recorded net loss of approximately HK\$3.0 million from discontinued operations in 2023, as compared with the net loss of approximately HK\$20.0 million for 2022.

*(c) Dividends*

No dividend was declared by the Company for the financial years ended 31 December 2022 and 2023, and for the six months ended 30 June 2024.

*(B) Financial position*

The following table sets out a summary of the consolidated statement of financial position of the Group as at 31 December 2022 and 2023, and as at 30 June 2024, as extracted and summarised from the 2023 Annual Report and 2024 Interim Report.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	As at 30 June 2024 (unaudited) (HK\$'000)	As at 31 December 2023 (audited) (HK\$'000)	2022 (audited) (HK\$'000)
<b>ASSETS</b>	<b>262,097</b>	<b>251,775</b>	<b>284,310</b>
<b>Non-current assets</b>			
– Property, plant and equipment	194	388	845
<b>Current assets</b>			
– Inventories	9,123	11,916	37,795
– Trade receivables	26,349	12,979	17,991
– Other receivables, prepayments and deposits	1,414	2,914	6,999
– Tax prepayment	4	4	4
– Balances due from agents	–	–	4,651
– Cash and bank balances and client trust bank balances	225,013	223,574	216,025
<b>LIABILITIES</b>	<b>16,491</b>	<b>11,910</b>	<b>53,510</b>
– Income tax payable	3,018	1,842	97
– Trade and other payables	12,322	8,909	51,486
– Derivative financial instruments	–	–	12
– Clients' balances	1,151	1,159	1,915
<b>NET ASSET VALUE</b>	<b>245,606</b>	<b>239,865</b>	<b>230,800</b>
– Net asset value per share (HK\$)	0.1208	0.1180	0.1135

(i) *Total assets*

As at 30 June 2024, the Group's total assets were approximately HK\$262.1 million, in which approximately 85.9% or approximately HK\$225.0 million was cash and bank balances and client trust bank balances, including (i) fixed deposits with banks of approximately HK\$194.3 million; (ii) cash and bank balances of approximately HK\$29.6 million; and (iii) client trust bank balances of approximately HK\$1.2 million, representing clients' deposits from its discontinued margin dealing business. Other major assets include, among others, (a) trade receivables of approximately HK\$26.3 million (10.1% of total assets) mainly from the Group's customers in the healthcare business; and (b) inventories of approximately HK\$9.1 million (3.5% of total assets), comprising mainly healthcare products to be sold. According to the 2024 Interim Report, none of the trade receivables as at 30 June 2024 were impaired and the expected credit losses for the trade receivables balance are not significant.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(ii) Total liabilities*

As at 30 June 2024, the Group's total liabilities amounted to approximately HK\$16.5 million, which consisted of (a) trade and other payables of approximately HK\$12.3 million (74.7% of total liabilities) arising mainly from purchases of healthcare products from the Group's suppliers; (b) income tax payable of approximately HK\$3.0 million (18.3% of total liabilities); and (c) clients' balances of approximately HK\$1.2 million (7.0% of total liabilities), representing deposits received from clients in its discontinued margin dealing business.

*(iii) Net asset value and gearing ratio*

Net asset value of the Group amounted to approximately HK\$245.6 million as at 30 June 2024, or approximately HK\$0.1208 per Share. As the Group had a net cash position as at 30 June 2024, the gearing ratio was zero.

The Offer Price of HK\$0.1229 per Offer Share represents a premium of approximately 1.74% over the Group's net asset value per Share of approximately HK\$0.1208 as at 30 June 2024.

*(iv) Financial information as of 31 December 2024 based on the management accounts of the Company*

As stated in the section headed "Information on the Group" in the "Letter from the Board" of the Composite Document, according to the unaudited condensed consolidated management accounts of the Company as of 31 December 2024 (the "**2024 Management Accounts**"), net cash position and net assets attributable to equity holders of the Company amounted to HK\$205,171,000 (including client trust bank balances of approximately HK\$1.2 million) and HK\$244,507,000, respectively. Net cash of the Company accounted for approximately 83.9% of the unaudited net asset value as at 31 December 2024.

Based on a total of 2,033,290,000 issued Shares as at 31 December 2024, the unaudited net asset value per Share is approximately HK\$0.1203 per Share. The Offer Price of HK\$0.1229 per Offer Share represents a premium of approximately 2.16% over the Group's unaudited net asset value per Share of approximately HK\$0.1203 as at 31 December 2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(C) Our view on the financial information of the Group*

The Group has undergone substantial restructuring of its business in recent years. This includes the commencement of its healthcare business in 2022, which is the only major business of the Group currently, and discontinuation of its margin dealing business in 2023. In our view, the new healthcare business is still at its early stage and cannot be regarded as a stabilised business, as reflected in the significant fluctuation in revenue during the above periods under review, and the adjustment in business strategy of focusing on high margin B2C business, which led to the substantial reduction in revenue during the first half of 2024.

The balance sheet of the Group comprised mainly of cash and bank deposits, which constitute vast majority of the Group's latest total assets, while other working capital items (such as trade receivables and payables) represent a much lesser part of the Group's balance sheet. In this connection, we note that the Offer Price of HK\$0.1229 per Offer Share is close to the Group's unaudited net asset value of approximately HK\$0.1203 per Share as at 31 December 2024.

***(iii) Prospects of the Group***

The Group only began recording income from healthcare business for a relatively short period since May 2022, which experienced notable volatility since then.

As advised by the management of the Company, the Group will endeavor to develop its healthcare business in 2025. According to the 2024 Interim Report, the Group plans to expand its healthcare business by allocating further resources to enhance supplier networks, offer a wider range of products and broaden its customer network, with a particular focus on its relatively new ODM business. It is expected that the Group's ODM products will be distributed in the PRC and Hong Kong through various channels such as online channels, self-platforms and offline distributors. As people are more health conscious post COVID-19 pandemic and inclined to spend more on healthcare products, the management of the Company is confident in the future sustainability of the healthcare business supported by strategic partnerships with key stakeholders in the industry.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Rising disposable income in both the PRC and Hong Kong, enabling consumers to spend more on non-essential items including health and wellness products, is another driving force for healthcare business. China has experienced rapid economic growth over the past few decades, transforming it into a world class economy. According to the National Bureau of Statistics of China (中國國家統計局), the per capita disposable income of Chinese households has been steadily increasing. For example, the per capita disposable income in China increased by approximately 6.1% and 5.1% year-on-year in 2023 and 2024 respectively, after adjusting for inflation. Hong Kong, as a Special Administrative Region of China, has one of the highest per capita income in the world. According to the Census and Statistics Department of Hong Kong (香港政府統計處), the total disposable income in Hong Kong amounted to approximately HK\$3,219 billion in 2023, representing an increase of approximately 8% comparing to 2022.

On the other hand, future business development and prospects of the Group are subject to various uncertainties, including but not limited to (a) global competition in the healthcare industry, particularly from established worldwide e-commerce channels; (b) regulatory complexities associated with ensuring product safety and compliance; and (c) the constantly evolving preferences of consumers in the healthcare industry.

The Group commenced its healthcare business in May 2022 and, as a result, has relatively limited experience in the industry. Since the commencement of this business, income and profit/(loss) generated from selling healthcare products have been subject to significant volatility. Future prospects of the Group will highly depend on its ability to, among other factors, adapt promptly to change in economic conditions, industry dynamics and evolving consumer preferences.

### **2. Information on the Offeror and its intention regarding the Group**

As set out in the section headed “Information of the Offeror” in the “Letter from Shanggu” of the Composite Document, the Offeror is a limited liability company established in the Cayman Islands, and is an enterprise which combined innovative health and ecological via internet. The business of the Offeror Group includes the traditional Chinese medicine internet hospital platform and a cross-border e-commerce platform.

Details of the background of the Offeror are stated in the section headed “Information of the Offeror” in the “Letter from Shanggu” of the Composite Document.

Following the completion of the Offer, the Offeror intends to continue and support the existing principal businesses of the Group and to work closely with the Company’s management team to drive both customer and shareholder value. As discussed above in the paragraph headed “Background information of the Group”, the Group had entered into a strategic cooperation agreement with, among others, Beijing Tong Ren Tang (Hong Kong) Limited, a wholly-owned subsidiary of the Offeror, in 2023 to develop its ODM business.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, (i) the Offeror does not have any plans to make any material changes to the continued employment of the employees of the Group (other than those in the ordinary course of business); and (ii) the Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror will conduct a strategic review of the Group's assets, corporate structure, capitalisation, operations, properties, policies and management to determine if any changes would be appropriate and desirable following the completion of the Offer with a view to optimizing the Group's activities and development, and may make such changes as the Offeror deems necessary, appropriate or beneficial for the Group following its strategic review and/or taking into account any future developments.

As stated in the section headed "Public float and maintaining the listing status of the Company" in the "Letter from Shanggu" of the Composite Document, the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Stock Exchange has stated that if, at the closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the total 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, it will consider exercising its discretion to suspend dealings in the Shares. The directors of the Offeror and the new directors 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. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

As stated in the section headed "The board composition of the Company" in the "Letter from Shanggu" of the Composite Document, the Offeror does not have any intention to nominate new Directors to the Board but may do so in the future. Further announcement(s) will be made by the Company in compliance with the requirements of the Listing Rules as and when there are changes in the composition of the Board.

### **3. Valuation of 100% equity interest of the Company**

The value of the equity interest of the Company has been assessed by (i) China Enterprise Appraisals Consultation Co., Ltd. ("CEACCL") and (ii) Odysseus Capital Asia Limited ("Odysseus"), being one of the financial advisers to the Company in relation to the Offer. The report from CEACCL, which we understand from management was primarily prepared for the purpose of facilitating the Transfer, valued the equity interest of the Company as at 31 December 2023. The report from Odysseus, on the other hand, valued the equity interest of the Company as at 31 December 2024, which we consider to be more relevant to our analysis. As such, we focus our discussion below with reference to the valuation report prepared by Odysseus (the "**Odysseus Report**"), the full text of which is set out in Appendix VI to the Composite Document.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to the Odysseus Report, the appraised fair value of the entire equity interest of the Company as of 31 December 2024 was HK\$250,801,000. We have reviewed and discussed with Odysseus the methodology used, and the bases and assumptions adopted, in appraising the fair value of the equity interest of the Company as set out in the Odysseus Report. Since the Group had no external borrowings and net cash position accounted for approximately HK\$205.2 million as at 31 December 2024, Odysseus considered that it is more appropriate to value the equity interest of the Company by using the sum-of-the-parts valuation primarily based on the asset based approach, supported by the market approach adopting price-to-book ratios of comparable companies for valuing the healthcare business of the Group. As analysed in the section above headed “Information and prospects of the Group”, we consider the new healthcare business to be at its early stage and cannot be regarded as a stabilised business, and therefore does not consider a valuation based on the earnings multiples of the new healthcare business (e.g. price-to-earnings) to be a prudent approach. Together with the fact that the latest published balance sheet of the Group comprises mostly cash, we concur with Odysseus’s approach in assessing the value of the Company on the asset based approach.

According to the Odysseus Report, the equity value of the Company as of 31 December 2024 is illustrated as follows:

	<b>As of</b>	
	<b>31 December</b>	
	<b>2024</b>	
	<i>HK\$'000</i>	
Net assets attributable to equity holders of the Company	244,507	<i>A</i>
Net cash position of the Company	205,171	<i>B</i>
Net assets of the healthcare business	39,336	<i>C=A-B</i>
Adopted price-to-book ratio for the healthcare business	1.16	<i>D</i>
Valuation of the healthcare business	45,630	<i>E=C*D</i>
<b>Sum-of-the-parts valuation for 100% equity value of the Company</b>	<b>250,801</b>	<b><i>F=B+E</i></b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Odysseus has identified eight comparable companies which are considered appropriate for comparison based on the following criteria: (a) listed on recognised stock exchanges in Hong Kong and the PRC with a market capitalisation of not more than HK\$1 billion as at 31 December 2024; (b) having active trading profile and positive net assets attributable to equity holders as of 31 December 2024; and (c) engaging in the healthcare business in Hong Kong and the PRC. By taking out one of the comparable companies which was listed only few days before the valuation date on 31 December 2024, the average price-to-book ratio of the other seven comparable companies of 1.16 times was adopted by Odysseus in the valuation of the equity value of the Company. Further details of the comparable companies are stated in the Odysseus Report set out in Appendix VI to the Composite Document.

Based on (i) the appraised fair value of the entire equity interest of the Company as of 31 December 2024 of HK\$250,801,000; and (ii) a total of 2,033,290,000 issued Shares as at the Latest Practicable Date, the appraised fair value is approximately HK\$0.1233 per Share. The Offer Price of HK\$0.1229 per Offer Share represents a slight discount of approximately 0.36% to the appraised fair value of the equity interest of the Company as of 31 December 2024, which we do not consider to be material.

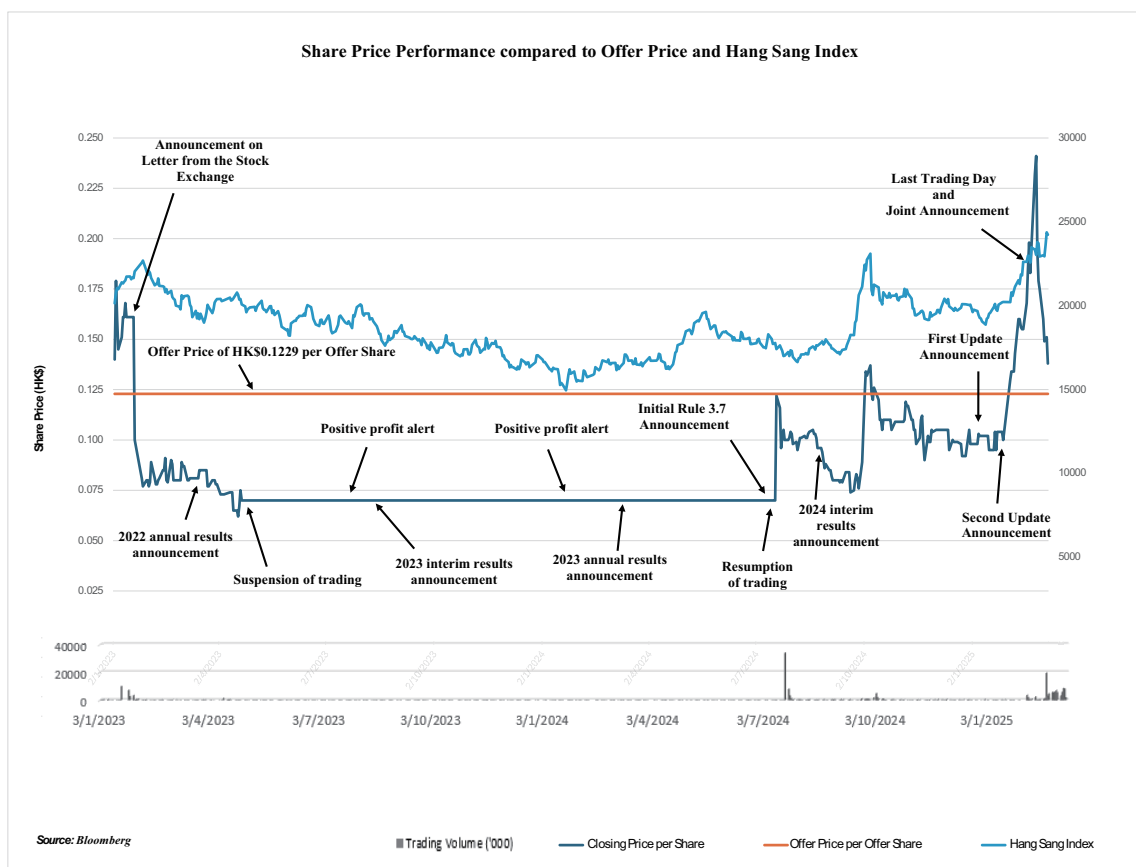
#### 4. Analysis of price performance and trading liquidity of the Shares

##### (i) *Historical price performance of the Shares*

The chart below illustrates the daily closing price per Share from 1 January 2023 up to and including the Latest Practicable Date (the “**Review Period**”), alongside a comparison of the Share price performance against the Offer Price and Hang Seng Index. According to the Company’s announcement dated 19 January 2023, the Company received a letter from the Stock Exchange (the “**Letter from the Stock Exchange**”) on the same day, notifying that the Company has failed to maintain a sufficient level of operations and assets of sufficient value as required under Rule 13.24 of the Listing Rules. Consequently, trading in the Shares on the Stock Exchange has been suspended on 25 April 2023 (the “**Suspension**”) and resumed on 19 July 2024 (the “**Resumption**”). The Review Period, which encompasses the receipt of the Letter from the Stock Exchange, the Suspension and the subsequent Resumption, is considered relevant for providing a general overview of the recent market performance of the Shares for the purpose of this analysis.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Following the publication of the announcement on the Letter from the Stock Exchange on 20 January 2023 (before trading hours), the closing Share price dropped by approximately 37.9% from HK\$0.161 on 19 January 2023 to HK\$0.100 on 20 January 2023. The downward trend continued on the next two trading days, and the Share price closed at HK\$0.077 on 27 January 2023. Since then and until the commencement of the Suspension on 25 April 2023, the closing Share price fluctuated in a range of HK\$0.062 to HK\$0.091. Closing Share price closed at HK\$0.07 on 24 April 2024 before the Suspension. During the Suspension period, the Company published the initial Rule 3.7 Announcement on 15 July 2024 in relation to the intention of the controlling Shareholder (i.e. the Vendor) to dispose its Shares constituting approximately 28% to 40% of the Company's total issued Shares. Following the Resumption on 19 July 2024, the closing Share price surged to HK\$0.122, reflecting an increase of approximately 74.3% compared to the closing Share price of HK\$0.07 on 24 April 2024.

Since then, the closing Share prices showed a general downward trend and reached a post-Resumption low of HK\$0.074 on 20 September 2024. Subsequently, and until the publication of the first update announcement (the "**First Update Announcement**") on 29 December 2024, the closing Share prices fluctuation was largely in line with the Hang Seng Index. The First Update Announcement stated, among others, that the Sale Shares were to be listed for a bidding process on an equity exchange in the PRC. Following the publication of the First Update Announcement, price of the Shares closed at HK\$0.105 on the next trading day on 30 December 2024, represented an increase of approximately 14.1% from the closing price on the previous trading day.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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From 31 December 2024 to 28 January 2025, the closing Share prices fluctuated within a narrow range of HK\$0.095 to HK\$0.104. On 28 January 2025, the Company published the second update announcement on the Transfer (the “**Second Update Announcement**”), stating that discussions between the controlling Shareholder and Beijing Tong Ren Tang (Cayman) Limited (i.e. the Offeror) on the proposed transfer of Shares were ongoing. Following the Second Update Announcement, the closing Share price increased by approximately 30.0% from HK\$0.1 on 28 January 2025 (the trading day prior to the Second Update Announcement) to HK\$0.13 on 3 February 2025 (the trading day following the Second Update Announcement). Since then, the closing Share price led a remarkable upward trend, reaching HK\$0.185 on 18 February 2025. After trading hours on 18 February 2025, the Company published the Joint Announcement and the closing Share price further increase to HK\$0.198 on 19 February 2025. The closing Share price as at the Latest Practicable Date was HK\$0.138.

