

# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Hong Kong Resources Holdings Company Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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 Forms 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 Forms of Acceptance.

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers.



## 六福集團(國際)有限公司 LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with limited liability)  
(Stock Code: 0590)

## LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)



## HONG KONG RESOURCES HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability  
and carrying on business in Hong Kong as  
HKRH China Limited)  
(Stock Code: 2882)

### COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO UNCONDITIONAL MANDATORY CASH OFFERS BY OPTIMA CAPITAL LIMITED FOR AND ON BEHALF OF LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED TO ACQUIRE ALL ISSUED SHARES IN HONG KONG RESOURCES HOLDINGS COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND CANCEL ALL OUTSTANDING OPTIONS OF HONG KONG RESOURCES HOLDINGS COMPANY LIMITED

Financial adviser to the Offeror



Independent financial adviser to the  
Independent Board Committee

Nuada Limited

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Optima containing, amongst other things, details of the terms and conditions of the Offers is set out on pages 10 to 26 of this Composite Document. A letter from the HKRH Board is set out on pages 27 to 35 of this Composite Document. A letter from the Independent Board Committee containing its recommendations to the HKRH Shareholders and HKRH Optionholders in respect of the Offers is set out on pages 36 to 37 of this Composite Document. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the Offers is set out on pages 38 to 61 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptance of the Offers should be received by the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (in respect of the Share Offer) and HKRH (in respect of the Option Offer) by no later than 4:00 p.m. on Friday, 9 February 2024 or such later time and/or date(s) as the Offeror may determine and announce with the consent of the Executive, in accordance with the requirements of the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "10. OVERSEAS HKRH SHAREHOLDERS" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas HKRH Shareholder wishing to accept the Offers 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, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas HKRH Shareholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document is issued jointly by the Offeror, Luk Fook Holdings and HKRH. The English texts of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

This Composite Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>), HKRH ([www.hkrh.hk](http://www.hkrh.hk)) and Luk Fook Holdings ([www.lukfook.com](http://www.lukfook.com)) as long as the Offers remain open.

19 January 2024

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and dates refer to Hong Kong local time and dates.*

<b>Event</b>	<b>Hong Kong Time and Date</b>
Despatch date of this Composite Document and the accompanying Forms of Acceptance and the commencement date of the Offers .....	Friday, 19 January 2024
Latest time and date for acceptance of the Offers (Note 1) .....	4:00 p.m. on Friday, 9 February 2024
Closing Date (Note 2) .....	Friday, 9 February 2024
Announcement of the results of the Offers as at the Closing Date to be posted on the websites of the Stock Exchange, Luk Fook Holdings and HKRH .....	no later than 7:00 p.m. on Friday, 9 February 2024
Latest date for posting of cheques for payment of the amounts due under the Offers in respect of valid acceptances received on the Closing Date (Note 3) .....	Thursday, 22 February 2024

*Notes:*

- (1) If you wish to accept the Offers, you should ensure your duly completed and signed Form(s) of Acceptance and the relevant documents *arrive* at the Registrar (for the Share Offer) and/or HKRH (for the Option Offer) no later than the prescribed time. If you choose to deliver the documents by post, you should consider the timing requirements for postage.

Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

All acceptances, instructions, authorisations and undertakings given by the HKRH Shareholders in the **WHITE** Form of Share Offer Acceptance and by the HKRH Optionholders in the **PINK** Form of Option Offer Acceptance shall be irrevocable except as permitted under the Takeovers Code.

- (2) The Offers, which are unconditional in all respects, will close for acceptances at 4:00 p.m. on Friday, 9 February 2024 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine subject to compliance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). If the Offers are extended or revised, the announcement of such extension or revision will state the next Closing Date. Any revised Offers must be kept open for at least fourteen (14) days and shall not be closed earlier than Friday, 9 February 2024.

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## EXPECTED TIMETABLE

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- (3) Payment of the consideration (after deducting the seller's ad valorem stamp duty) for the Offer Shares tendered for acceptance under the Share Offer will be posted by ordinary post to the HKRH Shareholders who accept the Share Offer at their own risk, and payment of the consideration for the Options surrendered for cancellation under the Option Offer will be delivered to the office of HKRH in Hong Kong at Room 2306, 23/F, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong for collection by the HKRH Optionholders who accept the Option Offer. Payment will be made as soon as possible, but in any event no later than seven (7) Business Days after the date of receipt by the Registrar (in respect of the Share Offer) or HKRH (in respect of the Option Offer) of all of the relevant documents to render each acceptance under the relevant Offers complete and valid in accordance with the Takeovers Code, this Composite Document and the relevant accompanying Form(s) of Acceptance.

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF THE OFFERS AND/OR THE LATEST DATE FOR DESPATCH OF CHEQUES**

If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning in force or "extreme conditions" caused by super typhoons, in Hong Kong:

- (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Offers and/or the latest date for despatch of cheques for the amounts due under the Offers in respect of valid acceptances (as the case may be), the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and/or the latest date for despatch of cheques will remain on the same Business Day; or
- (b) at any time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and/or the latest date for despatch of cheques for the amounts due under the Offers in respect of valid acceptances (as the case may be), the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. and/or the latest date for despatch of cheques will be rescheduled to the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

All times and dates in this Composite Document and the Form(s) of Acceptance shall refer to Hong Kong times and dates. Save as mentioned above, if the latest time for acceptance of the Offers and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and HKRH will jointly notify the HKRH Shareholders and the HKRH Optionholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## **IMPORTANT NOTICE**

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The following information is important for all HKRH Shareholders and HKRH Optionholders.

### **NOTICE TO OVERSEAS HKRH SHAREHOLDERS**

The making of the Offers to the HKRH Shareholders who, in either case, are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws or regulations of the relevant jurisdictions. The making of the Offers to such HKRH Shareholders and their acceptances of the Offers may be prohibited or affected by the laws or regulations of the relevant jurisdictions and it is the responsibility of each of such HKRH Shareholders who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including any requirement for any governmental, exchange control or other consents, any filing and registration requirements, any necessary formalities, any legal or regulatory requirements and any requirement for the payment by the accepting HKRH Shareholders of any transfer or other taxes in respect of their acceptances.

