



**Wanguo Gold Group Limited**

**萬國黃金集團有限公司**

*(formerly known as Wanguo International Mining Group Limited)*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3939)**

11 September 2024

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF 20.22% INTEREST  
IN THE TARGET COMPANY  
AND  
ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

**I. INTRODUCTION**

Reference is made to the Announcement in relation to, among others, the Acquisition. As disclosed in the Announcement, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As at the date of this circular, one of the Vendors, Golden Crane, being a substantial shareholder of the Target Company which is a subsidiary of the Company, is interested in approximately 16.17% of the issued share capital of the Target Company, Golden Crane is therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) a letter from the Board containing further details of the Acquisition; (ii) a letter from the Independent Board Committee containing the view of the Independent Board Committee on the Acquisition; (iii) a letter from the Independent Financial Adviser advising the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) notice of the EGM and (v) other information as required under the Listing Rules.

## **II. INTRODUCTION**

On 9 August 2024 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendors, pursuant to which, the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, representing 20.22% share capital of the Target Company, at a consideration of approximately HK\$732.6 million, which will be settled by the allotment and issue of the 90,227,200 Consideration Shares by the Company to the Vendors at the price of HK\$8.12 per Consideration Share. Upon Completion, the Group will hold 98% share capital of the Target Company.

## **III. THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are as follows:

### **Date**

9 August 2024

### **Parties**

- (1) the Company, as purchaser; and
- (2) Golden Crane and Prominence Investment, collectively as the Vendors.

### Subject Matter to be Acquired

The Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, representing 20.22% share capital of the Target Company, at a consideration of approximately HK\$732.6 million. The below table summarises the Sale Shares to be sold by the Vendors and Consideration Shares to be issued by the Company.

Vendor	Number of Sale Shares	Consideration	Consideration Shares to be issued
		Approximate (HK\$ million)	
Golden Crane	1,617	585.9	72,154,986
Prominence Investment	405	146.7	18,072,214
<b>Total</b>	<b>2,022</b>	<b>732.6</b>	<b>90,227,200</b>

The Company and the Vendors agree that neither the Vendors shall be obliged to sell any of the Sale Shares nor the Company shall be obliged to allot and issue any of the Consideration Shares unless the sale and purchase of the Sale Shares and the subscription of the Consideration Shares are completed simultaneously.

### Consideration

The consideration for the Acquisition is approximately HK\$732.6 million, which will be settled by the allotment and issue of the 90,227,200 Consideration Shares by the Company to the Vendors at the price of HK\$8.12 per Consideration Share.

The consideration for the Acquisition has been arrived at after arm's length negotiations between the parties, having taken into account of, among other factors, (i) an average price to earning ratio of the Company of approximately 17.7 times computed based on the average closing price of HK\$7.88 per Share as quoted on the Stock Exchange for all trading days in the period from April 2024 to July 2024; and (ii) historical profit of the Target Company in the amount of approximately RMB186.1 million (equivalent to approximately HK\$204.8 million) for the year ended 31 December 2023 as disclosed in the 2023 annual report of the Company.

The Company has considered various evaluation methods that are suitable for mining companies, and has negotiated with the Vendors to use price to earning ratio of the Company as the basis for determining the consideration for the following reasons:

- (i) Gold Ridge Mine has a great development potential given its JORC Code compliant resources volume, life of mine and the current consensus on gold price forecast. Evaluation methods that use the Gold Ridge Mine's fundamentals have returned a much higher valuation and therefore a much higher consideration. However, given the short track record of the Gold Ridge Mine operation, applying this potentially higher valuation approach may not be appropriate and reflective of market valuation given the inherent uncertainties, and it was difficult to agree on the appropriate level of discount if this approach was taken.
- (ii) While the Gold Ridge Mine has only been in trial production since November 2022, it has already made significant contribution to the Company's revenue and profit in 2023 and first half of 2024, and the Company's overall value. For the six months ended 30 June 2024, the Target Group has contributed 60.5% of total revenue for the Company compared with that of 50.0% revenue contribution in 2023. Segment profit contribution by operations in Solomon Islands was 70.7% for the six months ended 30 June 2024 compared with that of 48.8% for the year ended 31 December 2023. Based on information currently available to the Company, the current business plan and production schedule, the Company expects that the revenue and profit contribution by the Gold Ridge Mine will continue to grow and be significant for the Company. As such, it is reasonable to use the Company's price to earning ratio to value the Target Group.
- (iii) The Company considered the valuation of the Target Group will increase with the continuing ramping up of production volume, and aims to seize the opportunity to acquire the interest prior to further valuation increases.
- (iv) Other multiples such as price to book (PB) ratio or price to sales (P/S) ratio are considered to be not suitable. PB ratio is not suitable as the Target Group's core intangible assets, and mineral resources, were not accounted for and reflected in the financial statements of the Target Group. P/S ratio is mainly applicable to the start-up business or internet or unprofitable companies.
- (v) The net assets value of the Target Group of RMB498.9 million was considered to be not truly reflective of the valuation of the Target Group. The valuation of gold resources was not taken in account in the financial statements. Furthermore, the Target Group has been funded by loans from the Group and accounted as liabilities, which resulted in low net assets value.