The Offer Price of HK\$0.1229 per Offer Share represents:

- (i) a premium of approximately 75.57% to the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on 24 April 2023, being the last trading day before the date of the initial Rule 3.7 Announcement dated 15 July 2024;
- (ii) a premium of approximately 33.59% to the closing price of HK\$0.092 per Share as quoted on the Stock Exchange on 27 December 2024, being the last trading day before the date of the First Update Announcement dated 29 December 2024;
- (iii) a premium of approximately 22.90% to the closing price of HK\$0.1 per Share as quoted on the Stock Exchange on 28 January 2025, being the last trading day before the date of the Second Update Announcement dated 28 January 2025;
- (iv) a discount of approximately 33.57% to the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 24.97% to the average of the closing price as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day of approximately HK\$0.1638 per Share;
- (vi) a discount of approximately 20.71% to the average of the closing price as quoted on the Stock Exchange for the ten trading days immediately prior to and including the Last Trading Day of approximately HK\$0.155 per Share;
- (vii) a premium of approximately 1.82% to the average of the closing price as quoted on the Stock Exchange for the thirty trading days immediately prior to and including the Last Trading Day of approximately HK\$0.1207 per Share;

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- (viii) a discount of approximately 10.94% to the closing price of HK\$0.138 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ix) a premium of approximately 4.18% over the Group's audited consolidated net assets attributed to the Shareholders per Share of approximately HK\$0.1180 as at 31 December 2023 (calculated based on (i) a total of 2,033,290,000 Shares as at the Latest Practicable Date; and (ii) the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$239.865 million as at 31 December 2023);
- (x) a premium of approximately 1.74% over the Group's unaudited consolidated net assets attributed to the Shareholders per Share of approximately HK\$0.1208 as at 30 June 2024 (calculated based on (i) a total of 2,033,290,000 Shares as at the Latest Practicable Date; and (ii) the Group's unaudited consolidated net assets attributable to the Shareholders of HK\$245.606 million as at 30 June 2024);
- (xi) a premium of approximately 2.16% over the Group's unaudited net assets attributable to equity holders of the Company of approximately HK\$0.1203 per Share as at 31 December 2024, extracted from the 2024 Management Accounts; and
- (xii) a discount of approximately 0.36% to the appraised fair value of 100% equity interest of the Company based on the Odysseus Report of approximately HK\$0.1233 per Share as at 31 December 2024.

As shown above, although the Offer Price represents a discount to closing Share price on the Last Trading Day and the average closing Share price for the last five and ten trading days prior to and including the Last Trading Day, it should be noted that the price of the Shares increased substantially following the publication of the initial Rule 3.7 Announcement, the First Update Announcement and the Second Update Announcement, the price of the Shares after which may be affected by the news on the potential Offer. In particular, the Offer Price represents (a) a premium of approximately 75.57% over the closing price of HK\$0.07 per Share on 24 April 2023, being the last trading day before the date of the initial Rule 3.7 Announcement dated 15 July 2024; (b) a premium of approximately 33.59% over the closing price of HK\$0.092 per Share on 27 December 2024, being the last trading day before the date of the First Update Announcement dated 29 December 2024; (c) a premium of approximately 22.90% over the closing price of HK\$0.1 per Share on 28 January 2025, being the last trading day before the date of the Second Update Announcement dated 28 January 2025; and (d) a premium of approximately 1.82% over the average of the closing price for the thirty trading days immediately prior to and including the Last Trading Day of approximately HK\$0.1207 per Share.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During the Review Period, there were 43 trading days out of a total of 533 trading days where the Share prices exceed the Offer Price of HK\$0.1229 per Offer Share, among which (a) 13 trading days were in January 2023 before publication of the announcement on the Letter from the Stock Exchange dated 19 January 2023; (b) 5 trading days were in October 2024; and (c) 25 trading days were in the period following publication of the First Update Announcement and the Second Update Announcement and up to the Latest Practicable Date. As of the Latest Practicable Date, the Share price closed at HK\$0.138, which is higher than the Offer Price of HK\$0.1229 per Offer Share.

Shareholders should note that the Share price movement following the publication of the initial Rule 3.7 Announcement, the First Update Announcement and the Second Update Announcement are likely to be driven by the Offer, and as such, the sustainability of the current Share price after the closing of the Offer could be uncertain. For our discussion on whether to accept the Offer or sell in the open market, please refer to the section headed “Opinion and recommendations” of this letter.

**(ii) Trading liquidity**

Set out in the table below are the monthly total trading volumes of the Shares and the percentages of such monthly total trading volumes to the total issued Shares and the public float of the Company during the Review Period:

	Number of trading days	Monthly total trading volume of the Shares (Note 1)	Percentage of the monthly total trading volume of the Shares to the total issued Shares (Note 2)	Percentage of the monthly total trading volume of the Shares to the public float of the Company (Note 2 & 3)
<b>2023</b>				
January	18	24,335,000	1.20%	4.57%
February	20	2,960,000	0.15%	0.56%
March	23	705,000	0.03%	0.13%
April	13	2,305,000	0.11%	0.43%
<b>Trading in the Shares on the Stock Exchange has been suspended on 25 April 2023 and resumed on 19 July 2024.</b>				
<b>2024</b>				
July	9	47,635,002	2.34%	8.94%
August	22	3,375,000	0.17%	0.63%
September	19	8,075,000	0.40%	1.52%
October	21	10,605,000	0.52%	1.99%
November	21	2,360,000	0.12%	0.44%
December	20	1,795,000	0.09%	0.34%

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	Number of trading days	Monthly total trading volume of the Shares <i>(Note 1)</i>	Percentage of the monthly total trading volume of the Shares to the total issued Shares <i>(Note 2)</i>	Percentage of the monthly total trading volume of the Shares to public float of the Company <i>(Note 2 &amp; 3)</i>
<b>2025</b>				
January	19	550,000	0.03%	0.10%
February	20	70,190,000	3.45%	13.17%
From 1 March 2025 to the Latest Practicable Date	5	30,235,000	1.49%	5.67%

*Notes:*

1. Source: Bloomberg
2. The calculation is based on the monthly total trading volume of the Shares divided by the total issued Shares or the total number of Shares in public float at the end of each month (or at the Latest Practicable Date for March 2025).
3. The total number of Shares in public float is calculated based on the number of total issued Shares excluding Shares held by the Vendor, KVB Holdings Limited and the Offeror at the end of each month (or at the Latest Practicable Date for March 2025).

From the table above, which outlines the monthly total trading volume as a percentage of the number of total issued Shares and as a percentage of the public float respectively, we note that save for January 2023, July 2024 and the period after publication of the Second Update Announcement on 28 January 2025 and up to the Latest Practicable Date, the trading volume of the Shares has been generally thin. The monthly total trading volume of Shares during the Review Period, excluding the periods mentioned above and when the trading of Shares was suspended, represents only approximately 0.03% to 0.52% of the total issued Shares; and approximately 0.10% to 1.99% of the public float.

The publication of the announcement regarding the Letter from the Stock Exchange on 20 January 2023 temporarily heightened the trading volume of Shares in January 2023, representing around 1.20% and 4.57% of the total issued Shares and the public float, respectively. Following the Resumption on 19 July 2024, the trading volume of Shares increased significantly and the total trading volume in July 2024 represented around 2.34% and 8.94% of the total issued Shares and the public float. After the publication of the Second Update Announcement on 28 January 2025, the trading volume of Shares started to increase, in particular after the publication of Joint Announcement after trading hours on 18 February 2025. The monthly total trading volume of Shares in February 2025 represents approximately 3.45% of the total issued Shares and approximately 13.17% of the public float. Total trading volume from 1 March 2025 to the Latest Practicable Date represents approximately 1.49% of the total issued Shares and approximately 5.67% of the public float.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Given the thin trading volume of Shares, there may be insufficient liquidity in Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price of the Shares. The Offer represents a guaranteed cash exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of their entire holdings at the Offer Price if they so wish.

### 5. Comparable companies

As mentioned in the section headed “Information and prospects of the Group” of this letter, the Group is principally engaged in the healthcare business providing healthcare products such as vitamins and supplements. At the Offer Price of HK\$0.1229 per Share, the implied market capitalisation of the Company amounts to approximately HK\$249.9 million. For the purpose of evaluating the Offer, we have conducted a search on Bloomberg for companies similar to the Group, which (i) are listed on the Main Board of the Stock Exchange for at least one year, with market capitalisation of not more than HK\$300 million as at the date immediately before the Latest Practicable Date; and (ii) based on their latest published annual reports available as at the date immediately prior to the Latest Practicable Date, are principally engaging in the provision of healthcare products in the PRC and Hong Kong (the “**Comparable Companies**”). The Comparable Companies set out in the table below represent an exhaustive list of companies comparable to the Company based on the above criteria.

We have set out the price-to-earnings multiples (the “**P/E Multiple(s)**”) and the price-to-book multiples (the “**P/B Multiple(s)**”) of the Comparable Companies in the table below, which are two of the commonly used multiples for valuing businesses.

Comparable Companies	Stock code	Principal business	Market capitalisation (HK\$'million) (Note 1)	Historical P/E Multiple (Approximate times) (Note 1)	Historical P/B Multiple (Approximate times) (Note 1)
AUSupreme International Holdings Limited (“ <b>AUSupreme</b> ”)	2031	Retailer and wholesaler of health supplement and personal care products sourced mainly from Australia.	194.3	6.76	1.09
Besunyen Holdings Company Limited	926	PRC healthcare product producer and developer. Products include, among others, therapeutic tea and weight-loss medicines.	250.6	N/A	0.42
Hin Sang Group (International) Holdings Company Limited	6893	Mainly engaged in marketing, selling and manufacturing of children’s healthcare products and Chinese medicines.	231.5	N/A	1.16

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Comparable Companies	Stock code	Principal business	Market capitalisation (HK\$'million) (Note 1)	Historical P/E Multiple (Approximate times) (Note 1)	Historical P/B Multiple (Approximate times) (Note 1)
PuraPharm Corporation Limited	1498	Mainly engaged in research and development, production, marketing and sale of Chinese concentrated medicine granules and other traditional Chinese medicine products.	221.7	N/A	1.70
		<b>Highest</b>			1.70
		<b>Lowest</b>			0.42
		<b>Average</b>			1.09
		<b>Median</b>			1.13
<b>The Company (at Offer Price)</b>			249.9	19.48 (Note 2)	1.02 (Note 3)

Source: The Stock Exchange and Bloomberg

Notes:

- Data of the Comparable Companies are sourced from Bloomberg as at the date immediately prior to the Latest Practicable Date.
- The implied P/E Multiple of the Company is calculated based on (a) the implied market value of the Company of approximately HK\$249.9 million at the Offer Price; and (b) the profit from continuing operations of the Company for the year ended 31 December 2023 of approximately HK\$12.8 million as extracted from the Company's 2023 annual report.
- The implied P/B Multiple of the Company is calculated based on (a) the implied market value of the Company of approximately HK\$249.9 million at the Offer Price; and (b) the unaudited net asset value of the Company as at 31 December 2024 of approximately HK\$244.5 million extracted from the 2024 Management Accounts.
- We note that apart from the above four Comparable Companies, Odysseus used the P/B Multiples of three other companies in arriving at its valuation, namely Zhongzheng International Company Limited (943.HK, "Zhongzheng"), Kunming Longjin Pharmaceutical Co., Ltd. (002750.SZ, "Kunming Longjin") and Dali Pharmaceutical Co., Ltd. (603963.SH, "Dali Pharmaceutical"). The difference in the choice of comparable companies was due to (i) our view that Zhongzheng's healthcare and household business relating to hair and oral care products, despite generally being in the healthcare industry, is not directly comparable to the Group's healthcare business relating to Chinese medicine or daily health supplement; and (ii) our criteria of limiting the Comparable Companies to those listed on the Main Board of the Stock Exchange, which excludes Kunming Longjin and Dali Pharmaceutical.

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Taking into account (a) the Group's healthcare business has a relatively short period of operation since May 2022 and experienced significant volatility, making it imprudent to rely on its latest reported earnings; and (b) net cash of the Company accounted for approximately 83.9% of the unaudited net asset value as at 31 December 2024 as extracted from the 2024 Management Accounts, which is unique comparing to the financial position of the Comparable Companies where cash and bank balances represented only approximately 2.6% to 48.1% of their respective net asset value according to their latest annual/interim report, we consider the P/B Multiples and the net asset value of the Company are principally relevant and appropriate for assessing the fairness and reasonableness of the Offer Price in the current life cycle of the Company's healthcare business. For reference only, the implied P/E Multiple of the Company at the Offer Price of approximately 19.48 times is higher than the only available historical P/E Multiple of AUSupreme of approximately 6.76 times.

As illustrated in the table above, the P/B Multiples of the Comparable Companies ranged from approximately 0.42 times to 1.70 times. The implied P/B Multiple of the Company at the Offer Price of approximately 1.02 times is within the range, but lower than the average and median, of the historical P/B Multiples of the Comparable Companies. As explained above, most of the Group's total assets represent cash and bank balances, while the Comparable Companies have different level of cash and bank balances relative to their net assets. As cash should not normally be subject to discount or premium, it may potentially explain the fact that the P/B Multiple of the Company as implied by the Offer is close to 1 (i.e. the Offer Price is close to the net asset value of the Company), while the Comparable Companies has a range of different P/B Multiples. The Offer Price represents a small premium of approximately 1.74% and 2.16% over the Group's unaudited consolidated net asset value per Share of approximately HK\$0.1208 as at 30 June 2024 and approximately HK\$0.1203 as at 31 December 2024. Based on the above analysis, we consider the Offer Price to be fair and reasonable to the Independent Shareholders.

### DISCUSSION

We consider the terms of the Offer, including the Offer Price, to be fair and reasonable so far as the Independent Shareholders are concerned after taking into account all of the above principal factors and reasons, in particular:

1. The Group's healthcare business has a limited trading record and the income generated from selling healthcare products has been subject to significant volatility since the commencement of this business in May 2022. The future prospects of the Group are subject to various uncertainties and are highly dependent on its ability to adapt promptly to change in economic conditions, dynamics in the healthcare industry and evolving consumer preferences.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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2. The Offer Price is equivalent to the Sale Price together with the Interest accruing on the Deferred Payment pursuant to the Transfer, which was facilitated by a bidding process through listing on an equity exchange in the PRC. Although the Offer Price represents a discount to closing Share price on the Last Trading Day (i.e. 18 February 2025) and to the shorter-term average prices prior to the Last Trading Day, it represents significant premiums over the closing prices of the Shares prior to the First Update Announcement and the Second Update Announcement, which we consider to be less disturbed by the potential Offer.
3. We have reviewed and discussed the Odysseus Report with Odysseus, and concur with its approach in assessing the value of the Company on the asset based approach, which resulted in the appraised fair value of the equity interest of the Company at approximately HK\$0.1233 per Share, which is close to the Offer Price of HK\$0.1229 per Offer Share.
4. Given the short history of the Group's healthcare business and the Group's strong balance sheet, we consider the P/B Multiples and the net asset value of the Company are principally relevant and appropriate for assessing the fairness and reasonableness of the Offer Price. Taking into account that the implied P/B Multiple of the Company at the Offer Price is within the range of the P/B Multiples of the Comparable Companies and also that the Offer Price represents a small premium over the Group's unaudited consolidated net asset value per Share as at 30 June 2024 and 31 December 2024 (a substantial part of which represented net cash), we consider the Offer Price to be fair and reasonable to the Independent Shareholders.
5. The historical trading volume of Shares has been generally thin during the Review Period so that Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price of the Shares. The Offer represents a guaranteed cash exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of their entire holdings at the Offer Price if they so wish.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OPINION AND RECOMMENDATIONS

Having taken into account the above principal factors as set out in this letter and summarised in the section headed “Discussion” above, we consider the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Board Committee advises the Independent Shareholders to accept the Offer.

However, following the publication of the Second Update Announcement, Share price strengthened and the Shares have consistently traded above the Offer Price. The Share price closed at HK\$0.138 as at the Latest Practicable Date, which is higher than the Offer Price of HK\$0.1229 per Offer Share. Accordingly, Independent Shareholders who are considering realising their investments in the Company in whole or in part by accepting the Offer should carefully monitor the Share price, and if the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Offer, such Independent Shareholders should sell their Shares in the open market instead of realising their investment by accepting the Offer. Independent Shareholders should also monitor the overall trading volume of the Shares, as they may or may not be able to dispose of their Shares in the market without exerting downward pressure on the Shares prices.

Those Independent Shareholders who, after considering the information on the Offeror and their intentions regarding the Group, are attracted by the future prospects of the Group following the Offer, may consider retaining their Shares or tendering less than all their Shares under the Offer. The procedures for acceptance of the Offer are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance. Independent Shareholders are urged to read the timetable set out in the Composite Document and any revised timetable (if any) to be announced by the Offeror and the Company carefully and act accordingly if they wish to accept the Offer.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**John Wong**  
*Director*

*Mr. John Wong is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over fifteen years of experience in the corporate finance industry.*

**1. PROCEDURES FOR ACCEPTANCE OF THE OFFER**

- (a) 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 of the Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the Form of Acceptance which form part of the terms of the Offer.
  
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong in an envelope marked "CLSA Premium Limited – Offer" in any event by not later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as may be jointly announced by the Offeror and the Company in compliance with the Takeovers Code and approved by the Executive.
  
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:
  - (1) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or
  
  - (2) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (3) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (4) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Shanggu or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar, in an envelope marked "CLSA Premium Limited – Offer" together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (f) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive and in accordance with Note 1 to Rule 30.2 of the Takeovers Code), and the Registrar has recorded that the acceptance and any relevant documents required, under paragraph (g) below have been so received.
- (g) Acceptance of the Offer may not be counted as valid unless the Form of Acceptance is duly completed and signed and is:
- (1) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
  - (2) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph under this paragraph (g)); or
  - (3) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

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

**2. SETTLEMENT OF THE OFFER**

- (a) Provided that a valid Form of Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar before the close of the Offer, settlement of the consideration, less seller's ad valorem stamp duty, will be made by cheque as soon as possible, but in any event no later than seven (7) Business Days after 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 to render each such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code. Each cheque will be despatched by ordinary post to the address specified on the relevant Independent Shareholder's Form of Acceptance at his/her/its own risk.
- (b) No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.
- (c) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty) set out in this Composite Document, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.
- (d) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

**3. ACCEPTANCE PERIOD**

- (a) The Offer is made on 11 March 2025, namely the date of despatch of this Composite Document, and is capable of acceptance on and from this date.
- (b) Unless the Offer has previously been extended with the consent of the Executive, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and the Offeror and the Company may jointly announce in compliance with the Takeovers Code with the consent of the Executive.
- (c) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.

- (d) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

#### **4. ANNOUNCEMENTS**

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended or closed.

The announcement will state the total number of Shares:

- (1) for which acceptances of the Offer have been received;
- (2) held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
- (3) acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

The announcement will also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed securities which have been either on-lent or sold. The announcement will also specify the percentages of the issued share capital of the Company and the percentages of voting rights represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order and satisfy the acceptance conditions set out in the section headed "1. Procedures for Acceptance of the Offer" of this Appendix and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

**5. NOMINEE REGISTRATION**

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

**6. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offer tendered by the Independent Shareholders or by their respective agent(s) on their behalf shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.
- (b) If the Offeror is unable to comply with the requirements set out in the section headed “4. Announcements” in this Appendix above, the Executive may require, pursuant to Rule 19.2 of the Takeovers Code, that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after receipt of the notice of withdrawal, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to those Independent Shareholders who have exercised their right to withdraw at their own risks.