Any acceptance of the Offers by any HKRH Shareholder will be deemed to constitute a representation and warranty from such HKRH Shareholder to the Offeror and HKRH that all the laws and regulations of the relevant jurisdictions have been complied with and that the Share Offer can be accepted by such HKRH Shareholder lawfully under the laws and regulations of the relevant jurisdictions.

HKRH Shareholders should consult their professional advisers if in doubt. The Offeror, the Offeror Concert Parties, HKRH, Optima, Nuada, the Registrar or any of their respective beneficial owners, directors, officers, advisers, associates, agents or any other persons involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas HKRH Shareholders for any taxes they may be required to pay. Please see the section headed “Overseas HKRH Shareholders” in the “Letter from Optima” in this Composite Document.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or HKRH (as the case may be) and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, general, social, economic and political conditions in the countries in which HKRH Group operates or other countries which have an impact on HKRH

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## IMPORTANT NOTICE

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Group's business activities or investments, interest rates, the monetary and interest rate policies of the countries in which HKRH Group operates, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which HKRH Group operates and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which HKRH Group operates and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, all written and oral forward-looking statements attributable to the Offeror, HKRH or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date. Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, none of the Offeror and HKRH assumes any obligation to correct or update the forward-looking statements or opinions contained in this Composite Document.

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## DEFINITIONS

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*In this Composite Document, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:*

“Acquisition”	the acquisition of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreements
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Audit Committee”	audit committee of HKRH
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CGS”	China Gold Silver Group Company Limited (中國金銀集團有限公司), a company incorporated in BVI with limited liability and a subsidiary of HKRH, which is owned as to 50% by HKRH and 50% by Luk Fook 3DM and conducts jewellery retail and franchise business under the brand name of “3DG Jewellery” in Hong Kong and Mainland China
“Closing Date”	Friday, 9 February 2024, being the closing date of the Offers or any subsequent closing date in the event that the Offers are extended or revised in accordance with the Takeovers Code
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreements
“Completion Announcement”	the joint announcement dated 12 January 2024 jointly issued by the Offeror, Luk Fook Holdings and HKRH in respect of the Completion

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## DEFINITIONS

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“Composite Document”	this composite offer and response document jointly issued by the Offeror, Luk Fook Holdings and HKRH in accordance with the Takeovers Code containing, among other things, details of the Offers, the recommendation from the Independent Board Committee to the Independent HKRH Shareholders and the Independent HKRH Optionholders and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers
“Convertible Bonds”	collectively, the First Convertible Bonds and the Second Convertible Bonds
“Disposal”	the disposal of entire issued share capital in Brand New Management Limited pursuant to the Disposal Agreement as disclosed in the Joint Announcement and the Completion Announcement
“Disposal Agreement”	the conditional agreement dated 28 July 2023 entered into between HKRH and Mr. Li in respect of the sale and purchase of the entire issued share capital in Brand New Management Limited (as amended and supplemented by a supplemental agreement dated 18 December 2023)
“Eminent Rise”	Eminent Rise Holdings Limited, a company incorporated in BVI and wholly owned by Mr. Li
“Eminent Rise Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 28 July 2023 entered into among the Offeror, Mr. Li and Eminent Rise in respect of the sale and purchase of the Eminent Rise Sale Shares (as amended and supplemented by a supplemental agreement dated 18 December 2023 and a second supplemental agreement dated 11 January 2024)
“Eminent Rise Sale Shares”	collectively, 21,000,000 HKRH Shares acquired by the Offeror from Eminent Rise pursuant to the terms of the Eminent Rise Sale and Purchase Agreement; and “Eminent Rise Sale Share” means any one of them



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## DEFINITIONS

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“Encumbrances”	any claim, mortgage, charge, pledge, lien, restriction, assignment, power of sale, hypothecation, security interest, title retention, trust arrangement, subordination arrangement, contractual right of set-off or any other agreement or arrangement the effect of which is the creation of security, or any other interest, equity or other right of any person (including any right to acquire, option, right of first refusal or right of pre-emption), or any agreement, arrangement or obligation to create any of the same
“Excel Horizon”	Excel Horizon Investments Limited, a company incorporated in BVI and wholly owned by Mr. Duan
“Excel Horizon Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 28 July 2023 entered into among the Offeror, Excel Horizon and Mr. Duan in respect of the sale and purchase of the Excel Horizon Sale Shares (as amended and supplemented by a supplemental agreement dated 18 December 2023 and a second supplemental agreement dated 11 January 2024)
“Excel Horizon Sale Shares”	collectively, 50,000,000 HKRH Shares acquired by the Offeror from Excel Horizon pursuant to the terms of the Excel Horizon Sale and Purchase Agreement; and “Excel Horizon Sale Share” means any one of them
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Convertible Bonds”	the 4% per annum convertible bonds due 2023 in the aggregate principal amount of HK\$52,000,000 issued by HKRH on 12 November 2021 and matured on 12 November 2023, which no longer carried any conversion right
“Form(s) of Acceptance”	collectively, the <b>WHITE</b> Form of Share Offer Acceptance and the <b>PINK</b> Form of Option Offer Acceptance
“Grace Fountain”	Grace Fountain Holdings Limited, a company incorporated in BVI and wholly owned by Mr. Wang