Golden Crane acquired 1,617 shares of the Target Company at a consideration of AUD89,700,000 (equivalent to approximately HK\$457.5 million). Prominence Investment acquired 405 shares of the Target Company at a consideration of AUD22,400,000 (equivalent to approximately HK\$114.2 million).

Both Golden Crane and Prominence Investment acquired their respective interests of the Target Company by cash in July 2024. Compared with the Vendors' acquisition costs of HK\$571.7 million in aggregate, the proposed aggregate consideration of the current transaction of HK\$732.6 million represents a premium of approximately 28.1% primarily for the following reasons:

- i. The relevant ex-shareholder of the Target Company had a strong preference for cash, and the Vendors offered cash. The Group considered that the cash offer would adversely affect the financial status and liquidity of the Group if the Group had made the same cash offer funded by short-term borrowing. This would result in gearing ratio<sup>1</sup> changing from 25.5% to 49.7% and current ratio<sup>2</sup> changing from 1.4 to 0.6 respectively as at 31 December 2023, and gearing ratio changing from 29.1% to 50.3% and current ratio changing from 1.6 to 0.8 respectively as at 30 June 2024.
- ii. As disclosed below, 60,000,000 Consideration Shares out of 90,227,200 Consideration Shares will be locked-up for one year, and 30,000,000 Consideration Shares out of 90,227,200 Consideration Shares will be locked-up for two years. The Vendors have to bear considerable restriction and share fluctuation uncertainties for two years following the Completion (whereas the price of Consideration Share is agreed to be HKD8.12 each, representing a premium of approximately 8% and 12.6% respectively to the closing price of the Share at the date of the Sale and Purchase Agreement (i.e. HK\$7.52 per Share), and the last five consecutive trading days immediately preceding the date of the Sale and Purchase Agreement (i.e. HK\$7.214 per Share), and also representing a modest "actual" premium of approximately 18.7% and 13.9% to cost of the Vendors respectively with reference to closing price of the date of the Sale and Purchase Agreement and the last five consecutive trading days immediately preceding the date of the Sale and Purchase Agreement).

*Notes:*

(1): Gearing ratio is calculated by dividing total liabilities by total assets

(2): Current ratio is calculated by dividing current assets by current liabilities

The Sale and Purchase Agreement does not provide for any profit guarantee arrangement, or any option or similar right under which the Company and/or the Group would be entitled to sell the equity interest back to the Vendors. There is also no guarantee of net tangible assets or other matters regarding the financial performance of the Target Company provided by the Vendors.

### **The Consideration Shares**

The 90,227,200 Consideration Shares represent approximately 10.9% of the issued share capital of the Company as at the date of this circular and approximately 9.8% of the issued share capital of the Company as enlarged by the Consideration Shares (assuming there will be no change in the total number of issued Shares of the Company between the date of this circular and the allotment and issue of the Consideration Shares).

The price of HK\$8.12 per Consideration Share represents:

- (1) a premium of approximately 8.0% to the closing price per Share of HK\$7.52 as quoted on the Stock Exchange on 9 August 2024, being the date of the Sale and Purchase Agreement; and
- (2) a premium of approximately 12.6% to the average closing price per Share of HK\$7.214 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Sale and Purchase Agreement.

The price was determined on an arm's length basis between the Company and the Vendors and was arrived with reference to the closing prices of the Share as quoted on the Stock Exchange for all trading days in the period from April 2024 to July 2024. The Directors (including the independent non-executive Directors, with further details of their view set out in the letter from the Independent Board Committee) consider that the issue price is fair and reasonable.