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn. By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all Encumbrances and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the date on which the Offer is made, being the date of the despatch of this Composite Document.



**7. OVERSEAS SHAREHOLDERS**

The Offeror intends to make the Offer available to all Independent Shareholders, including those with a registered address in a jurisdiction outside Hong Kong. The availability of the Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to such Overseas Shareholders may be prohibited or limited by the laws or regulations of the relevant jurisdictions. The Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

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

The Offeror, the parties acting in concert with the Offeror (including the Vendor), the Company, Shanggu, the Independent Financial Adviser, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay.

Any acceptance by Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. 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.

**8. STAMP DUTY**

Seller's ad valorem stamp duty at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Independent Shareholder on acceptance of the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty will be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the relevant Independent Shareholder accepting 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 in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

**9. TAXATION ADVICE**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror (including the Vendor), the Company, Shanggu and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

**10. GENERAL**

- (a) All communications, notices, Form of Acceptance, share certificates, title document(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with the Offeror (including the Vendor), the Company, Shanggu, the Registrar and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer, accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Shanggu or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares in respect of which such person or persons has accepted the Offer.

- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, Shanggu and the Company:
- (1) that such Offer Shares acquired under the Offer are sold by the Shareholders free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights accruing or attaching thereto on the Closing Date or subsequently becoming attached to them, including, without limitation, in the case of the Shares, the rights to receive all future dividends and/or other distributions declared, paid or made, if any, on or after the Closing Date; and
  - (2) that if such Shareholder accepting the Offer is an Overseas Shareholder, he/she has observed the laws of all relevant territories, obtained all requisite governmental, exchange control or other consents and any registration or filing, complied with all requisite formalities, regulatory and/or legal requirements and paid any issue, transfer or other taxes or other required payments due from him/her in connection with such acceptance in any territory, that he/she has not taken or omitted to take any action which will or may result in the Offeror, parties acting in concert with the Offeror, the Company, Shanggu or any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer acting in breach of the legal or regulatory requirements of any territory in connection with the Offer or his/her acceptance thereof, and is permitted under all applicable laws to accept the Offer, and that such acceptance is valid and binding in accordance with all applicable laws and regulations.
- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (h) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror or parties acting in concert with it, the Company or their respective ultimate beneficial owners, directors, officers, agents, professional advisers or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advices.
- (i) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension thereof.

- (j) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.
- (k) Unless otherwise expressly stated in this Composite Document and/or the Form of Acceptance, no person other than the Offeror and the accepting Independent Shareholders may enforce any terms of the Offer that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (l) In making their decision, Independent Shareholders should rely on their own examination of the Offer and the terms of the Offer, including the merits and risks involved.

Unless otherwise specified, figures in this Appendix are rounded to the nearest thousand.

## 1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited financial information of the Group for each of the financial years ended 31 December 2021, 2022 and 2023 as extracted from the relevant annual reports of the Company and the unaudited financial information of the Group for the six months ended 30 June 2023 and 2024 as extracted from the relevant interim report of the Company:

### Condensed Consolidated Statement of Comprehensive Income

	For the six months		For the year ended 31 December		
	ended 30 June		2023	2022	2021
	2024	2023	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Sales of goods from healthcare business	50,687	138,108	191,170	39,129	–
Leveraged foreign exchange and other trading income	–	217	218	1,270	2,717
Fees and commission income	–	–	–	22	63
Other income, net	4,814	4,683	10,100	5,433	8,986
<b>Total income</b>	<b>55,501</b>	<b>143,008</b>	<b>201,488</b>	<b>45,854</b>	<b>11,766</b>
Cost of sales from healthcare business	(31,086)	(118,651)	(151,077)	(31,961)	–
Referral expenses and other charges	(1,305)	(1,199)	(3,755)	(2,378)	(1,110)
Staff costs	(1,630)	(2,478)	(4,245)	(13,969)	(24,705)
Depreciation	(194)	(236)	(456)	(2,613)	(11,635)
Other operating expenses	(13,850)	(13,585)	(30,367)	(25,703)	(31,940)
<b>Total expenses</b>	<b>(48,065)</b>	<b>(136,149)</b>	<b>(189,900)</b>	<b>(76,624)</b>	<b>(69,390)</b>
Operating profit/(loss)	7,436	6,859	11,588	(30,770)	(57,624)
Finance cost	–	(1)	(1)	(209)	(288)
Profit/(loss) before tax	7,436	6,858	11,587	(30,979)	(57,912)
Income tax	(1,176)	(1,304)	(1,745)	(73)	1,370
<b>Profit/(loss) for the period/year</b>	<b>6,260</b>	<b>5,554</b>	<b>9,842</b>	<b>(31,052)</b>	<b>(56,542)</b>

**APPENDIX II**
**FINANCIAL INFORMATION OF THE GROUP**

	For the six months ended 30 June		For the year ended 31 December		
	2024	2023	2023	2022	2021
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)	<i>HK\$'000</i> (Audited)	<i>HK\$'000</i> (Audited)
Profit/(loss) attributable to owners of the Company	6,260	5,554	9,842	(31,052)	(56,542)
Profit/(loss) attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income/(loss) attributable to owners of the Company	5,741	5,074	9,065	(37,957)	(64,299)
Total comprehensive income/(loss) attributable to non-controlling interests	-	-	-	-	-
Dividends distributed to owners	-	-	-	-	-
Earnings/(loss) per share	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
- Basic	0.31	0.27	0.48	(1.53)	(2.78)
- Diluted	-	-	-	-	-
Dividends per share	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
	-	-	-	-	-

## Condensed Consolidated Statement of Financial Position

	As at 31 December 2023 HK\$'000 (Audited)
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment	388
<b>Total non-current assets</b>	388
<b>Current assets</b>	
Inventories	11,916
Trade receivables	12,979
Other receivables, prepayments and deposits	2,914
Tax prepayment	4
Cash and bank balances and client trust bank balances	223,574
<b>Total current assets</b>	251,387
<b>Total assets</b>	251,775
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
Share capital	20,333
Reserves	219,532
<b>Total equity</b>	239,865
<b>Current liabilities</b>	
Income tax payable	1,842
Trade and other payables	8,909
Clients' balances	1,159
<b>Total current liabilities</b>	11,910
<b>Total liabilities</b>	11,910
<b>Total equity and liabilities</b>	251,775

## Condensed Consolidated Statement of Cash Flows

	For the year ended 31 December 2023 HK\$'000 (Audited)
<b>Cash flows from operating activities</b>	
Profit/(loss) before tax	
Continuing operations	14,575
Discontinued operations	<u>(2,988)</u>
	11,587
Adjustments for:	
Depreciation	456
Interest income	(9,639)
Interest expense	<u>1</u>
Cash flows generated from operating activities before working capital changes	2,405
Changes in working capital:	
Trade receivables	5,012
Client trust bank balances	2,971
Balances due from agents	4,651
Derivative financial instruments	(12)
Other receivables, prepayments and deposits	4,059
Inventories	25,879
Clients' balances	(682)
Trade and other payables	<u>(42,460)</u>
Cash generated from operations	1,823
Income tax refund, net of tax paid	<u>–</u>
Net cash generated from operating activities	<u>-----</u> 1,823



	<b>For the year ended 31 December 2023</b> <i>HK\$'000</i> (Audited)
<b>Cash flow from investing activity</b>	
Interest received	<u>9,639</u>
Net cash generated from investing activity	<u><u>9,639</u></u>
<b>Cash flow from financing activity</b>	
Interest paid	<u>(1)</u>
Net cash used in financing activity	<u><u>(1)</u></u>
<b>Net increase in cash and cash equivalents</b>	11,461
Cash and cash equivalents at beginning of year	211,791
Effect of foreign exchange rate changes, net	<u>(866)</u>
Cash and cash equivalents at end of year	<u><u>222,386</u></u>

## Condensed Consolidated Statement of Changes in Equity

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Currency translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2023	20,333	180,493	171,892	(23,298)	(118,620)	230,800
<b>Comprehensive income</b>						
Profit for the year	-	-	-	-	9,842	9,842
Other comprehensive loss for the year	-	-	-	(777)	-	(777)
Total comprehensive income during the year	-	-	-	(777)	9,842	9,065
Balance at 31 December 2023	20,333	180,493	171,892	(24,075)	(108,778)	239,865

The Company has not paid or proposed dividend during each of the years ended 31 December 2021, 2022 and 2023, respectively, and for the six months ended 30 June 2024.

For the year ended 31 December 2021, the Group’s auditor, BDO Limited issued a qualified opinion, an extract of which is as follows:

**“Qualified Opinion**

We have audited the consolidated financial statements of CLSA Premium Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 73 to 180, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion” section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Basis for Qualified Opinion**

During the year ended 31 December 2019, the Group’s information technology (“**IT**”) related systems, databases and servers (together the “**Legacy Systems**”) were utilised to process transactions and calculate the leveraged foreign exchange and other trading income, fee and commission income as well as the related referral expenses. As such, the occurrence, accuracy and completeness of the transaction data maintained were highly dependent on the integrity of the Legacy Systems. However, since August 2019, the Group were only able to gain restricted access to the data stored in and documentation relating to the Legacy Systems. From December 2019 the Group utilised new IT related systems, database and servers to process and store the data for the relevant business transactions executed since December 2019.

In light of the denial of access to the Group's Legacy Systems, the predecessor auditor placed significant reliance on obtaining confirmations directly from third parties as an alternative audit procedure that aimed to provide sufficient appropriate audit evidence about the relevant assertions associated with the Group's leveraged foreign exchange and other trading transactions. However, the predecessor auditor was unable to obtain a sufficient level of confirmation replies. There were no other alternative procedures that they could perform to obtain sufficient appropriate audit evidence, the predecessor auditor disclaimed their opinion on the Group's consolidated financial statements for the year ended 31 December 2019.

The Group's restricted access to the Legacy Systems meant we were also unable to obtain sufficient appropriate evidence that we considered necessary to substantiate the existence, accuracy and completeness of certain financial statement line items disclosed in the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2019 and, accordingly, we were unable to determine whether adjustments in respect of the retained earnings as at 1 January 2020 were necessary.

Any adjustments to the Group's clients' balances, derivative financial instruments asset and derivative financial instruments liability as at 1 January 2020 found necessary might impact the leveraged foreign exchange and other trading income of HK\$3,832,000 and the referral expenses and other charges of HK\$2,048,000 for the year ended 31 December 2020 reported in the consolidated statement of comprehensive income, the presentation in the consolidated statement of cash flows and the related disclosures included in the consolidated financial statements for the year ended 31 December 2020. Our audit opinion on the Group's consolidated financial statements for the year ended 31 December 2020 was qualified accordingly.

Our audit opinion on the consolidated financial statements for the year ended 31 December 2021 is also modified because of the possible effects of this matter on the comparability of the related 2021 figures and the 2020 figures in the consolidated financial statements for the year ended 31 December 2021.

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

Save as disclosed above, BDO Limited, the auditor of the Group during each of the years ended 31 December 2021, 2022 and 2023, respectively, did not issue any modified opinion nor any emphasis of matter or material uncertainty related to going concern contained in the auditor's reports of the Group for any of the years ended 31 December 2021, 2022 and 2023, respectively.

## 2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the years ended 31 December 2021 (the “**2021 Financial Statements**”), 31 December 2022 (the “**2022 Financial Statements**”) and 31 December 2023 (the “**2023 Financial Statements**”) and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (the “**2024 Interim Financial Statements**”), together with the significant accounting policies and the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2021 Financial Statements, 2022 Financial Statements, 2023 Financial Statements and 2024 Interim Financial Statements are available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.clsapremium.com>), and also accessible at the links below:

<b>2021 Financial Statements:</b>	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0324/2022032400600.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0324/2022032400600.pdf</a> (at pages 73 to 180)
<b>2022 Financial Statements:</b>	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0411/2023041100922.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0411/2023041100922.pdf</a> (at pages 71 to 188)
<b>2023 Financial Statements:</b>	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0327/2024032700818.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0327/2024032700818.pdf</a> (at pages 68 to 148)
<b>2024 Interim Financial Statements:</b>	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0912/2024091200281.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0912/2024091200281.pdf</a> (at pages 19 to 48)

### 3. INDEBTEDNESS STATEMENT

The Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Relevant Period and up to the Latest Practicable Date. The Directors further confirm that the Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Relevant Period and up to the date of this document.

Except as disclosed above, as of 31 January 2025, being the most recent practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. The Directors have confirmed that there had been no material change in our indebtedness since 31 January 2025 and up to the date of this document.

### 4. MATERIAL CHANGE

Save as disclosed below, as well as the Transfer and the Offer as set out in this Composite Document, the Directors confirm that, there has 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 and up to the Latest Practicable Date.

#### **Discontinuation of the margin dealing business in 2023; and decrease in income from healthcare business for the six months ended 30 June 2024**

As disclosed in the 2024 Interim Report, the margin dealing business was discontinued in 2023 and there was no leveraged foreign exchange and other trading income for the six months ended 30 June 2024.

According to the 2024 Interim Report, income from healthcare business of the Group was approximately HK\$50.69 million for the six months ended 30 June 2024, representing a decrease of approximately 63.3% compared to approximately HK\$138.11 million in the first half of 2023. Net profit of the Group amounted to approximately HK\$6.26 million for the six months ended 30 June 2024, compared with a net profit of approximately HK\$5.55 million for the six months ended 30 June 2023. Such increase in net profit was mainly due to, among others, the increase in gross profit in healthcare business as the Group focus more on the high margin B2C business. Further details are set out in the 2024 Interim Report.

**1. RESPONSIBILITY STATEMENTS**

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

**2. SHARE CAPITAL**

As at the Latest Practicable Date, the Company has 2,033,290,000 Shares in issue. All issued Shares rank *pari passu* in all respects, including in particular as to rights in respect of capital, dividends and voting. The issued Shares are listed on the Main Board of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on, any other stock exchange.

Since 31 December 2023, being the date to which the latest audited consolidated financial statements of the Company were prepared) and up to and including the Latest Practicable Date, the Company did not issue any new Shares.

The Company did not have any outstanding options, derivatives, warrants or relevant securities which were convertible or exchangeable into Shares or right affecting the Shares as at the Latest Practicable Date.

Other than the Shares in issue and the Company does not have any other outstanding Shares, warrants, options, derivatives or other securities which are convertible into Shares or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

### 3. DISCLOSURES OF INTEREST

#### (a) Directors and chief executive's interests

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of 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 which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; or (iv) which were required to be disclosed under the Takeovers Code, save as disclosed below:

#### (b) Substantial shareholders

As at the Latest Practicable Date, the interests and short positions of Shareholders (not being Directors or the chief executive of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code were as follows:

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Percentage of total issued Shares
Vendor	Beneficial owner	386,994,001	19.03
CITIC Securities Company Limited	Interests of controlled corporation	386,994,001	19.03
Offeror	Beneficial owner	813,316,000	40.00
Top Eminent Invest Co., Ltd.	Interests of controlled corporation	813,316,000	40.00
KVB Holdings Limited	Beneficial owner	300,000,000	14.75
Li Zhi Da	Interests of controlled corporation	300,000,000	14.75
Calypso International Investment Co., Limited	Beneficial owner	106,355,000	5.23



Name of Shareholder	Capacity/Nature of interest	Number of Shares	Percentage of total issued Shares
Hainan Province Cihang Foundation	Interests of controller corporation	106,355,000	5.23
Cihang Sino-Western Cultural and Educational Exchange Foundation Limited	Interests of controller corporation	106,355,000	5.23

*Notes:*

1. The Vendor beneficially owns 386,994,001 Shares. The Vendor is wholly owned and beneficially owned by CITIC Securities Company Limited. By virtue of the SFO, CITIC Securities Company Limited was deemed to be interested in those Shares held by the Vendor.
2. The Offeror beneficially owns 813,316,000 Shares. The Offeror is held as to 59.4% by Top Eminent Invest Co., Ltd.. By virtue of the SFO, Top Eminent Invest Co., Ltd. was deemed to be interested in those Shares held by the Offeror. Please refer to Joint Announcement for details.
3. KVB Holdings Limited beneficially owns 300,000,000 Shares. KVB Holdings Limited is held 75% of shares by Mr. Li Zhi Da. By virtue of the SFO, Mr. Li Zhi Da was deemed to be interested in those Shares held by KVB Holdings Limited.
4. Calypso International Investment Co., Limited was a wholly owned subsidiary of 海航速運投資(上海)有限公司, which was in turn wholly owned by HNA Group Co., Ltd.. HNA Group Co., Ltd. was held as to 70% by Hainan Traffic Administration Holding Co., Ltd.. Hainan Traffic Administration Holding Co., Ltd. was in turn held as to 50% by Sheng Tang Development (Yangpu) Co., Ltd.. Sheng Tang Development (Yangpu) Co., Ltd. was held as to 65% by Hainan Province Cihang Foundation and 35% by Tang Dynasty Development Co. Ltd., which was in turn 98% held by Pan-American Aviation Holding Company, which was wholly owned by Cihang Sino-Western Cultural and Educational Exchange Foundation Limited. Cihang Sino-Western Cultural and Educational Exchange Foundation Limited and Hainan Province Cihang Foundation were deemed under the SFO to be interested in entire 106,355,000 Shares held by Calypso International Investment Co., Limited.

**(c) Additional disclosure of interests**

As at the Latest Practicable Date:

- (a) none of the Directors was interested within the meaning of Part XV of the SFO in the Shares or any warrants, options, convertible securities or derivatives in respect of any Shares during the Relevant Period;

- (b) 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 in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” in 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 and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Offer Period;
- (c) save for the Share Charge, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Offer Period;
- (d) no fund manager (other than exempt fund managers) connected with the Company had managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis, and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Offer Period;
- (e) none of the Directors have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offer;
- (f) none of the Company or the Directors has 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;
- (g) no benefit (save for statutory compensation required under applicable laws) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (h) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;

- (i) save for Share Transfer Agreement and the Share Charge, there was no material contract entered into by the Offeror in which any Director has a material personal interest; and
- (j) there is no understanding, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder on one hand; and (2) the Company, its subsidiaries or associated companies on the other hand.

#### **4. DISCLOSURE OF INTERESTS AND DEALINGS IN THE SECURITIES OF THE OFFEROR BY THE COMPANY**

Save for the Share Transfer Agreement and the Share Charge, during the Relevant Period and up to and including the Latest Practicable Date:

- (a) the Company did not deal for value in or have any interest within the meaning of Part XV of the SFO in any shares, convertible securities, warrants, options, or derivatives in respect of any shares in the Offeror; and
- (b) none of the Directors had dealt for value in or had any interest within the meaning of Part XV of the SFO in the shares, convertible securities, warrants, options, or derivatives in respect of any shares in the Offeror.

#### **5. MATERIAL LITIGATION**

As disclosed in the 2023 Annual Report and the 2024 Interim Report, on 6 May 2020, the Company received a writ of summons together with an indorsement of claim dated 6 May 2020 issued in the High Court of The Hong Kong Special Administrative Region by Banclogix against the Company and claims (i) that the termination of the IT service agreement by the Company was wrongful; (ii) alleged termination payment of HK\$2.5 million, software maintenance fee of approximately HK\$450,000 and IT infrastructure fee of HK\$1.5 million; and (iii) alleged loss and damages to be assessed. The Company has been contesting the claims made by Banclogix.