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## DEFINITIONS

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“Grace Fountain Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 28 July 2023 entered into among the Offeror, Grace Fountain and Mr. Wang in respect of the sale and purchase of the Grace Fountain Sale Shares (as amended and supplemented by a supplemental agreement dated 18 December 2023 and a second supplemental agreement dated 11 January 2024)
“Grace Fountain Sale Shares”	collectively, 65,000,000 HKRH Shares acquired by the Offeror from Grace Fountain pursuant to the terms of the Grace Fountain Sale and Purchase Agreement; and “Grace Fountain Sale Share” means any one of them
“HKRH”	Hong Kong Resources Holdings Company Limited (香港資源控股有限公司), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2882)
“HKRH Board”	board of directors of HKRH
“HKRH Group”	HKRH and its subsidiaries from time to time
“HKRH Optionholder(s)”	holder(s) of the outstanding Option(s)
“HKRH Share(s)”	ordinary share(s) in the share capital of HKRH
“HKRH Shareholder(s)”	holder(s) of the HKRH Share(s)
“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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“Independent Board Committee”	an independent committee of the board of directors of HKRH comprising non-executive director of HKRH, Mr. HU Hongwei, and all independent non-executive directors of HKRH, Dr. LOKE Yu alias LOKE Hoi Lam, Dr. FAN, Anthony Ren Da and Mr. CHAN Kim Sun, established for the purpose of advising (i) the Independent HKRH Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to its acceptance; and (ii) the Independent HKRH Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to their acceptances
“Independent Financial Adviser” or “Nuada”	Nuada Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, appointed by HKRH as the independent financial adviser for the purpose of advising the Independent Board Committee in respect of the Offers and in particular as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers
“Independent HKRH Optionholders”	the HKRH Optionholders other than the Offeror and the Offeror Concert Parties
“Independent HKRH Shareholders”	the HKRH Shareholders other than the Offeror and the Offeror Concert Parties
“Joint Announcement”	the joint announcement dated 28 July 2023 jointly issued by the Offeror, Luk Fook Holdings and HKRH in relation to the Offers
“Last Full Trading Day”	27 July 2023, being the last full trading day on which the HKRH Shares were traded on the Stock Exchange immediately before the Last Trading Day
“Last Trading Day”	28 July 2023, being the last trading day on which the HKRH Shares were traded on the Stock Exchange before trading in the HKRH Shares was halted with effect from 10:23 a.m. on 28 July 2023 before the publication of the Joint Announcement
“Latest Practicable Date”	16 January 2024, being the latest practicable date before the printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luk Fook 3DM”	Luk Fook 3D Management Company Limited (六福3D管理有限公司), a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of Luk Fook Holdings
“Luk Fook H”	Luk Fook Holdings Company Limited (六福集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Luk Fook Holdings
“Luk Fook Holdings”	Luk Fook Holdings (International) Limited (六福集團(國際)有限公司), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0590)
“Luk Fook Holdings Group”	Luk Fook Holdings and its subsidiaries from time to time
“Mainland China”	Mainland China of the PRC
“Mr. Duan”	Mr. DUAN Guangzhi, a former substantial shareholder of HKRH
“Mr. Li”	Mr. LI Ning, an executive director of HKRH and a former substantial shareholder of HKRH
“Mr. Wang”	Mr. WANG Chaoguang, an executive director of HKRH and a former substantial shareholder of HKRH
“Nomination Committee”	Nomination committee of HKRH
“Offer Period”	has the meaning ascribed to it in the Takeovers Code which commenced on 6 March 2023, being the date of the announcement of HKRH issued pursuant to Rule 3.7 of the Takeovers Code, and which will end on the date on which the Offers close for acceptances
“Offer Share(s)”	all the issued HKRH Shares other than those already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties when the Share Offer is made

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## DEFINITIONS

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“Offeror”	Luk Fook 3D Investment Holding Company Limited (六福至尊投資集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Luk Fook Holdings
“Offeror Concert Parties”	any parties acting in concert, or presumed to be acting in concert, with the Offeror under the definition of “acting in concert” under the Takeovers Code
“Offers”	the Share Offer and the Option Offer
“Optima”	Optima Capital Limited, a licensed corporation 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, the financial adviser to the Offeror in respect of the Offers
“Option(s)”	the share option(s) granted by HKRH on 12 January 2018, pursuant to the Share Option Scheme which entitle holders thereof to subscribe for the HKRH Shares in accordance with the terms and conditions thereof
“Option Offer”	the unconditional mandatory cash offer by Optima for and on behalf of the Offeror to cancel all outstanding Options in accordance with the Takeovers Code
“Option Offer Price”	means the price at which the Option Offer is made, being HK\$0.00001 per Option
“Overseas HKRH Shareholders”	HKRH Shareholders whose addresses as shown on the register of members of HKRH are outside Hong Kong
“ <b>PINK</b> Form of Option Offer Acceptance”	the PINK form of acceptance and cancellation in respect of the Option Offer accompanying this Composite Document
“PRC”	the People’s Republic of China
“Registrar”	Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, the Hong Kong branch share registrar of HKRH

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## DEFINITIONS

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“Relevant Period”	the period from 6 September 2022, being the date six months preceding the date of the commencement of the Offer Period, up to and including the Latest Practicable Date
“Remuneration Committee”	remuneration committee of HKRH
“Sale and Purchase Agreements”	collectively, the Eminent Rise Sale and Purchase Agreement, the Grace Fountain Sale and Purchase Agreement and the Excel Horizon Sale and Purchase Agreement
“Sale Shares”	collectively, the Eminent Rise Sale Shares, the Grace Fountain Sale Shares and the Excel Horizon Sale Shares
“Second Convertible Bonds”	the 4% per annum convertible bonds due 2023 in the aggregate principal amount of HK\$32,500,000 issued by HKRH on 6 December 2021 and matured on 6 December 2023, which no longer carried any conversion right
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Offer”	the unconditional mandatory cash offer by Optima for and on behalf of the Offeror to acquire all issued HKRH Shares (other than those already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties) in accordance with the Takeovers Code
“Share Offer Price”	the price at which the Share Offer is made, being HK\$0.748 per Offer Share
“Share Option Scheme”	the share option scheme of HKRH approved and adopted on 23 January 2009
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

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## DEFINITIONS

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“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Vendors”	Eminent Rise, Mr. Li, Grace Fountain and Excel Horizon
“ <b>WHITE</b> Form of Share Offer Acceptance”	the <b>WHITE</b> form of acceptance and transfer in respect of the Share Offer accompanying this Composite Document
“%”	per cent.