### **Conditions Precedent of the Acquisition**

The Completion is conditional upon fulfilment or, where applicable, waiver of the following conditions:

- (i) the relevant transactions under the Sale and Purchase Agreement, including but not limited to, the issue of the Consideration Shares, having been approved by the Independent Shareholders of the Company at the EGM in accordance with the requirements of the Listing Rules;

- (ii) the approval for the listing of, and permission to deal in, the Consideration Shares by the Listing Committee of Stock Exchange having been obtained by the Company, and such approval not having been revoked or withdrawn prior to the date of Completion;
- (iii) the subscription of the Consideration Shares by the Vendors being completed simultaneously;
- (iv) each of the representations, warranties and/or undertakings contained in or referred to or as set out in the Sale and Purchase Agreement is true, accurate and not misleading in all respects; and
- (v) all necessary consents from any relevant governmental or regulatory authorities or other relevant third parties in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained.

If any of the conditions set out above has not been satisfied or waived by the Company (other than conditions (i), (ii) and (v) which may not be waived and save for conditions (iii) and (iv) which shall be satisfied up to Completion) on or before 31 October 2024 or such other date as the parties may agree, the Sale and Purchase Agreement will be terminated unless the parties otherwise agree.

As at the Latest Practicable Date, none of the above conditions have been fully satisfied or waived.

### **Completion**

Completion shall take place on the date that is the fifth Business Day after the day on which the conditions precedent of the Sale and Purchase Agreement have been satisfied or waived or such other day as the parties may agree.

Upon Completion, the Group will hold 98% share capital of the Target Company.

### Lock-up Arrangement

The Vendors agree that the Consideration Shares shall be subject to lock-up arrangement as follows:

Vendor	Number of Consideration Shares locked-up in the first year from the date of Completion	Number of Consideration Shares continued to be locked-up in the second year from the date of Completion
Golden Crane	48,000,000	24,000,000
Prominence Investment	<u>12,000,000</u>	<u>6,000,000</u>
<b>Total</b>	<b><u>60,000,000</u></b>	<b><u>30,000,000</u></b>

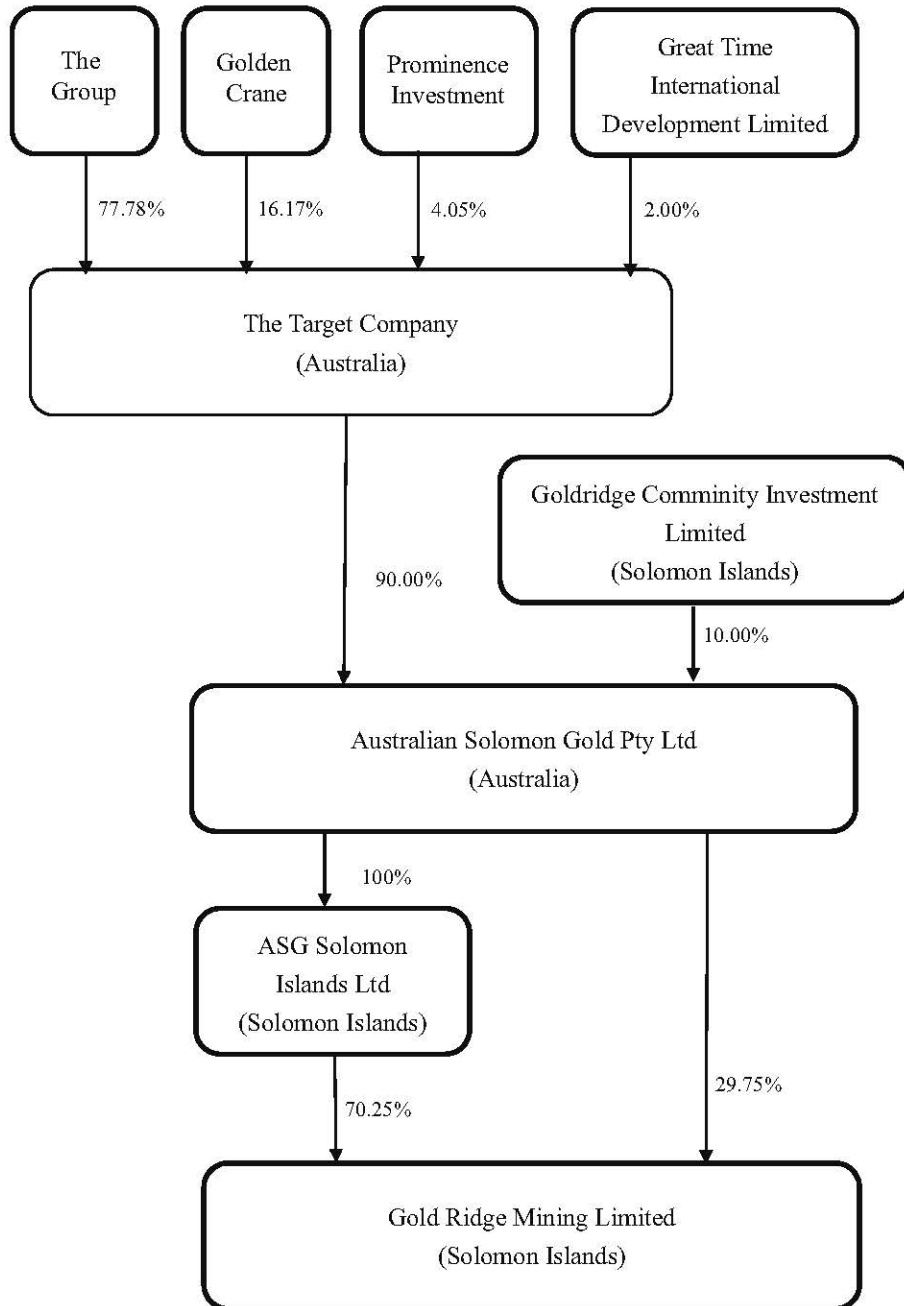
### IV. EFFECT OF THE CONSIDERATION SHARES ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this circular and (ii) immediately after the Completion and the allotment and issue of the Consideration Shares in full as contemplated under the Acquisition (assuming there will be no change in the total number of issued Shares of the Company between the date of this circular and the allotment and issue of the Consideration Shares):