The above proceedings is to be heard together with the High Court legal action started in 2019 by the Company (joined subsequently by its three subsidiaries as plaintiffs) against Banclogix claiming for, among others, repudiatory breach of the IT service agreement by Banclogix, return of the plaintiffs' data, and costs and damages. The Company and Banclogix had a mediation on 23 June 2021; however, the parties did not reach an agreement.

These two legal proceedings with Banclogix are ongoing and the trial has been fixed for January 2026. While the outcome and the potential financial impact are subject to uncertainties and are not practically able to be estimated, the Directors consider that no provision is required at this stage of the proceedings as the legal adviser of the Company is cautiously optimistic about the outcome of the two cases with Banclogix.

Save as disclosed and as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Group and no litigation, arbitration or claims which would materially and adversely affect the operations of the Group was known to the Directors to be pending or threatened by or against any members of the Group.

## 6. MATERIAL CONTRACTS

The Group had not, within the two years prior to the Offer Period and up to and including the Latest Practicable Date, entered into any contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which is or may be material.

## 7. DIRECTORS' SERVICE AGREEMENTS

Save as disclosed below, as at the Latest Practicable Date, (i) none of the Directors had any service agreement with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) has been entered into or amended during the Relevant Period; (b) are continuous contracts with a notice period of 12 months or more; or (c) are fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service agreement with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation):

Below are the director service agreements entered into between the Directors and the Company:

Director	Term of service	Remuneration HK\$'000 per annum <i>Note</i>	Expiry date of the service agreement
Mr. Yuan Feng <sup>Note</sup>	3	240	26 June 2025
Mr. Chung Cheuk Fan Marco	3	240	4 July 2027
Mr. Li Jiong <sup>Note</sup>	3	120	20 May 2027
Mr. Xu Jianqiang <sup>Note</sup>	3	120	20 May 2027
Mr. Wu Jianfeng	3	240	26 June 2025
Ms. Hu Zhaoxia	3	240	26 June 2025
Mr. Ma Anyang	3	240	30 March 2027

*Note:*

- On 10 March 2023, the Company received notices from Mr. Li Jiong, Mr. Xu Jianqiang, and Mr. Yuan Feng, respectively, stating their intention to waive the director's fee.
- These waivers have been effective from 1 April 2023 until the termination of their appointment as the Company's non-Executive Director/Executive Director. For details, please refer to the 2024 Interim Report.
- No variable remuneration is payable under the above director service agreements.

## 8. EXPERTS AND CONSENTS

The following are the names and qualifications of experts who have given its letter/opinion which is contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
CITIC Securities (Hong Kong) Limited	a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Odysseus Capital Asia Limited	a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activities under the SFO
Somerley 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
China Enterprise Appraisals Consultation Co., Ltd	independent professional business valuer

Each of Odysseus Capital Asia Limited, CITIC Securities (Hong Kong) Limited, Somerley and China Enterprise Appraisals Consultation Co., Ltd has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, recommendation, opinion and/or references to its name in the form and the context in which it appears herein.

**9. MISCELLANEOUS**

- (a) The key general corporate information of the Company are as follows:

**Registered office:** Cricket Square, Hutchins Drive, P.O. Box 2681,  
Grand Cayman, KY1-1111, Cayman Islands

**Principal place of business in  
Hong Kong:** Suite 810, Level 8, One Pacific Place, 88  
Queensway, Hong Kong

**Hong Kong Share Registrar:** Union Registrars Limited  
Suites 3301-04, 33/F, Two Chinachem  
Exchange Square, 338 King's Road, North  
Point, Hong Kong

**Company Secretary:** Mr. Shek Wing Wa

- (b) The registered office of Odysseus Capital Asia Limited was situated at Suite 7B, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.
- (c) The registered office of CITIC Securities (Hong Kong) Limited was situated at 18/F, One Pacific Place, 88 Queensway, Hong Kong.
- (d) The registered office of the Independent Financial Adviser, Somerley, was situated at 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.
- (e) the English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of any inconsistency.

**10. DOCUMENTS ON DISPLAY**

A copy of the following documents will be available for inspection on the websites of the SFC (<http://www.sfc.hk>) and the Company (<https://www.clsapremium.com>) from the date of this Composite Document up to and including the Closing Date:

- (a) the amended and restated articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2021, 2022 and 2023, and the interim report of the Company for the six months ended 30 June 2024;

- (c) the “Letter from the Board”, the text of which is set out in this Composite Document;
- (d) the “Letter from the Independent Board Committee”, the text of which is set out in this Composite Document;
- (e) the “Letter from the Independent Financial Adviser”, the text of which is set out in this Composite Document;
- (f) the written consents referred to in the paragraph headed “8. EXPERTS AND CONSENTS” in this Appendix;
- (g) the service agreements referred to in the paragraph headed “7. DIRECTORS’ SERVICE AGREEMENTS” in this Appendix;
- (h) the full valuation report prepared by China Enterprise Appraisals Consultation Co., Ltd.;
- (i) the full valuation report prepared by Odysseus Capital Asia Limited; and
- (j) this Composite Document and the accompanying Form of Acceptance.

## 1. RESPONSIBILITY STATEMENT

The directors of the Offeror and the sole director of Top Eminent Invest Co., Ltd. jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than that expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last trading day before the date of the initial Rule 3.7 Announcement date 15 July 2024; (ii) the last day on which trading took place in each of the calendar months during the Relevant Period; (iii) the Last Trading Day; and (iv) the Latest Practicable Date.

<b>Date</b> <i>(Note)</i>	<b>Closing price per Share (HK\$)</b>
24 April 2023 (being the last trading day before the date of the initial Rule 3.7 Announcement dated 15 July 2024)	0.070
31 July 2024	0.104
30 August 2024	0.088
30 September 2024	0.089
31 October 2024	0.109
29 November 2024	0.104
31 December 2024	0.098
28 January 2025	0.100
18 February 2025 <i>(being the Last Trading Day)</i>	0.185
28 February 2025	0.175
7 March 2025 <i>(being the Latest Practicable Date)</i>	0.138

*Note:* Trading in the Shares was suspended from 25 April 2023 and up to 18 July 2024, and hence information about the closing prices of the Shares on the Stock Exchange between January and June 2024 during the Relevant Period are not available.

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.241 per Share on 25 February 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.074 per Share on 20 September 2024.



**3. DISCLOSURE OF INTERESTS OF THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT**

As at the Latest Practicable Date, the Offeror is held as to 59.4% by Top Eminent Invest Co., Ltd., which is in turn wholly-owned by Mr. Ji Guangfei. As at the Latest Practicable Date, the Offeror and the parties acting in concert with it (including the Vendor) hold in aggregate 1,200,310,001 Shares, representing approximately 59.03% of the total issued share capital of the Company. As at the Latest Practicable Date, save as disclosed above, the Offeror and the parties acting in concert with it (including the Vendor) did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

**4. ADDITIONAL DISCLOSURE OF DEALINGS AND INTERESTS IN THE COMPANY'S SECURITIES AND OTHER ARRANGEMENTS**

The Offeror confirms that, as at the Latest Practicable Date:

- (a) save for the Share Transfer Agreement, neither the Offeror nor any person acting in concert with it has dealt for value in any Shares, warrants, options or derivatives of the Company or other securities convertible into Shares during the Relevant Period;
- (b) save for (i) the 813,316,000 Shares held by the Offeror immediately following Completion; (ii) the 386,994,001 Shares held by the Vendor; and (iii) the Share Charge, neither the Offeror nor any person acting in concert with it owns or has control or discretion over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company;
- (c) save for the Share Charge, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (d) there is no agreement or arrangement to which the Offeror and/or parties acting in concert with it is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (e) neither the Offeror nor any parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) none of the Offeror and the parties acting in concert with it has received any irrevocable commitment(s) to accept the Offer;

- (g) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or any parties acting in concert with it;
- (h) other than the Consideration and the Interest payable by the Offeror to the Vendor for the transfer of the Sale Shares, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the Vendor and their beneficial owner(s) or any parties acting in concert with any of them in connection with the transfer of the Sale Shares;
- (i) save for the Share Transfer Agreement and the Share Charge, there is no understanding, arrangement, or special deal (as defined under Rule 25 of the Takeovers Code) between the Vendor and its beneficial owner(s) and any parties acting in concert with any of them on one hand, and the Offeror and/or any parties acting in concert with it on the other hand;
- (j) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder and the Offeror and/or any parties acting in concert with it;
- (k) save for the Share Transfer Agreement and the Share Charge, there was no agreement, arrangement or understanding that any securities acquired in pursuance to the Offer would be transferred, charged or pledged to any other persons;
- (l) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between any of the Offeror or parties acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence of the Offers; and
- (m) no arrangement was in place for any benefit (other than statutory compensation) to be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

**5. EXPERT'S QUALIFICATION AND CONSENT**

The following are the name and qualifications of the expert whose letter or opinion is contained in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
Shanggu Securities Limited	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Shanggu has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or opinion and/or references to its name, in the form and context in which they respectively appear.

**6. GENERAL**

As at the Latest Practicable Date:

- (a) The principal members of the Offeror's concert group are the Offeror, Top Eminent Invest Co., Ltd. and Mr. Ji Guangfei. The Offeror is an exempted company incorporated in the Cayman Islands with limited liability, which is held as to 59.4% by Top Eminent Invest Co., Ltd., 24% by E-comm Offshore Holding Limited, 15% by JinRong International Holding Limited and 1.6% by Top Eminent Invest I Co., Limited. Top Eminent Invest Co., Ltd. is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Mr. Ji Guangfei. E-comm Offshore Holding Limited is a limited liability company incorporated in the British Virgin Islands which is wholly-owned by Beijing Tong Ren Tang Chinese Medicine Company Limited (a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 3613)).
- (b) The Offeror is a company incorporated in the Cayman Islands with limited liability. The registered office of the Offeror is situated at the offices of Vistra (Cayman) Limited, P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The correspondence address in Hong Kong of the Offeror is situated at Suite 5406, 54/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The directors of the Offeror are Mr. Ji Guangfei, Mr. Wang Nan, Ms. Chan Kwok Chiu, Ms. He Jing and Ms. Li Chaoying.

- (c) Top Eminent Invest Co., Ltd. is a limited liability company incorporated in the British Virgin Islands. The registered office of Top Eminent Invest Co., Ltd. is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address in Hong Kong is situated at 20/F Park Avenue Tower, 5 Moreton Terrace, Causeway Bay, Hong Kong. The director of Top Eminent Invest Co., Ltd. is Mr. Ji Guangfei.
- (d) The correspondence address of Mr. Ji Guangfei is situated at 20/F Park Avenue Tower, 5 Moreton Terrace, Causeway Bay, Hong Kong.
- (e) The registered office of Shanggu is situated at Suite 1812B, Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong.
- (f) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

#### **7. DOCUMENTS ON DISPLAY**

Copies of the following documents are published on (i) the website of the Company (<http://www.clsapremium.com>) and (ii) the website of the SFC (<http://www.sfc.hk>) from the date of this Composite Document up to and including the Closing Date:

- (a) the Share Transfer Agreement;
- (b) the Share Charge;
- (c) the memorandum and articles of association of the Offeror;
- (d) the letter from Shanggu, the text of which is set out in this Composite Document; and
- (e) the written consent of Shanggu referred to in the section headed “5. Expert’s Qualification and Consent” in this appendix.

*The following is the full text of a valuation report issued by China Enterprise Appraisals Consultation Co., Ltd. in connection with its valuation of the entire shareholders' equity of the Company as of 31 December 2023.*

**This report is prepared in accordance with the Asset Valuation Standards of China**

**Asset Valuation Report**  
on the Value of the Entire Shareholders' Equity  
of CLSA Premium Limited involved in the  
Proposed Transfer of Equity in CLSA Premium Limited  
by CITIC Securities International Company Limited

Zhong Qi Hua Ping Bao Zi [2024] No. 2109  
(Book 1 of 1)

China Enterprise Appraisals Consultation Co., Ltd.  
3 September 2024

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**STATEMENT**

- I. This asset valuation report was prepared in accordance with the Basic Asset Valuation Standards issued by the Ministry of Finance and the Practice Guidelines for Asset Valuation and Code of Ethics for Asset Valuation issued by China Appraisal Society.
- II. We, the asset appraisal agency and our asset appraisers abide by the laws, administrative regulations and valuation standards, and adhere to the principles of independence, objectivity and impartiality, and accept the legal responsibilities for the asset valuation report issued in accordance with the law.
- III. The principal or other users of this asset valuation report shall use this report within the scope of use as specified in accordance with the provisions of laws and administrative rules and regulations. We, the asset appraisal agency and our asset appraisers, take no responsibility for any non-compliance of above-mentioned requirements for the use of this asset valuation report by the principal or other users of this asset valuation report.

This asset valuation report shall only be used by the principal, other users of this asset valuation report as agreed upon in the asset appraisal entrustment contract, and users required by laws and administrative rules and regulations. Save for the above, this asset valuation report shall not be used by any other agencies or individuals.

We, the asset appraisal agency and our asset appraisers, advise the users of this asset valuation report to properly interpret and utilise the valuation results, which do not represent the realizable value of the target of appraisal and should not be considered a guarantee for the realizable value of the target of appraisal.

- IV. The assets, liabilities list and the forecast information of the corporate's operation of the target of appraisal have been reported and confirmed by their signatures, seals or other methods as permitted under the law by the principal and assessed entity. The principal and other relevant parties shall be true to the information provided and bear legal responsibility for its truthfulness, completeness and legality.
- V. The asset appraisers have carried out on-site inspection of the target of appraisal in this asset valuation report and its assets involved; paid necessary attention to the legal titles of the target of appraisal and its assets involved; verified the information related to the legal titles, made proper disclosure regarding identified issues; and requested the principal and other relevant parties to perfect the titles in order to fulfil the requirements for the issuance of the asset valuation report.
- VI. We, the asset appraisal agency and our asset appraisers, have no existing or expected relationship of interests with the target of appraisal in this asset valuation report nor with the relevant parties and have no prejudice against the relevant parties.

- VII. The analyses, judgments and results in this asset valuation report issued by the asset appraisal agency are subject to the assumptions and limitations outlined within it. Users of this report shall fully consider the specified assumptions, limitations and explanatory notes on special matters, as well as their impacts on the valuation conclusion.
- VIII. The inspection of physical assets by our asset appraisers is generally limited to observation under normal practice to understand the conditions of use and maintenance. It does not include the internal parts that are covered, hidden or difficult to access. We are not equipped to conduct professional surveys and are not commissioned to perform professional and technical inspections and surveys of the internal quality of the above assets. Our valuation is based on the information provided by the principal and other relevant parties. If there are defects in the internal quality of these targets of appraisal, the valuation conclusion may be affected to varying degrees.



## SUMMARY OF THE ASSET VALUATION REPORT

**IMPORTANT**

The contents of this summary have been extracted from the full text of the asset valuation report. For details of this valuation, and in order to reasonably understand and use the valuation conclusion, you should carefully read the full text of the asset valuation report.

CITIC Securities International Company Limited:

China Enterprise Appraisals Consultation Co., Ltd. (北京中企華資產評估有限責任公司) has been engaged by you to appraise the market value of the entire shareholders' equity of CLSA Premium Limited as of the valuation benchmark date in accordance with the laws, administrative regulations and valuation standards and in line with the principles of independence, objectivity and impartiality as well as following the necessary appraisal procedures. The summary of the asset valuation report is set out below:

CITIC Securities International Company Limited intends to transfer the equity in CLSA Premium Limited. In this regard, it is necessary to assess the market value of the entire shareholders' equity of CLSA Premium Limited as at the valuation benchmark date to provide reference for the value of the above economic behaviour.

Target of appraisal: the value of the entire shareholders' equity of CLSA Premium Limited

Scope of appraisal: all assets and liabilities of CLSA Premium Limited, including current assets, fixed assets, other non-current assets, current liabilities and non-current liabilities.

Valuation benchmark date: 31 December 2023

Type of value: market value

Valuation approaches: asset-based approach and income approach

Valuation conclusion: this valuation adopted the asset-based approach in concluding the valuation result. Details of the valuation result are set out as follows:

The book value of the consolidated total assets of CLSA Premium Limited was HK\$251,773,500 (equivalent to RMB228,162,200). The book value of the consolidated total liabilities was HK\$11,909,900 (equivalent to RMB10,793,000). The book value of net assets attributable to the parent company was HK\$239,863,600 (equivalent to RMB217,369,200). The value of the entire shareholders' equity after valuation under the asset-based approach was HK\$244,984,700 (equivalent to RMB222,010,000), with an appreciation of HK\$5,119,700 (equivalent to RMB4,639,600), representing an appreciation rate of 2.13%.

The book value of the total assets of the parent company of CLSA Premium Limited was HK\$416,917,500 (equivalent to RMB377,819,000), and the appraised value was HK\$565,383,200 (equivalent to RMB512,361,600), with an appreciation of HK\$148,465,700 (equivalent to RMB134,542,600), representing an appreciation rate of 35.61%. The book value of the total liabilities of the parent company amounted to HK\$320,398,500 (equivalent to RMB290,351,500), and the appraised value was HK\$320,398,500 (equivalent to RMB290,351,500), with no increase or decrease in value. The book value of the net assets of the parent company amounted to HK\$96,519,000 (equivalent to RMB87,467,400), and the appraised value was HK\$244,984,700 (equivalent to RMB222,010,000), with an appreciation of HK\$148,465,700 (equivalent to RMB134,542,600), representing an appreciation rate of 153.82%.

The specific valuation results of the parent company's asset-based approach are detailed in the following summary of valuation results:

#### **Summary of the valuation results of the asset-based approach**

Valuation benchmark date: 31 December 2023

Amount unit: HK\$0'000

Item		Book value A	Appraised value B	Increase or decrease in value C=B-A	Appreciation rate % D=C/A×100%
Current assets	1	18,091.57	19,776.80	1,685.23	9.32
Non-current assets	2	23,600.18	36,761.52	13,161.34	55.77
Of which: Long-term equity investment	3	23,600.18	36,761.52	13,161.34	55.77
Investment real estates	4	0.00	0.00	0.00	
Fixed assets	5	0.00	0.00	0.00	
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	0.00	0.00	0.00	
Of which: Land use rights	9	0.00	0.00	0.00	
Other non-current assets	10	0.00	0.00	0.00	
<b>Total assets</b>	<b>11</b>	<b>41,691.75</b>	<b>56,538.32</b>	<b>14,846.57</b>	<b>35.61</b>
Current liabilities	12	32,039.85	32,039.85	0.00	0.00
Non-current liabilities	13	0.00	0.00	0.00	
<b>Total liabilities</b>	<b>14</b>	<b>32,039.85</b>	<b>32,039.85</b>	<b>0.00</b>	<b>0.00</b>
<b>Net assets</b>	<b>15</b>	<b>9,651.90</b>	<b>24,498.47</b>	<b>14,846.57</b>	<b>153.82</b>

**Summary of the valuation results of the asset-based approach**

Valuation benchmark date: 31 December 2023

Amount unit: RMB0'000

Item		Book value	Appraised	Increase or	Appreciation
		A	value B	decrease in value C=B-A	rate % D=C/A×100%
Current assets	1	16,394.94	17,922.13	1,527.19	9.32
Non-current assets	2	21,386.96	33,314.02	11,927.07	55.77
Of which: Long-term equity investment	3	21,386.96	33,314.02	11,927.07	55.77
Investment real estates	4	0.00	0.00	0.00	
Fixed assets	5	0.00	0.00	0.00	
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	0.00	0.00	0.00	
Of which: Land use rights	9	0.00	0.00	0.00	
Other non-current assets	10	0.00	0.00	0.00	
<b>Total assets</b>	<b>11</b>	<b>37,781.90</b>	<b>51,236.16</b>	<b>13,454.26</b>	<b>35.61</b>
Current liabilities	12	29,035.15	29,035.15	0.00	0.00
Non-current liabilities	13	0.00	0.00	0.00	
<b>Total liabilities</b>	<b>14</b>	<b>29,035.15</b>	<b>29,035.15</b>	<b>0.00</b>	<b>0.00</b>
<b>Net assets</b>	<b>15</b>	<b>8,746.74</b>	<b>22,201.00</b>	<b>13,454.26</b>	<b>153.82</b>

This asset valuation report is issued solely for the purpose of providing value reference for the economic behavior described herein, and the valuation conclusion is valid for one year from the valuation benchmark date.