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## LETTER FROM OPTIMA

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Suite 1501, 15th Floor  
Jardine House  
1 Connaught Place  
Central, Hong Kong

19 January 2024

*To the HKRH Shareholders and HKRH Optionholders,*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY  
OPTIMA CAPITAL LIMITED FOR AND ON BEHALF OF  
LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED  
TO ACQUIRE ALL ISSUED SHARES IN HONG KONG RESOURCES  
HOLDINGS COMPANY LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)  
AND CANCEL ALL OUTSTANDING OPTIONS OF  
HONG KONG RESOURCES HOLDINGS COMPANY LIMITED**

### **INTRODUCTION**

References are made to (i) the Joint Announcement in relation to, among other things, the Sale and Purchase Agreements and the Offers; (ii) the announcements jointly published by Luk Fook Holdings, the Offeror and HKRH dated 18 September 2023, 18 October 2023, 17 November 2023, 18 December 2023 and 11 January 2024 in relation to the status and progress of the Sale and Purchase Agreements and the Offers; and (iii) the Completion Announcement in respect of the Completion.

The Completion took place on 12 January 2024. Following the Completion and as at the Latest Practicable Date, the Offeror and the Offeror Concert Parties held an aggregate of 138,447,918 HKRH Shares in total, representing approximately 51.34% of the total number of issued HKRH Shares.

Under Rule 26.1 of the Takeovers Code, upon the Completion, the Offeror is required to make unconditional mandatory cash offer for all the issued HKRH Shares, other than those HKRH Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it. The Offeror is also required to make the Option Offer for the cancellation of all outstanding Options pursuant to Rule 13 of the Takeovers Code. The Offers are unconditional in all respects.



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## LETTER FROM OPTIMA

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This letter forms part of this Composite Document and sets out, among other things, details of the Offers, information on the Offeror, and the Offeror's intention in relation to the HKRH Group. Further details on the terms and the procedures for acceptance of the Offers are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance. The HKRH Shareholders and the HKRH Optionholders are strongly advised to carefully consider the information contained in the "Letter from the HKRH 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(s) of Acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offers.

### THE OFFERS

Optima, for and on behalf of the Offeror, is making the Share Offer pursuant to Rule 26.1 of the Takeovers Code and the Option Offer pursuant to Rule 13.5 of the Takeovers Code on the following basis:

#### The Share Offer

For each Offer Share . . . . . HK\$0.748 in cash

#### The Option Offer

For cancellation of each outstanding Option with an exercise price of HK\$3.232:

(1,050,000 Options in total) . . . . . HK\$0.00001 in cash

The Share Offer Price of HK\$0.748 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreements.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the offer price for the outstanding Options would normally represent the difference between the exercise price of the Options and the Share Offer Price. Under the Option Offer, given that the exercise price of 1,050,000 outstanding Options is above the Share Offer Price, such 1,050,000 outstanding Options are out-of-money and the offer price for each such outstanding Option is at a nominal value of HK\$0.00001.

The Share Offer is extended to all HKRH Shareholders (other than those HKRH Shares already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties) and the Option Offer is extended to all HKRH Optionholders. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offers are made, being the date of this Composite Document.

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## LETTER FROM OPTIMA

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HKRH Optionholders should note that, pursuant to the Share Option Scheme, if there is an unconditional general offer made to the HKRH Shareholders, the HKRH Optionholders shall be entitled to exercise at any time within a period of 14 days after such control has been obtained by the Offeror any Option in whole or in part to the extent not already exercised (and notwithstanding any restrictions which would otherwise have prevented such Option from being exercisable at that time). For the avoidance of doubt, an Option not so exercised shall remain valid in accordance with its terms and subject to such restrictions as applied to it before the Offers.

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

### COMPARISON OF VALUE

The Share Offer Price of HK\$0.748 per Offer Share represents:

- (i) a premium of approximately 28.97% over the closing price of HK\$0.58 per HKRH Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 78.10% over the closing price of HK\$0.42 per HKRH Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (iii) a premium of approximately 78.10% over the average closing prices of the HKRH Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Full Trading Day of approximately HK\$0.42 per HKRH Share;
- (iv) a premium of approximately 87.00% over the average closing prices of the HKRH Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Full Trading Day of approximately HK\$0.40 per HKRH Share; and
- (v) a premium of approximately 1.08% over the closing price of HK\$0.74 per HKRH Share as quoted on the Stock Exchange as at the Latest Practicable Date.

HKRH recorded an audited consolidated net deficit value attributable to the owners of HKRH of approximately HK\$1.37 per HKRH Share (taken into account of owners and non-controlling interests) and approximately HK\$0.71 per HKRH Share (taken into account of owners only) as at 30 June 2023 (being the date to which the latest published audited financial results of the HKRH Group were made up), both based on the total number of issued HKRH Shares as at the Latest Practicable Date.

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### HIGHEST AND LOWEST PRICES OF THE HKRH SHARES

During the Relevant Period, the highest closing price of the HKRH Shares as quoted on the Stock Exchange was HK\$0.75 on 15 January 2024, and the lowest closing price of the HKRH Shares as quoted on the Stock Exchange was HK\$0.17 on 31 October 2022.

### TOTAL VALUE OF THE OFFERS

Assuming there is no change in the issued share capital of HKRH and none of the outstanding Options is exercised before the close of the Offers, there would be 269,671,601 HKRH Shares in issue. On the basis of the Share Offer Price being HK\$0.748 per Offer Share, the entire issued share capital of HKRH would be valued at approximately HK\$201,714,357.55.

Assuming there is no change in the issued share capital of HKRH but all the 1,050,000 outstanding Options are fully exercised before the close of the Offers, there would be 270,721,601 HKRH Shares in issue. On the basis of the Share Offer Price being HK\$0.748 per HKRH Share, the entire issued share capital of HKRH would be valued at approximately HK\$202,499,757.55.

Assuming there is no change in the issued share capital of HKRH and none of the outstanding Options is exercised before the close of the Offers, excluding the 138,447,918 HKRH Shares owned by the Offeror and the Offeror Concert Parties as at the Latest Practicable Date, 131,223,683 HKRH Shares will be subject to the Share Offer and 1,050,000 outstanding Options will be subject to the Option Offer, which in aggregate are valued at approximately HK\$98,155,325.38.