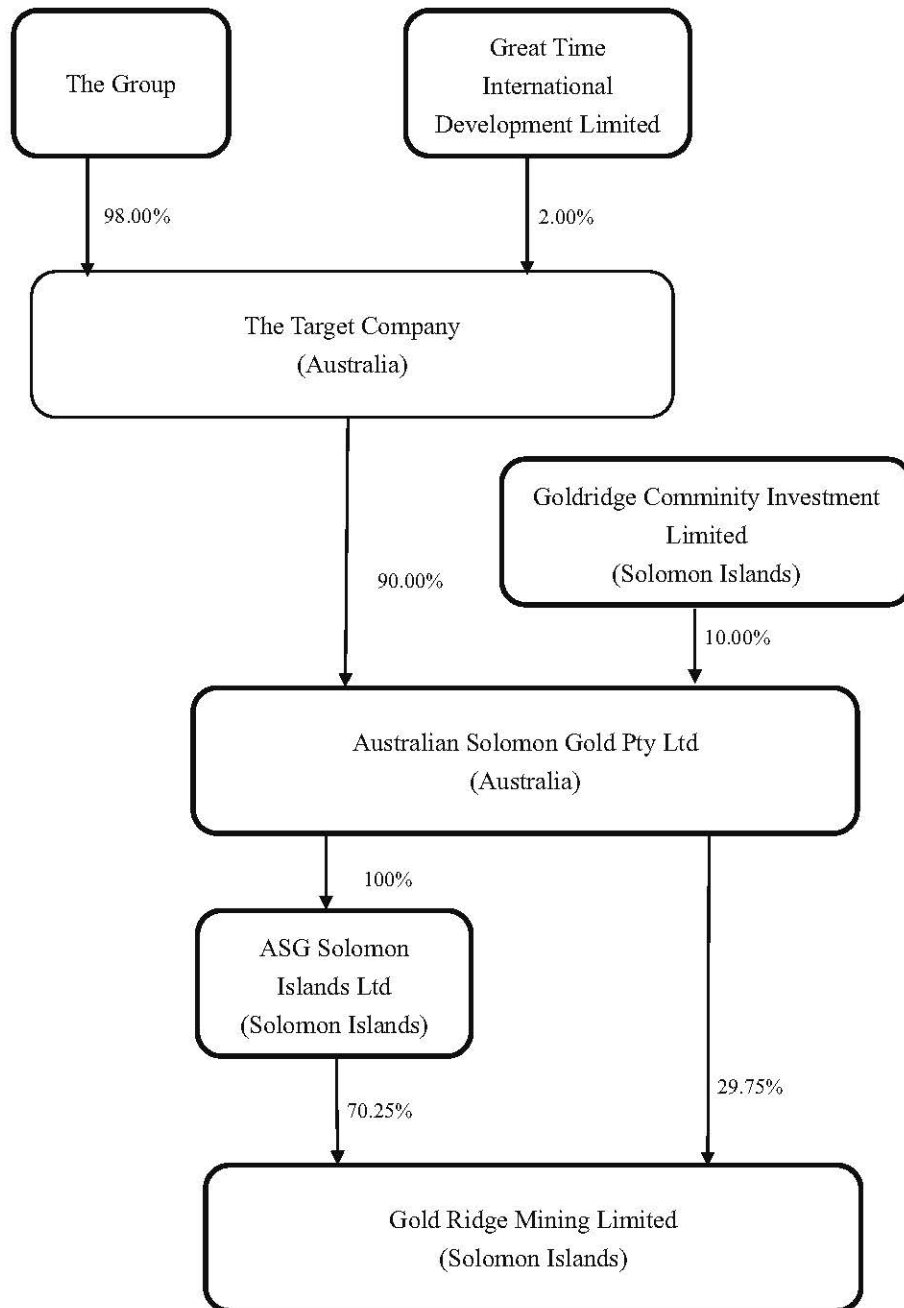
Shareholders	As at the date of this circular		Immediately after Completion and the allotment and issue of the Consideration Shares in full	
	Number of Shares	Approximate % <sup>(1)</sup>	Number of Shares	Approximate % <sup>(1)</sup>
Golden Crane	—	—	72,154,986	7.86
Prominence Investment	—	—	18,072,214	1.97
Victor Soar Investments Limited	281,400,000	33.99	281,400,000	30.65
Achieve Ample Investments Limited	138,600,000	16.74	138,600,000	15.09
Shandong Humon Mining Development Limited	172,814,000	20.87	172,814,000	18.82
Public shareholders	<u>235,186,000</u>	<u>28.40</u>	<u>235,186,000</u>	<u>25.61</u>
<b>Total</b>	<b><u>828,000,000</u></b>	<b><u>100.00</u></b>	<b><u>918,227,200</u></b>	<b><u>100.00</u></b>