Users of the report shall fully consider the assumptions, limiting conditions and notes outlined on special matters set out in the report and their impacts on the valuation conclusion.

The content above is an excerpt from the full asset valuation report. For further details of this valuation to fully understand and appropriately use the valuation conclusions, you are advised to read the complete report carefully.

**The value of the entire shareholders' equity of CLSA Premium Limited  
involved in the proposed transfer of equity in CLSA Premium Limited by  
CITIC Securities International Company Limited**

Main text of the asset valuation report

CITIC Securities International Company Limited:

China Enterprise Appraisals Consultation Co., Ltd. (北京中企華資產評估有限責任公司) has been engaged by you and, in accordance with the provisions of the laws, administrative regulations and asset appraisal standards, adhered to the principles of independence, objectivity and impartiality, adopted the valuation methods of asset-based approach and income approach, carried out the valuation of the market value of the entire shareholders' interest in CLSA Premium Limited as at 31 December 2023 involved in the transfer of equity in CLSA Premium Limited by CITIC Securities International Company Limited in accordance with the requisite valuation procedures. The asset appraisal is reported below:

**I. The principal, the assessed entity and other users of the asset valuation report as agreed upon in the asset appraisal entrustment contract**

The principal of the current appraisal is CITIC Securities International Company Limited, the assessed entity is CLSA Premium Limited, and other users of the asset valuation report as agreed upon in the asset appraisal entrustment contract include the state-owned assets supervision and management authorities and the users specified in laws and regulations.

***(I) Brief introduction of the principal***

Name:	CITIC Securities International Company Limited
Domicile:	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Company number:	21652080
Basic information:	CITIC Securities International Company Limited, established in 1998, is located in Hong Kong SAR and is an enterprise principally engaged in securities brokerage, dealer and issuance of securities.
Date of incorporation:	1998-04-09

**(II) Overview of the assessed entity****1. Overview of the company**

Name:	CLSA Premium Limited
Domicile:	Suite 810, Level 8, One Pacific Place, 88 Queensway, Hong Kong
Authorized share capital:	HK\$40,000,000
Total number of issued shares:	2,033,290,000
Type:	Hong Kong listed company
Stock code:	6877
Date of incorporation:	9 November 2010
Group business:	Sales of healthcare products and other services.

**(III) Historical background****1. Major shareholders and shareholding ratio of the company**

Name of Shareholder	Number of shares held (shares)	Shareholding ratio (%)
1 CITIC Securities International Company Limited	1,200,310,001.00	59.03
2 KVB Holdings Limited	300,000,000.00	14.75
3 Calypso International Investment Co., Limited	106,355,000.00	5.23

**2. Assets, financial and operational status in the last three years**

The financial position of the assessed entity for the last three years is shown in the table below (consolidated basis):

*Amount unit: HK\$0'000*

Item	31 December 2021	31 December 2022	31 December 2023
Total assets	33,061.6	28,431.0	25,177.5
Total liabilities	6,185.9	5,351.0	1,191.0
Owners' equity	26,875.7	23,080.0	23,986.5
Of which: Equity attributable to owners of the parent company	26,875.7	23,080.0	23,986.5

The operating conditions of the assessed entity for the last three years is shown in the table below (consolidated basis):

*Amount unit: HK\$0'000*

Item	2021	2022	2023
Total income	818.05	4,603.60	20,148.80
Total profit	-5,791.20	-3,097.90	1,158.70
Net profit	-5,654.20	-3,105.20	984.20
Of which: Net profit attributable to owners of the parent company	-5,654.20	-3,105.20	984.20

The accounting statements of the assessed entity for the years 2021, 2022 and 2023 have been audited by BDO Limited, which has issued a qualified opinion on the audit report for the year 2021 and an unqualified opinion on the audit statements for the years 2022 and 2023, respectively.

**3. The relationship between the principal and the assessed entity**

The principal for the current valuation is CITIC Securities International Company Limited and the assessed entity is CLSA Premium Limited. The principal is the controlling shareholder of the assessed entity.

***(IV) Other users of the asset valuation report as agreed upon in the asset appraisal  
entrustment contract***

This asset valuation report is intended for use only by the principal, other users of the asset valuation report as agreed upon in the asset appraisal entrustment contract, and users of the asset valuation report as stipulated in national laws and regulations, and shall not be used or relied upon by any other third party.

**II. Purpose of the appraisal**

CITIC Securities International Company Limited intends to transfer the equity in CLSA Premium Limited. In this regard, it is necessary to assess the market value of the entire shareholders' equity of CLSA Premium Limited as at the valuation benchmark date to provide reference for the value of the above economic behavior.

**III. Target and scope of appraisal**

***(I) Target of appraisal***

The target of appraisal is the value of the entire shareholders' equity of CLSA Premium Limited.

***(II) Scope of appraisal***

As at the valuation benchmark date, the assets of the parent company of CLSA Premium Limited within the scope of valuation included current assets and long-term equity investments, with the total assets of the parent company having a carrying value of HK\$416,917,500 (equivalent to RMB377,819,000); the liabilities included current liabilities, with the total liabilities of the parent company having a carrying value of HK\$320,398,500 (equivalent to RMB290,351,500); and the net assets of the parent company had a carrying value of HK\$96,519,000 (equivalent to RMB87,467,400).

Assets within the scope of consolidated valuation of CLSA Premium Limited included current assets and fixed assets, with a book value of the consolidated total assets of HK\$251,773,500 (equivalent to RMB228,162,200); liabilities included current liabilities, with a book value of the consolidated total liabilities of HK\$11,909,900 (equivalent to RMB10,793,000); the book value of net assets attributable to the parent company was HK\$239,863,600 (equivalent to RMB217,369,200).

As of the valuation benchmark date, the book value of assets and liabilities within the valuation scope has been audited by BDO Limited, and an unqualified opinion has been issued.

**(III) Long-term equity investment**

The book balance of long-term equity investments at the valuation benchmark date was HK\$409,946,053.03, accounting for 6 wholly-owned and holding long-term equity investments. An impairment provision of HK\$173,944,293.03 was made for long-term equity investments at the valuation benchmark date, and the carrying value of long-term equity investments was HK\$236,001,760.00.

A summary of the long-term equity investments at the valuation benchmark date is shown in the table below:

No.	Name of the investee unit	Date of investment	Percentage of shareholding (Unit: %)	Book value (Unit: HK\$)	Amount of provision for impairment (Unit: HK\$)
1	CLSA Premium New Zealand Limited	2022-08	100.00%	101,815,807.93	51,900,962.03
2	CLSA Premium Pty Limited	2022-08	100.00%	82,604,034.65	45,139,991.61
3	CLSA Premium International (HK) Limited	2022-08	100.00%	114,544,301.52	75,903,339.39
4	CLSA Premium Bullion Limited	2021-03	100.00%	1,000,000.00	0.00
5	Yorkcastle Capital Limited	2022-08	100.00%	1,000,000.00	1,000,000.00
6	LXL Capital I Limited	2011-04	100.00%	108,981,908.93	0.00
<b>Total</b>				<b>409,946,053.03</b>	<b>173,944,293.03</b>

**Company Overview****1. CLSA Premium New Zealand Limited***(1) Overview of the company*

Name:	CLSA Premium New Zealand Limited
Registered address:	William Buck (NZ) Ltd, Level 4, 21 Queen Street, Auckland, 1010, New Zealand
Type of enterprise:	Private company limited by shares
Registration certificate number:	1161268
Date of incorporation:	6 September 2001



(2) *Shareholders and their shareholding ratio in the company and changes in equity interest*

On 6 September 2001, CLSA Premium New Zealand Limited was established in Auckland, New Zealand. The company's shareholding structure as at the valuation benchmark date is as follows:

Name of Shareholder	Number of shares held (shares)	Percentage of shareholding (%)
CLSA Premium Limited	1,142,020.00	100.00
Total	1,142,020.00	100.00

There have been no other changes to the shareholding structure as at the valuation benchmark date.

(3) *Assets, financial and operational status*

The financial position of the assessed entity for the last two years is shown in the table below:

Item	31 December 2022 (Amount unit: NZD0'000)	31 December 2023 (Amount unit: HK\$0'000)
Total assets	17.63	5,070.96
Total liabilities	4.85	4,954.95
Owners' equity	12.78	116.01

The operational position of the assessed entity for the last two years is shown in the table below:

Item	2022 (Amount unit: NZD0'000)	2023 (Amount unit: HK\$0'000)
Revenue	60.44	0.44
Total profit	-42.10	6.60
Net profit	-41.70	6.60

The accounting statements of the assessed entity as of the valuation benchmark date and for 2022 have been audited by BDO Limited and LNP Audit and Assurance Pty Ltd, respectively, and standard unqualified opinions have been issued.

2. CLSA Premium Pty Limited

*(1) Overview of the company*

Name:	CLSA Premium Pty Limited
Registered address:	Level 35, Grosvenor Place, 225 George Street, Sydney, NSW 2000, Australia
Type of enterprise:	Private company limited by shares
Registration certificate number:	101829467
Date of incorporation:	26 August 2002

*(2) Shareholders and their shareholding ratio in the company and changes in equity interest*

On 26 August 2002, CLSA Premium Pty Limited was established in Australia with a registered capital of AUD10. The company was funded by KVB Kunlun New Zealand Limited (now CLSA Premium New Zealand Limited), which increased the capital in two tranches (AUD1,000,000 and AUD50,000) in the form of REDP and PRF on 19 December 2005. On 13 December 2005, 1,000,000 REDP and 50,000 PRF shares were converted into ordinary shares. On 5 January 2006, it transferred 1,050,010 shares held to KV Kunlun Holdings Limited. KV Kunlun Holdings Limited transferred all shares to LXL Capital III Limited on 4 May 2012. LXL Capital III Limited subsequently increased its capital in 2014, 2017, 2019 and 2020, and held 15,664,108 shares as at 27 November 2020 and transferred all shares to CLSA Premium Limited at AUD8,218,711 on 31 August 2022. The company's shareholding structure as at the valuation benchmark date is as follows:

Name of Shareholder	Number of shares held (shares)	Percentage of shareholding (%)
CLSA Premium Limited	15,664,108	100.00
Total	15,664,108	100.00

There have been no other changes to the shareholding structure as at the valuation benchmark date.

(3) *Assets, financial and operational status*

The financial position of the assessed entity for the last two years is shown in the table below:

Item	31 December 2022 (Amount unit: AUD0'000)	31 December 2023 (Amount unit: HK\$0'000)
Total assets	448.97	2,265.00
Total liabilities	64.37	195.10
Owners' equity	384.60	2,069.90

The operational position of the assessed entity for the last two years is shown in the table below:

Item	2022 (Amount unit: AUD0'000)	2023 (Amount unit: HK\$0'000)
Revenue	-17.19	86.18
Total profit	-207.27	27.69
Net profit	-207.27	27.69

The accounting statements of the assessed entity as of the valuation benchmark date and for 2022 have been audited by BDO Limited and BDO Audit Pty Ltd, respectively, and standard unqualified opinions have been issued.

3. CLSA Premium International (HK) Limited*(1) Overview of the company*

Name:	CLSA Premium International (HK) Limited
Registered address:	Suite 810, Level 8, One Pacific Place, 88 Queensway, Hong Kong
Type of enterprise:	Private company limited by shares
Registration certificate number:	32700490
Date of incorporation:	3 June 2002

*(2) Shareholders and their shareholding ratio in the company and changes in equity interest*

On 3 June 2002, CLSA Premium International (HK) Limited was established in Hong Kong, China with a registered capital of HK\$200,000. The company was funded by Li Zhi Da and Tsui Wang, who increased the capital by 89,820,000 and 9,980,000 shares on 8 June 2004, respectively, and on 7 May 2012, the two transferred a total of 100,000,000 shares with a nominal value of HK\$1 each to LXL Capital IV Limited. The company's shareholding structure is as follows:

Name of Shareholder	Number of shares held (shares)	Percentage of shareholding (%)
LXL Capital IV Limited	100,000,000	100.00
Total	100,000,000	100.00

On 31 August 2022, the shareholder of CLSA Premium International (HK) Limited changed to CLSA Premium Limited. The shareholding structure subsequent to the change is as follows:

Name of Shareholder	Number of shares held (shares)	Percentage of shareholding (%)
CLSA Premium Limited	100,000,000	100.00
Total	100,000,000	100.00

There have been no other changes to the shareholding structure as at the valuation benchmark date.

(3) *Assets, financial and operational status*

The financial position of the assessed entity for the last three years is shown in the table below:

*Amount unit: HK\$0'000*

Item	31 December 2021	31 December 2022	31 December 2023
Total assets	5,005.38	4,212.41	3,927.53
Total liabilities	112.61	98.54	63.42
Owners' equity	4,892.77	4,113.87	3,864.11

The operational position of the assessed entity for the last three years is shown in the table below:

*Amount unit: HK\$0'000*

Item	2021	2022	2023
Revenue	297.18	36.14	161.05
Total profit	-2,050.49	-778.91	-249.77
Net profit	-2,050.49	-778.91	-249.77

The accounting statements of the assessed entity as of the valuation benchmark date and for 2022 and 2021 have been audited by BDO Limited, and standard unqualified opinions have been issued.

4. CLSA Premium Bullion Limited

(1) *Overview of the company*

Name:	CLSA Premium Bullion Limited
Address:	Suite 810, Level 8, One Pacific Place, 88 Queensway, Hong Kong
Nature of enterprise:	limited liability company
Scope of business:	trading services of healthcare products

Registration certificate number: 72624848

Date of incorporation: 1 February 2021

(2) *Shareholders and their shareholding ratio in the company and changes in equity interest*

On 1 February 2021, CLSA Premium Bullion Limited was established in Hong Kong, China with a registered capital of HK\$1,000,000.00. The company was funded by LXL Capital III Limited with a paid-up capital of HK\$1,000,000.00. The shareholding structure is as follows:

Name of Shareholder	Number of shares held (shares)	Percentage of shareholding (%)
LXL Capital III Limited	100.00	100.00
Total		100.00

CLSA Premium Bullion Limited's shareholding structure as at the valuation benchmark date is as follows:

Name of Shareholder	Number of shares held (shares)	Percentage of shareholding (%)
CLSA Premium Limited	100.00	100.00
Total		100.00

(3) *Assets, financial and operational status in the past three years*

The financial position of the assessed entity for the last three years is shown in the table below:

*Amount unit: HK\$0'000*

Item	31 December 2021	31 December 2022	31 December 2023
Total assets	147.69	6,466.39	5,094.89
Total liabilities	47.94	6,484.35	4,027.55
Owners' equity	99.74	-17.97	1,067.34

The operational position of the assessed entity for the last three years is shown in the table below:

*Amount unit: HK\$0'000*

Item	2021	2022	2023
Revenue	18.98	4,114.00	19,021.82
Total profit	-0.25	-108.04	1,259.85
Net profit	-0.25	-117.71	1,085.31

The accounting statements of the assessed entity as of the valuation benchmark date and for 2022 and 2021 have been audited by BDO Limited, and unqualified audit reports have been issued.

5. Yorkastle Capital Limited

(1) *Overview of the company*

Name:	Yorkastle Capital Limited
Registered address:	Suite 810, Level 8, One Pacific Place, 88 Queensway, Hong Kong
Type of enterprise:	Private company limited by shares
Registration certificate number:	62350823
Date of incorporation:	18 November 2013

(2) *Shareholders and their shareholding ratio in the company and changes in equity interest*

On 18 November 2013, Yorkastle Capital Limited was established in Hong Kong, China with a registered capital of HK\$1,000,000.00. The company was funded by LXL Capital V Limited with a paid-up capital of HK\$1,000,000.00 divided into 1,000,000.00 shares. The shareholding structure is as follows:

Name of Shareholder	Number of shares held (shares)	Percentage of shareholding (%)
LXL Capital V Limited	1,000,000.00	100.00
Total	1,000,000.00	100.00

On 31 August 2022, the shareholder of Yorkastle Capital Limited changed to CLSA Premium Limited. The shareholding structure subsequent to the change is as follows:

Name of Shareholder	Number of shares held (shares)	Percentage of shareholding (%)
CLSA Premium Limited	1,000,000.00	100.00
Total	1,000,000.00	100.00

There have been no other changes to the shareholding structure as at the valuation benchmark date.

(3) *Assets, financial and operational status*

The financial position of the assessed entity for the last three years is shown in the table below:

*Amount unit: HK\$0'000*

Item	31 December 2021	31 December 2022	31 December 2023
Total assets	3,258.83	100.19	0.00
Total liabilities	6,005.75	2,909.90	1.60
Owners' equity	-2,746.92	-2,809.71	-1.60



The operational position of the assessed entity for the last three years is shown in the table below:

*Amount unit: HK\$0'000*

Item	2021	2022	2023
Total revenue	0.29	-61.46	2,809.77
Total profit	-0.27	-62.79	2,808.12
Net profit	-0.27	-62.79	2,808.12

The accounting statements of the assessed entity as of the valuation benchmark date and for 2022 and 2021 have been audited by BDO Limited, and standard unqualified opinions have been issued.

## 6. LXL Capital I Limited

### *(1) Overview of the company*

Name:	LXL Capital I Limited
Registered address:	2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands
Nature of enterprise:	limited liability company
Registration certificate number:	1642241
Date of incorporation:	8 April 2011

### *(2) Shareholders and their shareholding ratio in the company and changes in equity interest*

On 8 April 2011, LXL Capital I Limited was established in the British Virgin Islands, funded by CLSA Premium Limited with a paid-up capital of US\$100. The shareholding structure is as follows:

Name of Shareholder	Number of shares held (shares)	Percentage of shareholding (%)
CLSA Premium Limited	100.00	100.00
Total		100.00

CLSA Premium Limited subsequently proceeded with capital increase and share buyback between 2014 and 2022. LXL Capital I Limited's shareholding structure as at the valuation benchmark date is as follows:

Name of Shareholder	Number of shares held (shares)	Percentage of shareholding (%)
CLSA Premium Limited	700.00	100.00
Total	700.00	100.00

As of the valuation benchmark date, there have been no other changes to the above shareholding structure.

(3) *Assets and financial condition as at the valuation benchmark date*

The financial position of the assessed entity for the last three years is shown in the table below:

*Amount unit: HK\$0'000*

Item	31 December 2021	31 December 2022	31 December 2023
Total assets	15,855.58	10,899.17	10,898.42
Total liabilities	0.00	0.00	86.42
Owners' equity	15,855.58	10,899.17	10,812.00

The operational position of the assessed entity for the last three years is shown in the table below:

*Amount unit: HK\$0'000*

Item	31 December 2021	31 December 2022	31 December 2023
Revenue	0.00	0.00	0.00
Total profit	-0.55	28.30	0.00
Net profit	-0.55	28.30	0.00

The accounting statement of the assessed entity as of the valuation benchmark date has been audited by BDO Limited, and unqualified audit reports have been issued. The management has provided and committed the truthfulness of the financial statements for the years 2022 and 2021.