### CONFIRMATION OF FINANCIAL RESOURCES

Assuming all of the outstanding Options are exercised before the close of the Offers, HKRH will have to issue 1,050,000 new HKRH Shares. Assuming the Share Offer, including in respect of such new HKRH Shares issued upon the exercise of such exercisable Options, is accepted in full, the maximum amount payable by the Offeror to satisfy the consideration for the Offers is approximately HK\$98,940,714.88, which will be funded by internal resources of the Offeror.

Optima, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for full acceptance of the Offers.

### NO CONDITION TO THE OFFERS

The Offers, comprising the Share Offer and the Option Offer, are unconditional in all aspects.

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## LETTER FROM OPTIMA

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### EFFECT OF ACCEPTING THE OFFERS

By accepting the Share Offer, the relevant HKRH Shareholder will be deemed to warrant that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all Encumbrances and together with all rights and benefits attaching thereto as at the date of this Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document.

By accepting the Option Offer, the relevant HKRH Optionholder will be deemed to agree to the cancellation of the Options to be tendered by such person under the Option Offer and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of despatch of this Composite Document.

Acceptance of the Offers shall be irrevocable and shall not be capable of being withdrawn, subject to the Takeovers Code.

### OVERSEAS HKRH SHAREHOLDERS

However, the availability of the Offers to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Overseas HKRH Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should fully observe all applicable legal or regulatory requirements and, where necessary, seek their own legal advice. It is the responsibility of the Overseas HKRH Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas HKRH Shareholders in respect of such jurisdiction).

The Offeror, the Offeror Concert Parties, HKRH, Optima, Nuada, the Registrar or any of their respective beneficial owners, directors, officers, advisers, associates, agents or any other persons involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas HKRH Shareholders for any taxes they may be required to pay.

Any acceptance of the Offers by any HKRH Shareholder will be deemed to constitute a representation and warranty from such HKRH Shareholder to the Offeror and HKRH that all the laws and regulations of the relevant jurisdictions have been complied with and that the Share Offer can be accepted by such HKRH Shareholder lawfully under the laws and regulations of the relevant jurisdictions. HKRH Shareholders should consult their professional advisers if in doubt.

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As at the Latest Practicable Date, there were two HKRH Shareholders with registered address in Australia and the PRC based on the register of members of HKRH. The Offeror was advised by the relevant legal advisers in the aforementioned jurisdictions that there is no restriction under the laws or regulations of the respective jurisdictions against extending the Offers or despatching this Composite Document and the accompanying Form(s) of Acceptance to such overseas HKRH Shareholders. Accordingly, the Offers will be extended to and this Composite Document and the accompanying Form(s) of Acceptance will be despatched to the overseas HKRH Shareholders.

Please refer to the section headed “10. Overseas HKRH Shareholders” in Appendix I to this Composite Document for further information.

### STAMP DUTY

The seller’s ad valorem stamp duty at the rate of 0.1% of (i) the consideration in respect of the acceptances of the Share Offer or (ii) if higher, the market value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be payable by the HKRH Shareholders who accept the Share Offer insofar as their Offer Shares are registered on the Hong Kong share register of HKRH. The relevant amount of stamp duty payable by the relevant HKRH Shareholders will be deducted from the consideration payable to such HKRH Shareholders under the Share Offer.

The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the accepting HKRH Shareholders in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptances of the Option Offer and the cancellation of the Options.

### PROCEDURES FOR ACCEPTANCE

To accept any of the Offers, you should duly complete and sign the relevant accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the relevant Offers.

In respect of the Share Offer, the duly completed and signed **WHITE** Form of Share Offer 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) should be sent by post or by hand, to the Registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong marked “**Hong Kong Resources Holdings Company Limited – Share Offer**” on the envelope so as to reach the Registrar as soon as possible but in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.

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In respect of the Option Offer, the duly completed and signed **PINK** Form of Option Offer Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the Options and/or any other document(s) (if applicable) should be sent by post or by hand, to Hong Kong Resources Holdings Company Limited at Room 2306, 23/F, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong marked “**Hong Kong Resources Holdings Company Limited – Option Offer**” on the envelope so as to reach HKRH as soon as possible but in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.

Your attention is drawn to “Further Terms and Procedures for acceptance of the Offers” as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

### **SETTLEMENT UNDER THE OFFERS**

Payment of the consideration (after deducting the seller’s ad valorem stamp duty) for the Offer Shares tendered for acceptance under the Share Offer will be posted by ordinary post to the HKRH Shareholders who accept the Share Offer, and payment of the consideration for the Options surrendered for cancellation under the Option Offer will be delivered to the office of HKRH in Hong Kong at Room 2306, 23/F, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong, for collection by the HKRH Optionholders who accept the Option Offer. Payment will be made as soon as possible, but in any event no later than seven (7) Business Days after the date of receipt of complete and valid acceptance.

No fraction of a cent will be payable. The amount of consideration payable to an HKRH Shareholder who accepts the Share Offer will be rounded up to the nearest cent, and the amount of consideration payable to an HKRH Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

### **NOMINEE REGISTRATION**

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

### **TAXATION AND INDEPENDENT ADVICE**

The HKRH Shareholders and the HKRH Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, the Offeror Concert Parties, HKRH, Optima,

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Nuada, the Registrar or any of their respective beneficial owners, directors, officers, advisers, associates, agents or any other persons involved in the Offers accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

### **INFORMATION ON THE OFFEROR**

The Offeror is an investment holding company incorporated in Hong Kong with limited liability. The Offeror is an indirect wholly-owned subsidiary of Luk Fook Holdings, which is a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0590).

As at the Latest Practicable Date, the directors of the Offeror are Mr. WONG Wai Sheung, Ms. WONG Lan Sze, Nancy and Dr. CHAN So Kuen.