## V. SHAREHOLDING STRUCTURE OF THE TARGET GROUP BEFORE AND AFTER THE ACQUISITION

Set out below is the shareholding structure of the Target Group before the Acquisition: –



Set out below is the shareholding structure of the Target Group after the Acquisition (assuming apart from the Acquisition, there will be no change in the capital structure of, or the shareholding in, the relevant companies in the Target Group): –



## **VI. GENERAL INFORMATION OF THE PARTIES**

### **Information of the Company**

The Company is a company incorporated in Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange of Hong Kong Limited (stock code: 3939) and is an investment holding company whose subsidiaries are principally engaged in the business of mining, ore processing and sale of concentrates products in the PRC and Solomon Islands.

### **Information of the Vendors**

Golden Crane is a company incorporated under the laws of British Virgin Islands. It principally engages in the business of investment holding. The ultimate beneficial owners of Golden Crane is Mr. He Guangping. Golden Crane, being a substantial shareholder of the Target Company which is a subsidiary of the Company, is interested in 16.17% of the issued share capital of the Target Company, and is therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Mr. He Guanping is the controller of Golden Crane, an investment holding company, and is therefore a substantial shareholder of the Target Company and a connected person of the Company.

Prominence Investment is also a company incorporated under the laws of British Virgin Islands. It principally engages in the business of investment holding. The ultimate beneficial owners of Prominence Investment are Ms. Wei Jiaming and Mr. Wu Zhengxi. Prominence Investment is interested in 4.05% of the issued share capital of the Target Company. Each of Ms. Wei and Mr. Wu is an Independent Third Party.

## **VII. INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in Western Australia which holds 90% equity interest of Australian Solomons Gold Pty Ltd (“ASG”), a company incorporated in Queensland, Australia, and is engaged in investment holding. The Target Company is a subsidiary of the Company. As at the Latest Practicable Date, Great Time International Development Limited holds 2% shares in the Target Company and Goldridge Community Investment Limited holds 10% shares in ASG. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Great Time International Development Limited and Goldridge Community Investment Limited and their respective ultimate beneficial owners is an Independent Third Party.