**(IV) Intangible assets declared by the enterprise**

Nil.

**(V) Off-balance sheet assets reported by the enterprise**

The assets declared by the enterprise to be included in the scope of valuation are all on-balance sheet assets with no off-balance sheet assets.

**(VI) Relevant assets involved in the conclusions of reports issued by other institutions****IV. Type of value**

According to the purpose of this appraisal, market conditions and circumstances of the target of appraisal, the value type of the target of appraisal is determined to be market value.

Market value refers to the estimated value of the target of appraisal in a normal and fair transaction on the valuation benchmark date between a willing buyer and a willing seller, each acting rationally and without any coercion.

**V. Valuation benchmark date**

The valuation benchmark date of this report is 31 December 2023.

The valuation benchmark date is determined by the principal. Factors considered when determining the valuation benchmark date primarily include the realization of economic behaviors and the conditions at the end of the accounting period. Valuation provides a reference to the asset value at a specific point of time, and selecting the end of the accounting period as the valuation benchmark date comprehensively reflects the overall condition of the assets of the target of appraisal. Furthermore, the valuation benchmark date has been chosen to be relatively close to the planned realization of the relevant economic behavior, to ensure that the valuation results effectively serve their purpose, the valuation scope is accurately delineated, the assets are accurately and efficiently checked and verified, and the bases for valuation and pricing are reasonably selected.

**VI. Basis of appraisal****(I) Economic behavior basis**

1. Approval on the Transfer of Liang Zhuoyue (里昂卓越, a company listed overseas under CITIC Securities) By Way of Listing (Zhong Xin You Xian [2024] No. 91)(《關於同意中信證券境外上市公司里昂卓越掛牌轉讓的批覆》(中信有限[2024]91號));

2. Minutes for the Meeting of the General Manager Office of the CITIC Group (《中信集團總經理辦公會議紀要》)(No. 18, 2024);
3. Minutes for the Meeting of the Strategic Investment Committee of the CITIC Limited (《中信有限戰投委會議紀要》)(No. 7, 2024);
4. Minutes for the Meeting of the Operation Management Committee of the CITIC Securities (《中信證券經營管理委員會會議紀要》)(No. 15, 2024);
5. Minutes for the Meeting of the Operation Management Committee of the CITIC Securities (《中信證券經營管理委員會會議紀要》)(No. 13, 2024);
6. Minutes for the Meeting of the Party Committee of the CITIC Securities (《中信證券黨委會議紀要》)(No. 23, 2024);
7. Minutes for the Meeting of the Party Committee of the CITIC Securities (《中信證券黨委會議紀要》)(No. 21, 2024).

**(II) Legal and regulation basis**

1. Asset Appraisal Law of the People's Republic of China (《中華人民共和國資產評估法》)(adopted at the 21st meeting of the Standing Committee of the 12th National People's Congress on 2 July 2016);
2. Civil Code of the People's Republic of China (《中華人民共和國民法典》)(adopted at the third session of the 13th National People's Congress on 28 May 2020);
3. Law of the People's Republic of China on State-owned Assets in Enterprises (《中華人民共和國企業國有資產法》)(adopted at the fifth meeting of the Standing Committee of the 11th National People's Congress on 28 October 2008);
4. The Administrative Measures for the Financial Supervision and Administration of the Asset Appraisal Industry (issued under Decree No. 86 of the Ministry of Finance, and revised under Decree No. 97 of the Ministry of Finance)(《資產評估行業財政監督管理辦法》(財政部令第86號，財政部令第97號修訂));
5. The Administrative Measures for the Supervision and Administration of Enterprise State-owned Assets Transactions (State-owned Assets Supervision and Administration Commission and Ministry of Finance Order No. 32)(《企業國有資產交易監督管理辦法》(國資委、財政部令第32號));

6. The Administrative Measures for the Transfer of State-owned Assets of Financial Enterprise (Ministry of Finance Order No. 54)(《金融企業國有資產轉讓管理辦法》(財政部令第54號));
7. Interim Measures for the Supervision and Administration of State-Owned Asset Valuation of Financial Enterprises (Ministry of Finance Order No. 47)(《金融企業國有資產評估監督管理暫行辦法》(財政部令第47號));
8. Notice of Issues concerning the Supervision and Administration of Assessment of State-owned Assets of Financial Enterprises (Cai Jin [2011] No. 59)(《關於金融企業國有資產評估監督管理有關問題的通知》(財金[2011]59號));
9. Accounting Standards for Business Enterprises – Basic Standards (Decree No. 33 of the Ministry of Finance)(《企業會計準則—基本準則》(財政部令第33號)), Decision of the Ministry of Finance on the Revision of the Accounting Standards for Business Enterprises – Basic Standards (Decree No. 76 of the Ministry of Finance)(《財政部關於修改〈企業會計準則—基本準則〉的決定》(財政部令第76號)).

**(III) Basis of valuation standards**

1. Basic Standards for Assets Appraisal (Cai Zi [2017] No. 43)(《資產評估基本準則》(財資 [2017] 43號));
2. Code of Ethics for Assets Appraisal (Zhong Ping Xie [2017] No. 30)(《資產評估職業道德準則》(中評協[2017] 30號));
3. Practice Standards for Assets Appraisal – Asset Appraisal Reports (Zhong Ping Xie [2018] No. 35)(《資產評估執業準則—資產評估報告》(中評協[2018] 35號));
4. Practice Standards for Assets Appraisal – Asset Appraisal Procedures (Zhong Ping Xie [2018] No. 36)(《資產評估執業準則—資產評估程序》(中評協[2018] 36號));
5. Practice Standards for Assets Appraisal – Asset Appraisal Entrustment Contract (Zhong Ping Xie [2017] No. 33)(《資產評估執業準則—資產評估委託合同》(中評協[2017] 33號));
6. Practice Standards for Assets Appraisal – Asset Appraisal Files (Zhong Ping Xie [2018] No. 37)(《資產評估執業準則—資產評估檔案》(中評協[2018] 37號));

7. Practice Standards for Assets Appraisal – Utilizing Expert Work and Related Reports (Zhong Ping Xie [2017] No. 35)(《資產評估執業準則—利用專家工作及相關報告》(中評協[2017] 35號));
8. Practice Standards for Assets Appraisal – Enterprise Value (Zhong Ping Xie [2018] No. 38)(《資產評估執業準則—企業價值》(中評協[2018] 38號));
9. Guidelines of the Appraisal Report on State-owned Assets of Financial Enterprises (Zhong Ping Xie [2017] No. 43)(《金融企業國有資產評估報告指南》(中評協[2017] 43號));
10. Quality Control Guidance on the Business of Asset Appraisal Agency (Zhong Ping Xie [2017] No. 46)(《資產評估機構業務質量控制指南》(中評協[2017] 46號));
11. Guiding Opinions on Types of Value under Asset Appraisal (Zhong Ping Xie [2017] No. 47)(《資產評估價值類型指導意見》(中評協[2017] 47號));
12. Guiding Opinions on Legal Ownership of Asset Appraisal Object (Zhong Ping Xie [2017] No. 48)(《資產評估對象法律權屬指導意見》(中評協[2017] 48號));
13. Practice Standards for Assets Appraisal – Asset Appraisal Approaches (Zhong Ping Xie [2019] No. 35)(《資產評估執業準則—資產評估方法》(中評協[2019] 35號));
14. Glossary for Asset Appraisal Standards (2020) (Zhong Ping Xie [2020] No. 31)(《資產評估準則術語2020》(中評協[2020] 31號)).

***(IV) Ownership basis***

1. Other relevant title certificates.

***(V) Basis of price determination***

1. Financial Rules for Basic Construction (《基本建設財務規則》)(Decree No. 81 of the Ministry of Finance of the PRC, effective from 1 September 2016);
2. Foreign exchange rates and the loan prime rate (LPR) quoted from the market as at the valuation benchmark date;
3. Quotation Manual of Mechanical and Electrical Products (《機電產品報價手冊》)(2023);

4. financial statements and audit reports of previous years provided by the enterprise;
5. future annual business plans provided by relevant departments of the enterprise;
6. current and future annual market forecast data of main products provided by the enterprise;
7. other relevant appraisal information recorded and collected by appraisers during field investigation;
8. other information related to this asset valuation.

**(VI) Other references**

1. Asset Appraisal Expert Guidance No. 8 – Inspection and Verification of Asset Appraisal (Zhong Ping Xie [2019] No. 39)(《資產評估專家指引第8號—資產評估中的核查驗證》(中評協 [2019] 39號));
2. Asset Appraisal Expert Guidance No. 12 – Calculation of Discount Rate in the Value of Enterprises Appraised under the Income Approach (Zhong Ping Xie [2020] No. 38)(《資產評估專家指引第12號—收益法評估企業價值中折現率的測算》(中評協[2020] 38號));
3. the list of assets and valuation declaration form provided by the assessed entity;
4. the audit report issued by BDO Limited;
5. the database of China Enterprise Appraisals Consultation Co., Ltd.

**VII. Valuation Approaches**

The valuation approaches adopted in this valuation are the income approach and asset-based approach.

The income approach is a general term for various valuation approaches that capitalise or discount the expected income of the target of appraisal to determine its value. In this valuation, within the income approach category, the discounted cash flow approach has been used to appraise the overall enterprise value, thereby indirectly determining the value of the entire shareholders' equity.

The market approach is a general term for appraisal methods that determine the value of an target of appraisal based on the market price of comparable companies by comparing the target of appraisal with comparable companies. The listed company comparison approach in the market approach has been adopted for the current valuation. This approach refers to the valuation method of obtaining and analyzing the operating and financial data of comparable listed companies, calculating the value ratios and determining the value of the appraised enterprise based on a comparative analysis with the appraised enterprise.

Asset-based approach refers to the valuation method that uses the balance sheet of the assessed entity or operating entity as at the valuation benchmark date as the basis for assessing the value of each of the assets and liabilities that can be identified both on- and off-balance-sheet to determine the value of the target of appraisal.

Practice Standards for Assets Appraisal – Enterprise Value (《資產評估執業準則—企業價值》) stipulate that in performing an enterprise value appraisal, the valuation method should be selected by analyzing the applicability of the three basic methods, namely the income approach, the market approach and the asset-based approach, based on the appraisal purpose, the target of appraisal, the type of value and the collection of information. Where it is appropriate to adopt different valuation methods for enterprise value appraisal, asset appraisal professionals shall adopt two or more valuation methods for the appraisal.

Based on the relevant conditions such as the purpose of the appraisal, the target of appraisal, the type of value, the collection of information and the conditions applicable to the three basic methods of appraisal, the appraisers' understanding of the current status of CLSA Premium Limited's operations and its business plans, as well as the analysis of the relevant industries on which it relies, the conditions are met for the appraisal to be conducted using the income approach. At the same time, the conditions for the adoption of the asset-based approach have also been met as the assessed entity has complete financial information and asset management information to utilize, and there are wide sources of data and information relating to the reacquisition cost of assets. In addition, the prerequisite for the adoption of the market approach is the existence of a well-developed, fair and active open market with more adequate market data and comparable transaction cases in the open market. The appraisers have found through market research that reference enterprises or transaction cases comparable to the assessed entity in terms of enterprise scale, business model and operating status are difficult to obtain, and it is not appropriate to adopt the market approach for this appraisal.

As a result of the above analysis, the income approach and asset-based approach were adopted for the current valuation.



**(I) The income approach**

This time, the discounted cash flow approach in the income approach is used to evaluate the overall enterprise value to indirectly obtain the value of all shareholders' equity. The overall enterprise value is composed of the value of operating assets generated from normal business activities and the value of non-operating assets unrelated to normal business activities. The discounted free cash flow model of the enterprise is used to determine the value of operating assets, which is based on the free cash flow of the enterprise in the next few years, and is calculated by summing up after discounting with an appropriate discount rate.

The calculation model is as follows:

Value of total shareholders' equity = overall enterprise value – value of interest-paying debts

**1. Overall enterprise value**

The overall enterprise value is the sum of the value of all shareholders' equity and the value of interest-paying debts. The formula for calculating the overall enterprise value, based on the configuration and utilization of the assets of the assessed entity, is as follows:

Overall enterprise value = value of operating assets + value of surplus assets + value of non-operating assets – value of non-operating liabilities

**(1) Value of operating assets**

Operating assets are assets and liabilities related to the production and operation of the assessed entity and involved in the forecast of free cash flow of the enterprise after the valuation benchmark date. The formula for calculating the value of operating assets is set out below:

$$P = \sum_{i=1}^n \frac{F_i}{(1+r)^i} + \frac{F_n \times (1+g)}{(r-g) \times (1+r)^n}$$

Where: P : the value of the enterprise's operating assets as at the valuation benchmark date;  
 $F_i$  : the expected free cash flow of the enterprise in year i after the valuation benchmark date;  
 $F_n$  : the expected free cash flow of the enterprise in the last year of the detailed forecast period;

- r : Discount rate (in this case the weighted average cost of capital, WACC);
- n : Detailed forecast period;
- i : Year i of the detailed forecast period;
- g : Perpetual growth rate.

Of which, the formula for calculating the free cash flow of the enterprise is as follows:

Enterprise free cash flow = net profit before interest but after taxes + depreciation and amortization – capital expenditures – increase in working capital

Of which, the discount rate (weighted average cost of capital, WACC) is calculated as follows:

$$\text{WACC} = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

- Where:  $k_e$  : cost of equity capital;
- $k_d$  : cost of interest-paying debt capital;
- E : market value of equity;
- D : market value of interest-paying debts;
- t : income tax rate.

Of which, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + \text{MRP} \times \beta_L + r_c$$

- Where:  $r_f$  : risk-free rate of return;
- MRP : market risk premium;
- $\beta_L$  : systematic risk factor for equity;
- $r_c$  : Enterprise-specific risk adjustment factor.

## (2) Value of surplus assets

Surplus assets are assets that are in excess of the requirements for the production and operation of the enterprise as at the valuation benchmark date and are not covered by the enterprise's free cash flow forecast after the valuation benchmark date. Surplus assets are analyzed and appraised separately.

(3) Value of non-operating assets and liabilities

Non-operating assets and liabilities are assets and liabilities not related to the production and operation of the assessed entity and not involved in the forecast of free cash flow of the enterprise after the valuation benchmark date. Non-operating assets and liabilities are analyzed and appraised separately.

**2. Value of interest-paying debts**

Interest-paying debts are liabilities on which the assessed entity is required to pay interest as at the valuation benchmark date. Interest-paying liabilities are valued at their verified book value.

**(II) Asset-based approach**

**1. Current assets**

- (1) The appraised value of cash and bank balances, including bank deposits, are determined based on the verified value by verifying bank statements and certified public accountants' letters.
- (2) For accounts receivable, prepayments and other receivables, the appraisers investigate the reasons for the formation of the accounts receivable from the assessed entity and determine the appraised value on the basis of the probable amount to be recovered for each receivable. For those accounts receivable for which there were sufficient reasons to believe that they could all be recovered, the appraised value is calculated on the basis of the entire amount of receivables; for those accounts receivable for which there was a high probability that part of the amount would not be recovered, when it was difficult to ascertain the amount of the uncollectible amount of the accounts receivable, with the assistance of the historical information and the on-site investigation, the specific analysis shall be made to determine the amount, time and reason for the non-payment of the amount, the recovery of the amount, the funds of the defaulters, their creditworthiness, and their current status of operation and management, etc. In accordance with the ageing analysis method, this portion of probable uncollectible amounts is estimated and deducted as risk loss to calculate the appraised value.

## 2. Long-term equity investment

The income approach is a general term for various valuation approaches that capitalise or discount the expected income of the target of appraisal to determine its value. In this valuation, among the income approach category, the discounted cash flow approach has been used to appraise the overall enterprise value to indirectly obtain the value of the entire shareholders' equity.

The market approach is a general term for appraisal methods that determine the value of an target of appraisal based on the market price of comparable companies by comparing the target of appraisal with comparable companies. The listed company comparison approach in the market approach has been adopted for the current valuation. The listed company comparison approach refers to the valuation method of obtaining and analyzing the operating and financial data of comparable listed companies, calculating the value ratios and determining the value of the assessed entity based on a comparative analysis with the assessed entity.

Asset-based approach refers to the valuation method that uses the balance sheet of the assessed entity or operating entity as at the valuation benchmark date as the basis for assessing the value of each of the assets and liabilities that can be identified both on- and off-balance-sheet to determine the value of the target of appraisal.

Practice Standards for Assets Appraisal – Enterprise Value (《資產評估執業準則—企業價值》) stipulate that when conducting enterprise value appraisal, the valuation method should be selected by analyzing the applicability of the three basic methods, namely the income approach, the market approach and the asset-based approach, based on the appraisal purpose, the target of appraisal, the type of value and the collection of information. Where it is appropriate to adopt different valuation methods for enterprise value appraisal, asset appraisal professionals shall adopt two or more valuation methods for the appraisal.

For the overall valuation of wholly-owned and controlling long-term equity investments, the value of the entire shareholders' equity of the investee was firstly assessed and then multiplied by the shareholding percentages to arrive at the value of the partial shareholders' equity. Details of the valuation method adopted for the overall valuation of the investee and the rationale and basis for the selection of the valuation method are set out in the corresponding valuation technical sub-notes.

A summary of whether each investee was appraised in its entirety and the valuation method used is set forth below:

No.	Name of the investee	Whether an overall assessment is conducted	Valuation method(s) adopted	Valuation method(s) selected in the conclusion
1	CLSA Premium New Zealand Limited	Yes	asset-based approach, consolidated income approach	asset-based approach
2	CLSA Premium Pty Limited	Yes	asset-based approach, consolidated income approach	asset-based approach
3	CLSA Premium International(HK) Limited	Yes	asset-based approach, consolidated income approach	asset-based approach
4	CLSA Premium Bullion Limited	Yes	asset-based approach, consolidated income approach	asset-based approach
5	Yorkastle Capital Limited	Yes	asset-based approach, consolidated income approach	asset-based approach
6	LXL Capital I Limited	Yes	asset-based approach, consolidated income approach	asset-based approach

### 3. Liabilities

Liabilities include accounts payable. The appraisers verify the book value based on the detailed list of each item and relevant financial information provided by the enterprise, and determine the appraisal value based on the actual liabilities that the enterprise should bear.

## VIII. The implementation process and status of the appraisal procedure

The appraisers implemented the appraisal from 20 May 2024 to 3 September 2024 on the assets involved in the target of appraisal. The implementation process and status of the major appraisal procedures are set out below:

### *(I) Acceptance of the engagement*

On 20 May 2024, we reached an agreement with the principal on the fundamental aspects of the appraised business, including the purpose, target, and scope of the appraisal, the valuation benchmark date, and the rights and obligations of the parties, and prepared the corresponding appraisal plan in consultation with the principal.

***(II) Preliminary preparations***

After accepting the engagement, our project team drew up a specific appraisal work plan and formed an appraisal team according to the purpose of the appraisal, the characteristics of the target of appraisal and the time frame. At the same time, a list of information required for the appraisal and a declaration form was prepared according to the actual needs of the project.