### **INTENTION OF THE OFFEROR IN RELATION TO THE HKRH GROUP**

Upon completion of the Offers, the Offeror will conduct a review of the existing principal businesses and the financial position of the HKRH Group for the purpose of formulating business plans and strategies for the future business development of the HKRH Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the HKRH Group. Should such corporate actions materialise, further announcement(s) will be made as and when appropriate in accordance with the Listing Rules.

As at the Latest Practicable Date, the Offeror (i) has no plan to cease any existing businesses of the HKRH Group or to dispose any material assets of the HKRH Group; and (ii) has no intention to downsize or change the scale of HKRH Group's existing principal business apart from the special deal for sale of the entire issued share capital in Brand New Management Limited to Mr. Li. The Offeror will review the existing capital structure and working capital requirement of the HKRH Group and if necessary, will consider different alternatives to strengthen the capital base of HKRH for any future expansion.

### **INTENTION OF THE OFFEROR IN RELATION TO THE COMPOSITION OF THE HKRH BOARD**

As at the Latest Practicable Date, the HKRH Board comprised two executive directors, being Mr. Li and Mr. WANG; one non-executive director, being Mr. HU Hongwei; and three independent non-executive directors, being Dr. LOKE Yu alias LOKE Hoi Lam, Dr. FAN, Anthony Ren Da and Mr. CHAN Kim Sun. As disclosed in the Completion Announcement, all of the existing directors of HKRH have tendered their resignations, which will take effect until

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after the publication of the closing announcement on the Closing Date of the Offers, and the following appointments have been made which will take effect on 19 January 2024, being the despatch date of this Composite Document:

- (i) Mr. WONG Ho Lung, Danny, as an executive director of HKRH, the chairman of the HKRH Board, the chief executive officer of HKRH and a member of the Nomination Committee;
- (ii) Ms. CHEUNG, Irene, as an executive director and the chief operating officer of HKRH, an authorised representative of HKRH as required under Rule 3.05 of the Listing Rules and a member of the Nomination Committee;
- (iii) Ms. WONG Hau Yeung, as an executive director of HKRH;
- (iv) Dr. CHAN So Kuen, as an executive director of HKRH;
- (v) Ms. YEUNG Po Ling, Pauline, as a non-executive director of HKRH;
- (vi) Mr. SZE Yeung Kuen, as an independent non-executive director of HKRH, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee;
- (vii) Mr. CHAN Raymond, as an independent non-executive director of HKRH, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee;
- (viii) Dr. LAM Ki Wai, Lianne, as an independent non-executive director of HKRH, the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee; and
- (ix) Dr. CHOW Kwoon Ho, Simon, as an independent non-executive director of HKRH and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Li will resign as the chairman of the Nomination Committee, the chairman of the HKRH Board and an authorised representative of HKRH as required under Rule 3.05 of the Listing Rules. Dr. LOKE Yu alias LOKE Hoi Lam will resign as the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. Dr. FAN, Anthony Ren Da will resign as a member of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. Mr. CHAN Kim Sun will resign as a member of the Audit Committee, a member of the Nomination Committee and the chairman of the Remuneration Committee. The aforementioned resignations from the Nomination Committee, the Audit Committee, the Remuneration Committee and Mr. Li's resignation as the chairman of the HKRH Board and an authorised representative of HKRH will take effect on the despatch date of this Composite Document.



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The biographical details of the newly appointed directors of HKRH are set out as follows:

(1) Mr. WONG Ho Lung, Danny (“**Mr. Danny WONG**”)

Mr. Danny WONG, aged 47, joined CGS Group as chief executive officer and director in 2014, and is responsible for the overall strategic planning, execution, and the management of CGS Group. Besides, he is also the deputy chairman and non-executive director of Luk Fook Holdings. Mr. Danny WONG is an active participant in the community and is currently a member of Sihui Municipal Committee of the Chinese People’s Political Consultative Conference, a member of The Association of the Hong Kong Members of Guangdong’s Chinese People’s Political Consultative Conference Committees Limited, a vice president of Zhaoqing Overseas Friendship Association, a permanent president of Sze Wui and Kwong Ning Clansman’s Association (Hong Kong) Limited, the president of Sihui Dasha Town Clansman’s Association (Hong Kong), an executive committee member of Diamond Federation of Hong Kong, China Limited, a supervisory committee member of Hong Kong Jewellers’ & Goldsmiths’ Association, an executive committee member of The Kowloon Pearls, Precious Stones, Jade, Gold and Silver Ornament Merchants Association, a member of Lions Club of Sham Shui Po Hong Kong, and an executive committee member of The Jewellers & Goldsmiths’ Association of Hong Kong Limited. Mr. Danny WONG received the GIA Diamond Graduate title in December 2008, and was awarded the “CEO of the Year” by Capital CEO in 2017.

Mr. Danny WONG is the son of Mr. WONG Wai Sheung (“**Mr. WONG**”), chairman, chief executive officer and executive director of Luk Fook Holdings, and the elder brother of Ms. WONG Lan Sze Nancy (“**Ms. Nancy WONG**”), deputy chief executive officer and executive director of Luk Fook Holdings.

As at the Latest Practicable Date, Luk Fook Holdings is the controlling shareholder of HKRH and Luk Fook Holdings is held by Luk Fook (Control) Limited as to approximately 40.37%. Over one-third of the voting power (being approximately 46.29%) of Luk Fook (Control) Limited is held by The WS WONG Family Trust where Mr. WONG and his spouse, Ms. LUK Chui Yee (“**Ms. LUK**”), are the founders and settlors and Mr. WONG, Ms. LUK, Mr. Danny WONG, and Ms. Nancy WONG are the discretionary beneficiaries. By virtue of the SFO, Mr. WONG, Ms. LUK, Mr. Danny WONG, and Ms. Nancy WONG are therefore deemed to be interested in the HKRH Shares held by Luk Fook Holdings.