ASG, incorporated in Queensland, Australia, is an investment holding company which through its subsidiary ASG Solomon Islands Ltd together with ASG owns a 100% attributable interest of Gold Ridge Mining Limited (“GRML”), a company incorporated in Solomon Islands. GRML owns the mining license and the exploration license in respect of the Gold Ridge Project on Guadalcanal in the Solomon Islands. The Gold Ridge Project is a gold resource project located at lower northern slopes of Mount Chaunapaho in the central ranges of Guadalcanal Island. The Gold Ridge deposits are concentrations of low-sulphidation intrusion related epithermal gold mineralisation. It consists of five known mineralised deposits of Valehaichichi, Charivunga, Namachamata, Kupers and Dawsons. The Group has commenced the trial production since November 2022. Products of the Gold Ridge Project include gold doré and gold concentrates.

The following table sets out the financial information of the Target Group prepared based on its accounts for the two years ended 31 December 2022 and 2023 respectively:

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)
Net(loss)/profit before and after taxation and extraordinary items	(35,609)	186,144
	(equivalent to	(equivalent to
	approximately	approximately
	(HK\$39,170,000))	HK\$204,758,000)

As disclosed in the 2022 annual report of the Company, the Target Group was in a loss position due to the fact that the Target Group had been engaging in mine development activities until the Gold Ridge Mine commenced trial production towards the end of November 2022. In 2023, the Gold Ridge Mine had a full year of production ramp up. This has resulted in profit position of the Target Group as revenue generated from sales of gold dore and gold concentrate had sufficiently covered costs and expenses incurred.

As at 31 December 2023, the audited net asset value of the Target Group was approximately RMB498.9 million (equivalent to approximately HK\$548.8 million).

## **VIII. REASONS FOR THE ACQUISITION**

The Company is an investment holding company whose subsidiaries are principally engaged in the business of mining, ore processing and sale of concentrates products in the PRC and Solomon Islands.

As disclosed in the prospectus of the Company dated 28 June 2012, one of the growth strategies of the Group is to expand its mineral resources and ore reserves through acquisition of new mines. The Board believes that the Gold Ridge Project would continue to contribute to sales revenue and profits to the Group. Unlike most other commodities, gold has been a stable performer in recent years, which is expected to enhance the stability of the Group's income in the future under impact of economy fluctuation. The Group developed the Gold Ridge Mine which has been in trial production since November 2022. Gold Ridge Mine produces gold doré and gold concentrates. Flotation concentrate production has been steadily ramping up towards its design capacity during this trial production phase. Plant modification and upgrade continued to improve the metallurgical recovery. Installation of additional crushing, grinding and Knelson gravity circuits is expected to be completed by October 2024. Construction of the tailings dry stack facility is progressing well, with the first phase completed and operational in 2023, and the second phase expected to be completed in 2024.

For the year ended 31 December 2023, sale of gold doré and gold concentrates have already accounted for more than 50% of the Group's revenue and gross profit. As the exploration programs continue to progress and production process continue to improve at the Gold Ridge Mine, the Group expects gold mining and processing will become the major revenue and profit contributor of the Group in the near future. The Board is therefore of the view that the Acquisition aligns with the Group's development strategy.

As at the date of this circular, the Group owns 70% attributable interest of GRML, which will be increased to approximately 88.2% attributable interest of GRML upon completion of the Acquisition.

After considering the above factors including the reasons set out in the section headed "Consideration" above, the Directors (including the independent non-executive Directors, with further details of their view set out in the letter from the Independent Board Committee) are of the view that the transactions contemplated under the Sale and Purchase Agreement are on normal commercial terms that are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **IX. THE SPECIFIC MANDATE**

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

## **X. APPLICATION FOR LISTING**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued on Completion, will rank *pari passu* in all respects with the existing Shares in issue.

## **XI. LISTING RULES IMPLICATIONS**

### **Discloseable Transaction**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

### **Connected Transaction**

As at the date of this circular, one of the Vendors, Golden Crane, being a substantial shareholder of the Target Company which is a subsidiary of the Company, is interested in approximately 16.17% of the issued share capital of the Target Company, Golden Crane is therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

No Director has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder or is required to abstain from voting on the Board resolutions in relation to the aforesaid matters. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and therefore no other Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) approving the aforesaid matters.