***(III) On-site investigation***

The appraisers conducted necessary check and verification on the assets and liabilities involved in the target of appraisal, and necessary investigation on the operating and management status of the assessed entity from 20 May 2024 to 10 June 2024.

**1. Asset verification****(1) Instructing the assessed entity to complete forms and prepare information to be provided to the appraisal agency**

The appraisers instructed the financial and asset management personnel of the appraisal entity to fill in the detailed and accurate reports on the assets included in the scope of appraisal in accordance with the “Detailed Asset Appraisal Sheets” provided by the appraisal agency, its filling-in requirements and the list of information on the basis of their own asset inventories, and at the same time, collected and prepared the documents proving ownership of the assets and the documents reflecting the performance, condition, economic, and technical indicators of the assets.

**(2) Initial review and refinement of Detailed Asset Appraisal Sheets completed by the assessed entity**

The appraisers reviewed relevant documentation to understand the details of specific assets included in the scope of appraisal. The appraisers then carefully examined various types of “Detailed Asset Appraisal Sheets” for completeness, accuracy, clarity and other status of asset descriptions. Drawing on their experience and available information, the appraisers checked for any omissions in the forms and provided feedback to the assessed entity to enhance the “Detailed Asset Appraisal Sheets” as necessary.

(3) On-site field surveys

In accordance with the type, quantity and distribution of assets included in the scope of appraisal, the appraisers, with the cooperation of the relevant personnel of the assessed entity and in accordance with the relevant provisions of the asset appraisal standards, conducted on-site surveys of each asset and adopted different survey methods for different asset properties and characteristics.

(4) Additions, modifications and refinements to the Detailed Asset Appraisal Sheets

Based on the results of the on-site field surveys and adequate communication with the relevant personnel of the assessed entity, the appraisers further improved the “Detailed Asset Appraisal Sheets” to achieve consistency between the accounts, tables and facts.

(5) Inspection of documentary evidence of title

The appraisers checked the purchase invoices and purchase contract documents of the equipment included in the scope of the appraisal, and in the case of incomplete information on ownership and unclear ownership, the appraisers draw the enterprise’s attention to the verification or the issuance of the relevant property rights description documents.

**2. Due diligence investigation**

The appraisers have conducted the necessary investigations in order to fully understand the operating and management conditions of the assessed entity and the risks it faces. The main contents of the investigation are set out as follows:

- (1) The history of the assessed entity, major shareholders and their shareholding ratios, necessary property rights and business management structure;
- (2) The asset, financial, production and operation management status of the assessed entity;
- (3) Information on the assessed entity’s business plans, development plans and financial projections;
- (4) Previous appraisals and transactions of the target of appraisal and the assessed entity;

- (5) Macro and regional economic factors affecting the production and operation of the assessed entity;
- (6) The development status and prospects of the industry in which the assessed entity is located;
- (7) Other relevant information materials.

***(IV) Data collection***

The appraisers have collected appraisal information in accordance with the specific circumstances of the appraisal project, including information independently obtained directly from the market and other channels, information obtained from relevant parties, such as the principal, and information obtained from government departments, various professional bodies and other relevant departments, and have conducted the necessary analysis, summarization and collation of the appraisal information collected so as to form the basis for the appraisal and estimation.

***(V) Appraisal estimates***

Based on the specific circumstances of each type of assets and the selected valuation methods, the appraisers selected corresponding formulas and parameters for analysis, calculation and judgment, and formed preliminary valuation conclusions. The project leader summarized the preliminary conclusions of the various types of asset appraisal, wrote and formed a preliminary asset valuation report.

***(VI) Internal review***

In accordance with the provisions of our valuation business process management approach, the project leader submits the preliminary asset valuation report upon completion to the Company for internal review. After completion of the internal review, the project leader would communicate with the principal or other relevant parties agreed by the principal on the relevant contents of the asset valuation report on the premise of not affecting the independent judgment on the appraisal conclusion. Upon completion of the above asset appraisal procedures, a formal asset valuation report is issued and submitted.



**IX. Appraisal assumptions**

Asset appraisal is in fact an act of judging the value of an asset using a simulated market. In the face of the ever-changing market and the ever-changing factors affecting the value of assets, it is necessary to temporarily “freeze” the market conditions and various factors affecting the value of assets in a certain state with the help of appropriate assumptions so as to enable the asset evaluator to make value judgments. The appraisal assumptions for this project are divided into premise assumptions, general assumptions and special assumptions. The assumptions are summarized below:

**(I) *Premise assumptions*****1. Transaction assumption**

Transaction assumption assumes that all the assets to be valued are already in the process of transaction, and the appraisal carries out the valuation based on a simulated market which involves the transaction conditions of the assets to be valued. Transaction assumption is the most basic premise assumption for asset valuation.

**2. Open market assumption**

Open market assumption assumes that the assets to be valued are traded or intended to be traded on the market, and both of the parties to the transaction of the assets are in equal position and have enough opportunities and time to obtain market information so as to make rational judgment on the functions, purpose and transaction price of the assets. The open market assumption is based on the assumption that assets can be bought and sold openly in the market.

**3. Going concern assumption**

The going concern assumption assumes that the operating activities of the assessed entity will continue in the foreseeable future, that it will not, and does not have to, terminate its operations or go into bankruptcy and liquidation, and that it will be able to realize its assets and settle its liabilities in the normal course of business.

**(II) *General assumptions***

1. It is assumed that there are no significant changes in the political, economic and social environment of the countries and regions in which the assessed entity is located after the valuation benchmark date;
2. It is assumed that there are no significant changes in national macroeconomic policies, industrial policies and regional development policies after the valuation benchmark date;

3. It is assumed that there are no substantial changes in such indicators as interest rates, exchange rates, tax bases, tax rates and policy based levies related to the assessed entity after the valuation benchmark date;
4. It is assumed that the management of the assessed entity after the valuation benchmark date is responsible, stable and capable of performing their duties;
5. It is assumed that the assessed entity is fully in compliance with all relevant laws and regulations;
6. It is assumed that there will be no force majeure having a material adverse impact on the assessed entity after the valuation benchmark date.

***(III) Special assumptions***

1. It is assumed that the accounting policies to be adopted by the assessed entity after the valuation benchmark date and the accounting policies adopted at the time of preparing the valuation reports are consistent in material aspects;
2. It is assumed that the assessed entity's scope and mode of operation after the valuation benchmark date are consistent with current orientation on the basis of the existing management method and management standard;
3. It is assumed that the cash inflow and cash outflow of the assessed entity after the valuation benchmark date are uniform;
4. It is assumed that the products or services of the assessed entity will maintain their current competitive advantages in the market after the valuation benchmark date;
5. It is assumed that the existing business contracts of the assessed entity can be realized as scheduled, and that there will be no significant changes in the main business, product mix, and sales strategy and cost control;
6. It is assumed that there will be no significant changes in the personnel of the assessed entity during the forecast period;
7. There are no significant contingent liabilities arising from external guarantees or other matters during the life of the enterprise;
8. In the future, the enterprise will maintain its current revenue collection methods and credit policy and will not encounter any significant recovery problems.

The valuation conclusion in this asset valuation report was effective as at the valuation benchmark date on the aforesaid assumptions. We and the signing asset appraisers disclaimed any responsibility for different valuation conclusion arising from any significant change in the aforesaid assumptions.

## **X. Valuation conclusions**

### ***(I) Valuation results of the income approach***

The book value of the total assets of the parent company of CLSA Premium Limited was HK\$416,917,500 (equivalent to RMB377,819,000). The book value of the total liabilities of the parent company was HK\$320,398,500 (equivalent to RMB290,351,500). The book value of net assets of the parent company was HK\$96,519,000 (equivalent to RMB87,467,400).

The book value of the consolidated total assets of CLSA Premium Limited was HK\$251,773,500 (equivalent to RMB228,162,200). The book value of the consolidated total liabilities was HK\$11,909,900 (equivalent to RMB10,793,000). The book value of net assets attributable to the parent company was HK\$239,863,600 (equivalent to RMB217,369,200).

The value of the entire shareholders' equity after valuation under the income approach was HK\$238,412,000 (equivalent to RMB216,053,700), with an impairment of HK\$1,453,000 (equivalent to RMB1,316,800), representing an impairment rate of 0.61%.

### ***(II) Valuation results of the asset-based approach***

The book value of the consolidated total assets of CLSA Premium Limited was HK\$251,773,500 (equivalent to RMB228,162,200). The book value of the consolidated total liabilities was HK\$11,909,900 (equivalent to RMB10,793,000). The book value of net assets attributable to the parent company was HK\$239,863,600 (equivalent to RMB217,369,200). The value of the entire shareholders' equity after valuation under the asset-based approach was HK\$244,984,700 (equivalent to RMB222,010,000), with an appreciation of HK\$5,119,700 (equivalent to RMB4,639,600), representing an appreciation rate of 2.13%.

The book value of the total assets of the parent company of CLSA Premium Limited was HK\$416,917,500 (equivalent to RMB377,819,000), and the appraised value was HK\$565,383,200 (equivalent to RMB512,361,600), with an appreciation of HK\$148,465,700 (equivalent to RMB134,542,600), representing an appreciation rate of 35.61%. The book value of the total liabilities of the parent company amounted to HK\$320,398,500 (equivalent to RMB290,351,500), and the appraised value was HK\$320,398,500 (equivalent to RMB290,351,500), with no increase or decrease in value. The book value of the net assets of the parent company amounted to HK\$96,519,000 (equivalent to RMB87,467,400), and the appraised value was HK\$244,984,700 (equivalent to RMB222,010,000), with an appreciation of HK\$148,465,700 (equivalent to RMB134,542,600), representing an appreciation rate of 153.82%.

The specific valuation results of the parent company's asset-based approach are detailed in the following summary of valuation results:

#### Summary of the valuation results of the asset-based approach

Valuation benchmark date: 31 December 2023

Amount unit: HK\$0'000

Item		Book value	Appraised	Increase or	Appreciation
		A	value B	decrease in value C=B-A	rate % D=C/A×100%
Current assets	1	18,091.57	19,776.80	1,685.23	9.32
Non-current assets	2	23,600.18	36,761.52	13,161.34	55.77
Of which: Long-term equity investment	3	23,600.18	36,761.52	13,161.34	55.77
Investment real estates	4	0.00	0.00	0.00	
Fixed assets	5	0.00	0.00	0.00	
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	0.00	0.00	0.00	
Of which: Land use rights	9	0.00	0.00	0.00	
Other non-current assets	10	0.00	0.00	0.00	
<b>Total assets</b>	<b>11</b>	<b>41,691.75</b>	<b>56,538.32</b>	<b>14,846.57</b>	<b>35.61</b>
Current liabilities	12	32,039.85	32,039.85	0.00	0.00
Non-current liabilities	13	0.00	0.00	0.00	
<b>Total liabilities</b>	<b>14</b>	<b>32,039.85</b>	<b>32,039.85</b>	<b>0.00</b>	<b>0.00</b>
<b>Net assets</b>	<b>15</b>	<b>9,651.90</b>	<b>24,498.47</b>	<b>14,846.57</b>	<b>153.82</b>

**Summary of the valuation results of the asset-based approach**

Valuation benchmark date: 31 December 2023

Amount unit: RMB0'000

Item		Book value	Appraised	Increase or	Appreciation
		A	value B	decrease in value C=B-A	rate % D=C/A×100%
Current assets	1	16,394.94	17,922.13	1,527.19	9.32
Non-current assets	2	21,386.96	33,314.02	11,927.07	55.77
Of which: Long-term equity investment	3	21,386.96	33,314.02	11,927.07	55.77
Investment real estates	4	0.00	0.00	0.00	
Fixed assets	5	0.00	0.00	0.00	
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	0.00	0.00	0.00	
Of which: Land use rights	9	0.00	0.00	0.00	
Other non-current assets	10	0.00	0.00	0.00	
<b>Total assets</b>	<b>11</b>	<b>37,781.90</b>	<b>51,236.16</b>	<b>13,454.26</b>	<b>35.61</b>
Current liabilities	12	29,035.15	29,035.15	0.00	0.00
Non-current liabilities	13	0.00	0.00	0.00	
<b>Total liabilities</b>	<b>14</b>	<b>29,035.15</b>	<b>29,035.15</b>	<b>0.00</b>	<b>0.00</b>
<b>Net assets</b>	<b>15</b>	<b>8,746.74</b>	<b>22,201.00</b>	<b>13,454.26</b>	<b>153.82</b>

**(III) Valuation conclusion**

The value of the entire shareholders' equity after valuation under the income approach was HK\$238,412,000 (equivalent to RMB216,053,700), and the value of the entire shareholders' equity after valuation under the asset-based approach was HK\$244,984,700 (equivalent to RMB222,010,000), with a difference of HK\$6,572,700 (equivalent to RMB5,956,400), representing a difference rate of 2.68%.

After analysis, the appraisers are of the view that the certain differences between the two approaches are reasonable. The asset-based approach is to reflect the market price of shareholders' input from the perspective of asset purchase and establishment, and the values of assets and inventories related to the relatively complete configuration of the enterprise's assets are reflected in the asset-based approach, whereas the forecasts in the income approach are determined based on macro policies, market expectations and the comprehensive operation of the enterprise, and the enterprise is currently in the initial stage of transformation, with large fluctuations in historical annual revenue and profits and many uncertain factors in future profitability. Therefore, the valuation results of the asset-based approach can reasonably reflect the market value of the enterprise.

Based on the above analysis, the valuation conclusion of this asset valuation report adopts the valuation result of the asset-based approach, namely the valuation result of the value of the entire shareholders' equity of CLSA Premium Limited was HK\$244,984,700 (equivalent to RMB222,010,000).

#### **XI. Statement of special matters**

The following matters that have been identified in the course of the appraisal may affect the conclusion of the appraisal but are beyond the level of practice and professional competence of the appraisers to assess and estimate:

- (I) In this asset valuation report, all tables or textual expressions with amounts in ten thousand dollars, if there is any tailing difference between the total number of counts and the sum of the values of each sub-item, it is due to rounding.
- (II) The appraisal has utilized the audit report issued by BDO Limited. According to Article 12 of the Practice Standards for Assets Appraisal – Enterprise Value (《資產評估執業準則—企業價值》), an asset valuation professional has analyzed and made judgments on the financial statements in accordance with the requirements for the use of financial statements under the valuation method adopted, but it is not the responsibility of the asset valuation professional to express a professional opinion as to whether or not the relevant financial statements present fairly the financial position as at the valuation benchmark date, and the results of operations and cash flows for the current period.

Users of the asset valuation report should pay attention to the impact of the above special matters on the valuation conclusion.

#### **XII. Statement of limitations on the use of asset valuation report**

##### ***(I) Scope of use of the asset valuation report***

1. The users of the asset valuation report shall be: the principal and the users of the asset valuation report as prescribed by national laws and administrative regulations.
2. The appraisal conclusions revealed in the asset valuation report are valid only for the economic behavior corresponding to this project.
3. The validity period for the use of the appraisal conclusions in an asset valuation report shall be one year from the valuation benchmark date. The principal or other user of the asset valuation report shall use the asset valuation report within the validity period for the use of the appraisal conclusions stated therein.

4. Without the written permission of the principal, an asset appraisal agency and its asset appraisal professionals shall not provide or disclose the contents of an asset valuation report to a third party, except as otherwise provided for by laws and administrative regulations.
  5. Without the consent of the asset appraisal agency, the contents of the asset valuation report shall not be excerpted, quoted or disclosed in the public media, except as provided for by laws and administrative regulations and otherwise agreed by the relevant parties.
- (II) An asset appraisal agency and its asset appraisal professionals shall not be liable if a principal or other user of an asset valuation report fails to use the asset valuation report in accordance with the provisions of laws and administrative regulations and the scope of use set out in the asset valuation report.
- (III) Except for the principal, other users of the asset valuation report as agreed upon in the asset appraisal entrustment contract and the users of the asset valuation report stipulated by laws and administrative regulations, any other organization or individual cannot become the user of the asset valuation report.
- (IV) The user of the asset valuation report shall correctly understand and use the appraisal conclusion, which is not equivalent to the realizable price of the target of appraisal, and the appraisal conclusion shall not be regarded as a guarantee of the realizable price of the target of appraisal.
- (V) An asset valuation report refers to a professional report issued by an asset appraisal agency on the value of an target of appraisal for a specific purpose at the valuation benchmark date after the asset appraisal agency and its asset appraisal professionals have complied with the requirements of the laws, administrative regulations and asset appraisal standards and have performed the necessary appraisal procedures in accordance with the engagement. This report shall be signed by the asset appraisers undertaking the appraisal business and stamped with the official seal of the appraisal agency, and shall only be formally used after it has been filed with the state-owned assets supervisory and management authorities or the enterprises funded;

**XIII. Date of the asset valuation report**

This asset valuation report is dated 3 September 2024.

Asset appraiser: 李學奇

Asset appraiser: 李博

China Enterprise Appraisals Consultation Co., Ltd.  
3 September 2024



**APPENDICES TO THE ASSET VALUATION REPORT**

- Appendix I: Document(s) of economic behavior corresponding to the purpose of the assessment;
- Appendix II: Special audit report of the assessed entity;
- Appendix III: Business licenses of the principal and the assessed entity;
- Appendix IV: Document of ownership of the assessed entity;
- Appendix V: Letters of commitment from the principal and other interested parties;
- Appendix VI: Letter of commitment from the undersigned asset appraiser;
- Appendix VII: A copy of the qualification certificate of asset appraisal of China Enterprise Appraisals Consultation Co., Ltd.;
- Appendix VIII: The announcement of filing of China Enterprise Appraisals Consultation Co., Ltd.;
- Appendix IX: A copy of the duplicate of business license of China Enterprise Appraisals Consultation Co., Ltd.;
- Appendix X: A copy of the registration card of the professional qualification certificate of the asset appraiser;
- Appendix XI: The asset appraisal entrustment contract.

**LETTER OF COMMITMENT OF THE ASSET APPRAISER**

CITIC Securities International Company Limited:

As engaged by your entity, we have conducted an appraisal of the value of the entire shareholders' equity interest in CLSA Premium Limited in connection with the proposed transfer of the equity interest in CLSA Premium Limited by your entity, taking 31 December 2023 as the benchmark date and formed an asset valuation report. On the premise that the assumptions disclosed in this report are valid, we undertake as follows:

- I. We possess the appropriate professional qualifications;
- II. The target and scope of appraisal are consistent with the agreement in the asset appraisal entrustment contract;
- III. Necessary verification of the target of appraisal and the assets to which it relates has been carried out;
- IV. The valuation methods have been selected in accordance with the asset valuation standards and relevant valuation norms;
- V. Adequate consideration has been given to the factors affecting the appraised value;
- VI. The valuation conclusions are reasonable;
- VII. The valuation works were conducted free from interference and on an independent manner.

Asset appraiser: 李學奇

Asset appraiser: 李博

3 September 2024

*The following is the full text of the valuation report prepared by Odysseus Capital Asia Limited in connection with its valuation of the entire shareholders' equity of the Company as of 31 December 2024.*

**The Directors**

CLSA Premium Limited  
Suite 810, Level 8,  
One Pacific Place,  
88 Queensway,  
Hong Kong

18 February 2025

Dear Sirs

**VALUATION OF 100% EQUITY INTEREST IN CLSA PREMIUM LIMITED AND ITS SUBSIDIARIES**

As per your instructions, we have carried out a valuation on behalf of CLSA Premium Limited (“**CLSA**” or the “**Company**”) to determine the fair value of 100% equity interest of CLSA Premium Limited and its subsidiaries (together referred to as the “**Group**”) as of 31 December 2024 (the “**Valuation Date**”) in connection with the mandatory general offer for the acquisition of the outstanding issued share capital of the Company (the “**Offer**”) by the Offeror as set out in the joint announcement dated 18 February 2025 (“**Announcement**”) relating to the Offer.