(2) Ms. CHEUNG Irene (“**Ms. CHEUNG**”)

Ms. CHEUNG, aged 47, joined CGS Group as managing director in 2014, and is responsible for CGS Group’s retail and wholesale operations and implementation of CGS Group’s business strategies. Ms. CHEUNG received her B.A. from the University of Toronto and her LL.B. from Osgoode Hall Law School and was qualified as a solicitor, barrister and notary public in Ontario, Canada. She is also a member of the Law Society of Ontario.

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In addition, Ms. CHEUNG has been serving as the head of Legal Affairs Department of Luk Fook Holdings Group since 2005. During her tenure, the Legal Affairs Department has attained awards and recognition in the areas of compliance, data protection, employment and labour, dispute resolution and intellectual property.

In recognition of Ms. CHEUNG's outstanding leadership skills and excellent career achievements, Ms. CHEUNG was awarded with the "Women of Excellence 2019" by "JESSICA", a leading women's magazine, and "The Awards of Women of Times 2019" by "InStyle", an international fashion magazine.

Ms. CHEUNG is the spouse of Mr. Danny WONG. By virtue of the SFO, she is deemed to be interested in the HKRH Shares in which Mr. Danny WONG is deemed to be interested in. She is also the daughter in law of Mr. WONG and the sister-in-law of Ms. Nancy WONG.

(3) Ms. WONG Hau Yeung ("**Ms. WONG**")

Ms. WONG, aged 51, joined CGS Group as director in 2014, and is responsible for business development of the CGS Group. She has over 29 years of experience in the jewellery industry.

Currently, Ms. WONG is the executive director and chief operating officer of Luk Fook Holdings. Ms. WONG holds a Master's Degree in Business Administration from University of Southern Queensland. She is a member of Guangzhou Panyu District Committee of the Chinese People's Political Consultative Conference, a member of The Association of the Hong Kong Members of Guangdong's Chinese People's Political Consultative Conference Committees Limited, a honorary life president and the 20th term vice-chairman of Hong Kong Pun Yue Industrial and Commercial Fellowship Association, the 6th term standing director of Guangzhou Panyu Overseas Friendship Association, the 4th term director of Guangzhou Panyu Overseas Exchange Association, a president of Panyu Hong Kong Charity Fund Limited, a member and vice-chairperson of The Jewellery Industry Training Advisory Committee, a member of Watch & Jewellery Industry Consultative Networks, a member of Greater Bay Area Hong Kong Women Entrepreneurs Association and a member of District Fire Safety Committee (Kwai Tsing District). In 2021, Ms. WONG was awarded the "Greater Bay Area Outstanding Women Entrepreneur Awards" by the Hong Kong Small and Medium Enterprises Association and Metro Finance.

As at the Latest Practicable Date, Ms. WONG holds 20,500 HKRH Shares.

(4) Dr. CHAN So Kuen ("**Dr. CHAN**")

Dr. CHAN, aged 64, is the executive director, chief financial officer and company secretary of Luk Fook Holdings. Dr. CHAN graduated from The Hong Kong Polytechnic University and Oklahoma City University (the United States of America), with a

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Doctorate Degree and a Master's Degree in Business Administration, respectively. She is also a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Dr. CHAN has substantial financial and management experiences in vast varieties of businesses for more than 36 years. Dr. CHAN worked in international professional accounting firms in Hong Kong for auditing duties. She also served in various Hong Kong listed and private companies across different industries in a senior capacity, such as finance director, chief financial officer or chief executive officer.

As at the Latest Practicable Date, Dr. CHAN holds 25,000 HKRH Shares and 180,000 shares of Luk Fook Holdings, an associated corporation (within the meaning of Part XV of the SFO) of HKRH.

(5) Ms. YEUNG Po Ling, Pauline (“**Ms. YEUNG**”)

Ms. YEUNG, aged 56, is the co-founder of the Luk Fook Holdings Group. She was the non-executive director of Luk Fook Holdings until 2020. Ms. YEUNG has over 35 years of experience in public relations. Ms. YEUNG was the winner of Miss Hong Kong and Miss International of Goodwill in 1987, and also the 4th runner-up of Miss Universe and Queen of Asia in 1988. Ms. YEUNG was the president of the Wai Yin Association for the year 1995-1996. She received the GIA Diamonds Graduate title in 2005.

(6) Mr. SZE Yeung Kuen (“**Mr. SZE**”)

Mr. SZE, aged 43, is an accomplished professional with a diverse background in investment management, equity research, and assurance services. Mr. SZE is a co-founder of Oscar and Partners Capital Limited (“**OP Capital**”), an investment management and advisory company with an SFC license for Type 4 and Type 9. Currently, he oversees various investment strategies at OP Capital as a partner and senior portfolio manager. Mr. SZE holds a Bachelor of Business Administration Degree with a major in Professional Accountancy from The Chinese University of Hong Kong. He is an associate member of the Association of Chartered Certified Accountants as well as a Chartered Financial Analyst. He was the director of Citigroup Global Capital Asia, where he had an award-winning track record in equity research, particularly within the China/Hong Kong property industries. Prior to working in finance, Mr. SZE worked at PricewaterhouseCoopers, specializing in audits and due diligence assignments.

(7) Mr. CHAN Raymond (“**Mr. CHAN**”)

Mr. CHAN, aged 52, is a solicitor. Mr. CHAN was admitted in Hong Kong in 2001 and England and Wales in 2002. Mr. CHAN is currently practicing in Hong Kong as principal of his own firm “Raymond Chan Solicitors” which was established in 2007. Before establishing his own firm, Mr. CHAN has been working as consultant and solicitor in various law firms. Mr. CHAN graduated from the University of Hong Kong and City University of Hong Kong, with P.C.L.L. and LL.B. (Hons) respectively. Mr. CHAN holds

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memberships in several professional organizations, including Law Society of Hong Kong, Law Society of England and Wales, Chartered Institute of Arbitrators, Small and Medium Law Firms Association of Hong Kong and Hong Kong Family Law Association. Mr. CHAN is a director of Federation of Industries & Commerce in Kwai Chung & Tsing Yi Limited and Hong Kong Commerce and Industry Associations Limited, in addition to being a founder member of Hong Kong Thailand Business Council, a member of Federation of Hong Kong Guangdong Community Organizations, and Guangdong Chamber of Foreign Investors. Mr. CHAN is also an honorary president of Kwai Tsing District Fire Safety Ambassador Honorary Presidents' Association and Kwai Tsing District Junior Police Call. Mr. CHAN's other community services include acting as chairman of Appeal Tribunal, Buildings Ordinance, legal advisor of Hong Kong Industrial & Commercial Association Limited, The Federation of All Sectors of Tsuen Wan Community Limited, and Tsuen Wan Kwai Tsing District Women's Association. Mr. CHAN also previously served as adjudicator of Immigration Tribunal, Hong Kong SAR and member of Disciplinary Tribunal of the Hong Kong Institute of Certified Public Accountants.