## **XII. GENERAL**

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

The Independent Board Committee, comprising Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin, has been established to advise the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

The Independent Financial Adviser, CMBC International Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding, among other things, the terms of the Sales and Purchase Agreement and the transactions contemplated thereunder.

Your attention is also drawn to (i) the letter from the Independent Board Committee; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendix to this circular.

**Completion of the Acquisition is conditional upon the fulfilment of the conditions set out under the paragraph headed “Conditions Precedent of the Acquisition” in this circular, which may or may not be fulfilled. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares and other securities of the Company.**

Yours faithfully

By order of the Board

**Wanguo Gold Group Limited**



**Gao Mingqing**

*Chairman*



**Wanguo Gold Group Limited**

**萬國黃金集團有限公司**

*(formerly known as Wanguo International Mining Group Limited)*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3939)**

11 September 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF 20.22% INTEREST  
IN THE TARGET COMPANY  
AND  
ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

We refer to the circular dated 11 September 2024 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

Under the Listing Rules, the issue of the Consideration Shares as part of the settlement of consideration of the Acquisition pursuant to the Sale and Purchase Agreement constitutes a connected transaction of the Company, and is subject to the approval of the Independent Shareholders at the EGM.

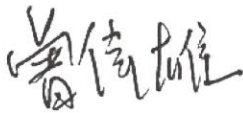
We have been appointed as the Independent Board Committee to consider the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to whether the issue of the Consideration Shares as part of the settlement of consideration of the Acquisition as contemplated under the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the Circular, are fair and reasonable insofar as the Independent Shareholders are concerned. CMBC International Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 5 to 19 of the Circular and the “Letter from the Independent Financial Adviser” to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 49 of the Circular.

Having taken into account, among other things, (i) the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares; and (ii) the advice of the Independent Financial Adviser as set out in the “Letter from the Independent Financial Adviser”, we are of the opinion that the issue of the Consideration Shares as part of the settlement of consideration of the Acquisition as contemplated under the Sale and Purchase Agreement and the transactions contemplated thereunder are (i) fair and reasonable insofar as the Independent Shareholders are concerned; (ii) on normal commercial terms; and (iii) in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares.

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



**Mr. Tsang Wai Hung**  
*Independent*  
*Non-executive Director*

**Mr. Wong Chi Ming Ming**  
*Independent*  
*Non-executive Director*

**Mr. Wang Xin**  
*Independent*  
*Non-executive Director*

We wish to draw your attention to the “Letter from the Board” set out on pages 5 to 19 of the Circular and the “Letter from the Independent Financial Adviser” to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 49 of the Circular.

Having taken into account, among other things, (i) the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares; and (ii) the advice of the Independent Financial Adviser as set out in the “Letter from the Independent Financial Adviser”, we are of the opinion that the issue of the Consideration Shares as part of the settlement of consideration of the Acquisition as contemplated under the Sale and Purchase Agreement and the transactions contemplated thereunder are (i) fair and reasonable insofar far as the Independent Shareholders are concerned; (ii) on normal commercial terms; and (iii) in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares.

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



**Mr. Tsang Wai Hung**  
*Independent*  
*Non-executive Director*

**Mr. Wong Chi Ming Ming**  
*Independent*  
*Non-executive Director*

**Mr. Wang Xin**  
*Independent*  
*Non-executive Director*

We wish to draw your attention to the “Letter from the Board” set out on pages 5 to 19 of the Circular and the “Letter from the Independent Financial Adviser” to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 49 of the Circular.

Having taken into account, among other things, (i) the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares; and (ii) the advice of the Independent Financial Adviser as set out in the “Letter from the Independent Financial Adviser”, we are of the opinion that the issue of the Consideration Shares as part of the settlement of consideration of the Acquisition as contemplated under the Sale and Purchase Agreement and the transactions contemplated thereunder are (i) fair and reasonable insofar far as the Independent Shareholders are concerned; (ii) on normal commercial terms; and (iii) in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares.

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

**Mr. Tsang Wai Hung**  
*Independent*  
*Non-executive Director*

**Mr. Wong Chi Ming Ming**  
*Independent*  
*Non-executive Director*

  
**Mr. Wang Xin**  
*Independent*  
*Non-executive Director*