Terms used herein are the same as those defined in the Announcement unless stated otherwise. The valuation and findings in this report will only be applied to the aforementioned purpose.

**Basis of Valuation**

We conducted our valuation research using a fair value basis, which is defined by the Hong Kong Financial Reporting Standard as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price)”.

Our valuation was conducted in compliance with Rule 11 of the Takeover Codes and the International Valuation Standards issued by the International Valuation Standards Council. We carried out our valuation after gathering all the information relating to the Offer and the Company that we considered necessary to give us sufficient evidence to support our opinions on the subject asset. The valuation report contains all of the information necessary to properly comprehend the valuation. Our valuation report's opinion on value is impartial, independent, and unbiased.

### Sources of Information

Our valuation research was conducted based on our various discussions with the Company's management during our engagement, as well as our study, evaluation, and reliance on the data supplied and publicly accessible sources. Important information sources include the following:

- the Company's announcements in relation to the disposal of the Company's shares and the Offer dated 15 July 2024 and 29 December 2024;
- the Share transfer agreement entered between the Company and the Offeror dated 18 February 2025;
- the unaudited condensed consolidated management accounts of the Company for the year ended 31 December 2024 ("**Management Accounts**");
- the audited financial statements for the years ended 31 December 2022 and 2023;
- the unaudited interim report for the six months ended 30 June 2023 and 2024 (the "**Interim Results**");
- the group chart of the Group; and
- the Strategic Cooperation Agreement (the "**Strategic Cooperation Agreement**") entered between the Company and Beijing Tong Ren Tang (Cayman) Limited ("**TRT International**") and CasMo Bio-tech (Guangdong) Co., Ltd. ("**CBC**") as disclosed in the Company's announcement dated 18 November 2022.

### The Company

Established in 2010, the Company was listed on the Growth Enterprises Market of the Stock Exchange of Hong Kong Limited ("**HKEX**") in 2013 and its listing was transferred to the main board in 2017 (Stock Code: 6877 HK). As of the date of this report, the Company was owned as to approximately 59.03% by CITIC Securities International Company Limited ("**CSI**"), 14.75% by KVB Holdings Limited and 5.23% by Hainan Province Cihang Foundation.

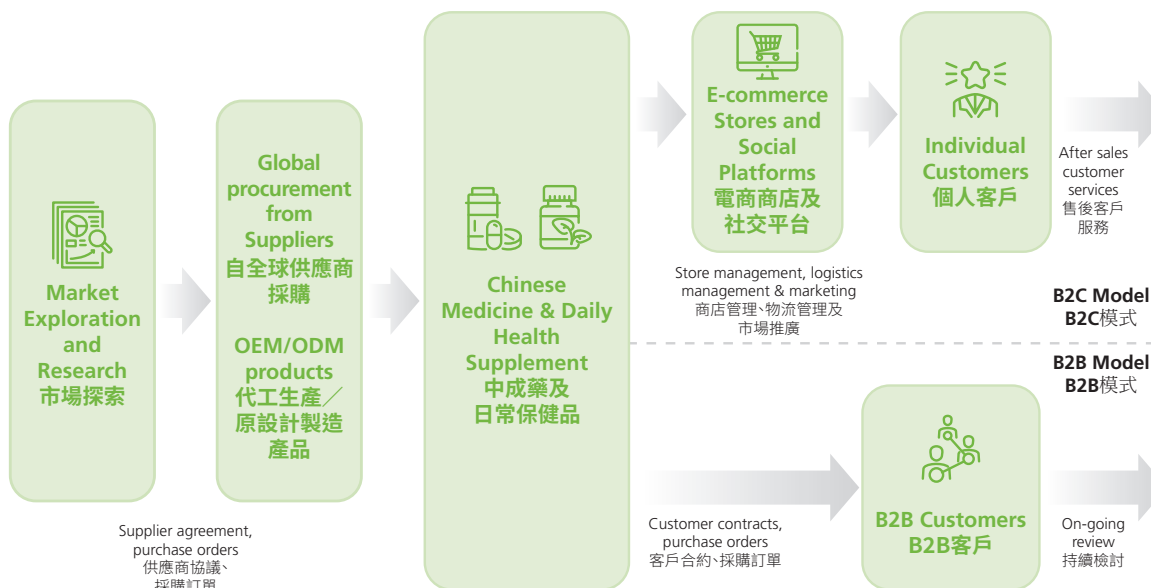
The Company is engaged in the distribution and sales of healthcare products and services across various markets, mainly in Hong Kong and the PRC. The Group operates a multifaceted business model in the healthcare sector, focusing on both B2B and B2C distribution channels, including a significant presence on popular short-form video platforms in the PRC.

The Company entered a strategic cooperation with TRT International and CBC as disclosed in the Company's announcement dated 24 October 2023 for the provision of original equipment manufacturing (“OEM”)/original design manufacturing (“ODM”) services in respect of its healthcare products. Within this partnership, TRT International offers brand support, while CBC provides product development advice. The Company is responsible for designing ODM products and serving as their global distributor. Leveraging its market knowledge, established distribution channels, and experienced marketing team, the Group oversees product promotion, distribution, and availability in Hong Kong and the PRC.

Following extensive market research, product design, and production planning, the first batch of ODM products was launched in February 2024 via B2B and B2C sales channels. The lineup includes 11 items formulated with traditional Chinese medicine (TCM) and incorporates CBC's Plant Low-temperature Extraction & Efficient Separation Integration Technology (PLEESIT). Key products include:

- (i) molecular Essence Drink with Ginseng and Hericium Monkey Head Mushroom;
- (ii) molecular Essence Drink with Ginseng and Cordyceps;
- (iii) molecular Essence Drink with Chrysanthemum and Blueberry;
- (iv) molecular Essence Drink with Lingzhi, Pueraria Root, and Chinese Wolfberry; and
- (v) molecular Essence Drink with Astragalus and Ginseng.

The following diagram summarizes the business model of the Company's sale and distribution of healthcare products (the "Healthcare Business"):



The Group's foreign exchange trading business has been completely discontinued since May 2023 and it currently has no other operating businesses other than the abovementioned healthcare business.

According to the Company's annual reports, the financial information of the Company for the years ended 31 December 2022 and 2023 are set out below:

<i>HK\$'000</i>	<b>31 December 2022</b>	<b>31 December 2023</b>
	(audited)	(audited)
Profit attributable to the equity holders	(31,052)	9,842
Total Assets	284,310	251,775
Total Liabilities	53,510	11,910
Net assets attributable to equity holders of the Company	230,800	239,865

We have also reviewed the Management Accounts of the Company as of Valuation Date; key data are as follows:

<i>HK\$'000</i>	<b>31 December 2024</b> (unaudited)
Net cash position	205,171
Total assets	280,283
Total liabilities	35,776
Net assets attributable to equity holders of the Company	244,507

### **Valuation Approaches**

The value of an asset, business or business interest can be conducted by one or more of the three generally accepted valuation approaches: asset-based approach, market approach and income approach.

#### ***Asset-Based Approach***

A general way of estimating the value of a business and/or equity interest using methods based on the market value of individual business assets less liabilities. It is founded on the principle of substitution, i.e. an asset is worth no more than it would cost to replace all of its constituent parts.

#### ***Market Approach***

As a general way of estimating a value indication of an asset, the market approach considers the prices of similar assets recently paid, with adjustments made to the indicated market prices to reflect the condition and utility of the appraised asset relative to market comparables. For the market approach to be adopted, a sufficient number of comparable companies must be available for comparisons, along with the industry composition that is conducive in making such meaningful comparisons.

#### ***Income Approach***

This approach focuses on the economic benefits generated by the income producing capability of an enterprise. The underlying theory of this approach is that the value of an enterprise can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the income approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing these benefits.

***Selection of Valuation Approach***

The fair value of the Company can be assessed by using one or more of the abovementioned valuation approaches. Under each approach, there are a number of methods that can be used to determine the fair value of the Company. Each valuation method uses a specific procedure to calculate the value and not a single business valuation approach or method is definitive. In determining which method or methods to use in this valuation, we have held discussions with the management and have taken the business nature, the current financial position and the future prospective of the Company into consideration.

In this valuation, since the Group had no bank indebtedness and net cash position accounted for approximately HK\$205,171,000 of its consolidated net assets attributable to shareholders of the Company as of the Valuation Date, we considered that it is more appropriate to use the sum-of-the-parts valuation primarily based on the asset-based approach, supported by the market approach for valuing the Healthcare Business. Income approach, which requires financial projections for the Healthcare Business, was considered to be inappropriate as the Company is engaged in the sale and distribution of consumer products, the financial projections of such business would require considerable assumptions, including the future revenue growth, pricing, etc. which are difficult to predict and verify, and such information is in any case not available to us. In this regard, we relied on the sum-of-the-parts valuation comprising the asset-based approach and the market approach in determining the fair value of the Company.

**General Assumptions**

Notwithstanding the incorporation of foreseeable changes in our valuation, a number of assumptions have been made in our valuation analysis and in the preparation of the reported assessed figures. The assumptions are:

- there will be no major changes in existing political, legal, fiscal or economic conditions in the country or district where the business is in operation;
- inflation, interest rates and currency exchange rates will not differ materially from those presently prevailing;
- there will be no major business disruptions through international crisis, diseases, industrial disputes, industrial accidents or severe weather conditions that will affect the existing business and the businesses of the Company's suppliers and distributors;
- there will be no major changes in the current taxation law in the areas in which the Company conducting its operation, including the rate of tax payable and all applicable laws and regulations remain unchanged;



- the Company will remain free from claims and litigation against the business or their customers that will have a material impact on value;
- the Company is unaffected by any statutory notice and that operation of the Company does not, and will not give rise to a contravention of any statutory requirements;
- the Company is not subject to any unusual or onerous restrictions or encumbrances;
- the account receivables and potential bad debt arising from the operation of the Company, if any, will not materially affect the business operations.

### **Valuation Methodologies**

#### ***i) Asset-based Valuation***

The key balance sheet items of the Company based on the Management Accounts as of the Valuation Date are set out above.

As stated, the Company had no bank borrowings and had a net cash position of approximately HK\$205,171,000 which represented approximately 83.9 percent of the condensed consolidated net assets attributable to equity holders of the Company. The directors of the Company have confirmed that as of the Valuation Date, the above net cash position was entirely unencumbered, free from any pledges or liens or any financial obligations and was not allocated to support the Company's other operating businesses.

#### ***ii) Market Approach***

In general, there are two methods under the market approach for valuing the Healthcare Business, namely the guideline merged and acquired company methods and the guideline publicly traded company method. The guideline merged and acquired company method is based on acquisitions and sales of entire companies, divisions or certain equity interests of either publicly traded or private companies. The guideline publicly traded company method is based on the adoption of valuation multiples that are drawn from companies traded in major stock exchanges to the fundamental data of the subject company.

In this valuation, we have adopted the guideline publicly traded company method as there are sufficient comparable companies in the marketplace. In determining the appropriate valuation multiples, we have considered using profitability ratios such as price to earnings multiple and enterprise value to earnings before interests, tax, depreciation and amortization multiple that are used commonly in the market approach. However, we have not utilized these valuation multiples because the Healthcare Business has only a relatively short history of operation, which has affected the stability of its revenue stream and profitability, and therefore it would be relatively difficult to determine the normalized earnings for valuation purposes. In this regard, we have utilized the price to book ratio ("**PB Ratio**") which we considered more appropriate in the current life cycle of the Healthcare Business.

***Net Book Value of Healthcare Business***

As set out above, total net assets attributable to shareholders of the Company and the net cash position of the Company as of the Valuation Date amounted to HK\$244,507,000 and HK\$205,171,000 respectively. Since the Company had no other major business other than the Healthcare Business, we would estimate that the Healthcare Business had a net asset value of approximately HK\$39,336,000 for the purpose of conducting the market approach valuation.

***Comparable Companies***

We have identified a list of comparable companies (“**Comparable Companies**”) based on the below criteria:

- they are listed on recognized stock exchange in Mainland China and Hong Kong with a market capitalization of not more than HK\$1,000,000,000 as of the Valuation Date;
- they have an active trading profile and positive net assets attributable to equity holders as of the Valuation Date;
- they engage in similar business activities as the Company, i.e. healthcare business; and
- they operate in a similar geography as the Company, i.e. Mainland China and Hong Kong.

There are no direct comparable companies which are solely engaged in the sale and distribution of healthcare products but we have selected the following Comparable Companies which we considered appropriate for comparison:

<b>Company Name</b>	<b>Stock Code</b>	<b>Descriptions</b>
Herbs Generation Group Holdings Limited (“ <b>Herbs Generation</b> ”)	2593 HK	Herbs Generation Group Holdings Limited operates in the health and wellness industry. The company develops and markets a range of health products, including ganoderma sporo pollen, propolis extract, and other herbal supplements. Herbs Generation Group also engages in research and development to innovate new health solutions and expand its product offerings.

Company Name	Stock Code	Descriptions
PuraPharm Corporation Limited	1498 HK	PuraPharm Corporation Limited operates in the traditional Chinese medicine (TCM) industry. The company specializes in the research, development, production, and marketing of concentrated Chinese medicine granules (CCMG) and other TCM products. PuraPharm also engages in the cultivation of Chinese medicinal herbs and operates a chain of TCM clinics.
Hin Sang Group (International) Holding Company Limited	6893 HK	Hin Sang Group (International) Holding Co. Ltd. focuses on children's healthcare, Chinese medicines, and related projects. Established in 1996, it operates in Mainland China, Hong Kong, Macau, Taiwan, and Southeast Asia. The company offers design, manufacturing, marketing, sales, and logistics services, and actively participates in charity events.
Besunyen Holdings Company Limited	0926 HK	Besunyen Holdings Company Limited engages in the research, development, production, promotion, and sale of therapeutic tea products and pharmaceuticals. The company offers products like Besunyen Detox Tea and Besunyen Slimming Tea.
Zhongzheng International Company Limited	0943 HK	Zhongzheng International Company Limited is an investment-holding company engaged in the manufacture, trade, and sale of healthcare and household products. The company operates through segments including property development, healthcare and household products, coal mining, money lending, and primary land development.
AUSupreme International Holdings Limited	2031 HK	AUSupreme International Holdings Limited engages in the retail and wholesale of health supplements and personal care products. The company offers a variety of products, including beauty and nutrition supplements, brain and eye development products, and children's health products.

Company Name	Stock Code	Descriptions
Kunming Longjin Pharmaceutical Co., Ltd.	002750 SZ	Kunming Longjin Pharmaceutical Co., Ltd. develops medicines for cardiovascular, cerebrovascular, and metabolic diseases. Their products include digestive treatments, vitamins, minerals, enteral nutrition, immunology, first aid kits, and natural plant extracts like breviscapine, enhancing life quality through innovation.
Dali Pharmaceutical Co., Ltd.	603963 SH	Dali Pharmaceutical Co Ltd is involved in the production and sales of Chinese and western medicine injections. The company's main products include Xingnaojing injections and Shenmai injections. The other products include astragalus injections and mycorrhizal injections. Through its subsidiaries, it is also involved in the lease of offices and factory buildings, as well as the investment of equity.

#### ***PB Ratio of the Comparable Companies***

In calculating the PB Ratio of the Comparable Companies, market capitalization of the Comparable Companies as of the Valuation Date were taken as numerator while net assets attributable to equity holders of the Comparable Companies from the latest available reporting date were taken as denominator.

The following table sets out the PB Ratio of the Comparable Companies as of the Valuation Date:

Company Name	PB Ratio
Herbs Generation	5.44
Purapharm Corporation Limited	1.67
Hin Sang Group (International) Holding Company Limited	1.43
Besunyen Holdings Company Limited	0.47
Zhongzheng International Company Limited	0.44
AUSupreme International Holdings Limited	0.92
Kunming Longjin Pharmaceutical Co., Ltd.	1.75
Dali Pharmaceutical Co., Ltd.	1.47
	<b>Median</b>
	<b>1.45</b>
	<b>Average</b>
	<b>1.70</b>

As set out in the table above, we believe it is inappropriate to include Herbs Generation in our comparable analysis as it is an outlier which was only listed a few days before the Valuation Date. We are of the opinion that its share price was greatly distorted by its IPO euphoria as a result of its high over-subscription rate of over 6,000 times in the public offer. Consequently, we have performed an adjusted PB Ratio analysis without Herbs Generation:

<b>Company Name</b>	<b>PB Ratio</b>
Purapharm Corporation Limited	1.67
Hin Sang Group (International) Holding Company Limited	1.43
Besunyen Holdings Company Limited	0.47
Zhongzheng International Company Limited	0.44
AUSupreme International Holdings Limited	0.92
Kunming Longjin Pharmaceutical Co., Ltd.	1.75
Dali Pharmaceutical Co., Ltd.	1.47
<b>Adjusted Median</b>	<b>1.43</b>
<b>Adjusted Average</b>	<b>1.16</b>

#### Equity Value of the Company

The calculation of equity value of the Company as of the Valuation Date based on the Management Accounts as of the Valuation Date is illustrated as follows:

	<i>HK\$'000</i>
Net assets attributable to equity holders of the Company as of the Valuation Date	244,507
Net cash position	205,171
Net assets of the Healthcare Business	39,336
Adopted PB Ratio for the Healthcare Business	1.16
Valuation of the Healthcare Business	45,630
<b>Sum-of-the-parts valuation for 100% equity value of the Company</b>	<b>250,801</b>

#### Limiting Conditions

- The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation.

- As part of our analysis, we have reviewed financial and business information from public sources together with such financial information, the Company's representation, project documentation and other pertinent data concerning the project made available to us during the course of our valuation. We have assumed the accuracy of and have relied on the information and the Company's representations provided in arriving at our opinion of value.
- We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial statements give a true and fair view and have been prepared in accordance with the relevant Companies' Ordinance.
- Odysseus Capital Asia Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation and with reference to the transaction described herein unless prior arrangements have been made.
- No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge beyond what is customarily employed by financial advisers.
- Our conclusions assume continuation of prudent Company policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.
- We assume that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the date of this report.
- This valuation report has been prepared solely as reference to the Announcement only.
- This report is confidential to the Company for the specific purpose to which it refers. In accordance with our standard practice, we must state that this valuation report is only for the purpose of the party to whom it is addressed and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

**Opinion of Value**

Based on our analysis, it is our opinion that as of the Valuation Date, we are of the opinion that the fair value of 100% equity interest of the Company is reasonably represented in the amount of **HONG KONG DOLLAR TWO HUNDRED FIFTY MILLION EIGHT HUNDRED AND ONE THOUSAND ONLY (HK\$250,801,000)**.

Yours truly  
For and on behalf of  
**Odysseus Capital Asia Limited**  
**Joseph Chu** *FCPA (Aust) MBA*  
*Chief Executive Officer*

*Note: Mr. Joseph Chu has been a Responsible Officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2003. He has over 30 years of experience in various advisory and valuation transactions for listed companies in Hong Kong. Mr. Joseph Chu is also a Responsible Officer of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance.*