Mr. CHAN's firm was the recipient of Gold Award of Pro Bono and Community Work Recognition Programme, and Improvement Award of Pro Bono and Community Work Recognition Programme of the Law Society of Hong Kong in 2022 as well as Chief Secretary Administration's Office Recognition Scheme for Provision of Pro Bono Legal Services Company Award 2020 - 2022.

(8) Dr. LAM Ki Wai, Lianne ("**Dr. LAM**")

Dr. LAM, aged 56, has a diverse professional background spanning academia, entrepreneurship, and management. Dr. LAM is currently the professor of practice and deputy program director of Bachelor of Science in Innovation and Entrepreneurship at the Hong Kong Polytechnic University. Additionally, she serves as a visiting professor at Guangdong University of Science and Technology in Dongguan, China, as well as at Hunan University of Finance and Economics and Hunan International Economics University in Hunan, China. Dr. Lam holds a Doctorate Degree at the Hong Kong Polytechnic University focusing in Environmental Education. She also holds an Executive Master of Business Administration Degree and a Bachelor of Law Degree both from the Peking University and a Bachelor Degree in Actuarial Science from the University of Toronto. She is the chief executive officer of the Hong Kong Sustainability Society, a non-profit organization dedicated to foster positive thinking so as to promote sustainable development in Hong Kong. Dr. LAM has been a partner and associate director of Cogitoimage International Co., Limited since 2003, where she has accumulated extensive experience in strategic marketing and planning.

Dr. LAM currently serves on the Assessment Panel for the HKICT Awards 2022 in the Smart Mobility category. She also acts as an advisor for the Leadership Institute on Narcotics of the Hong Kong Police Force and the Children Psychoecology Foundation and the Vice-Chairlady of the SAP User Group Hong Kong. Furthermore, Dr. Lam holds

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key positions within academic and alumni associations, including the chairlady of the Fellowship sub-committee for the Hong Kong Polytechnic University Doctor of Business Administration Alumni Association and an executive committee member for the Federation of Hong Kong Polytechnic University Alumni Association.

(9) Dr. CHOW Kwoon Ho, Simon (“**Dr. CHOW**”)

Dr. CHOW, aged 45, is a scientist who expertises in the field of musculoskeletal biology. He currently serves as a senior research scientist at the School of Medicine, the Stanford University, California, USA. Additionally, he served as a research assistant professor in the Department of Orthopaedics and Traumatology at The Chinese University of Hong Kong, and an affiliated member of the Institute of Tissue Engineering and Regenerative Medicine at The Chinese University of Hong Kong from 2016 to 2022. Dr. CHOW graduated from the University of Toronto with a Bachelor of Science (BSc) in Human Biology. He also holds a Doctorate Degree in Orthopaedics and Traumatology and Master’s Degree in Biomedical Engineering from the Faculty of Medicine and Faculty of Engineering at The Chinese University of Hong Kong, respectively. Dr. CHOW has an impressive professional experience in biomedical research that spans various prestigious institutions.

Dr. CHOW holds several notable positions and memberships in the certain orthopaedics and musculoskeletal research organisations. He served as the scientific chair of the Fragility Fracture Network Hong Kong (FFN-HK) and holds editorial roles as a board member for Scientific Reports (USA), BMC Musculoskeletal Disorder (UK), and the Journal of Orthopaedic Research (USA). He is an associate member of the Hong Kong Orthopaedics Association, and a number of professional international scientific societies including the Society on Sarcopenia, Cachexia and Wasting Disorders (Germany), the International Osteoporosis Foundation, the International Chinese Musculoskeletal Research Society (ICMRS), the Orthopaedics Research Society (ORS, USA), and the International Society of Fracture Repair (ISFR).

### **Independence confirmation**

Each of Mr. SZE, Mr. CHAN, Dr. LAM and Dr. CHOW has confirmed to HKRH (i) his independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (ii) his past or present financial or other interest in the business of the HKRH Group or any connection with any core connected person (as such term is defined in the Listing Rules) of HKRH, if any; and (iii) that there are no other factors that may affect his independence at the time of his appointment.

### **Other information**

HKRH will enter into a service agreement with Mr. Danny WONG, Ms. CHEUNG, Ms. WONG and Dr. CHAN, respectively as an executive director of HKRH, with a term of three years from the effective date of their appointment, subject to retirement by rotation and

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## LETTER FROM OPTIMA

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re-election at the annual general meeting in accordance with the bye-laws of HKRH. During their terms of service, a fee of HK\$55,000 per annum shall be paid by HKRH to each of Mr. Danny WONG, Ms. CHEUNG, Ms. WONG and Dr. CHAN for his or her service as an executive director of HKRH. In addition, a monthly salary of HK\$327,200 shall be paid by HKRH to Mr. Danny WONG in respect of his position as the chairman of the HKRH Board and the chief executive officer of HKRH and a monthly salary of HK\$139,200 shall be paid by HKRH to Ms. CHEUNG in respect of her position as the chief operating officer of HKRH. Mr. Danny WONG, Ms. CHEUNG, Ms. WONG and Dr. CHAN are also entitled to a discretionary bonus to be determined at the absolute discretion of the HKRH Board or, if so delegated, the Remuneration Committee. Save for the aforementioned, no other emoluments shall be paid by HKRH to Mr. Danny WONG, Ms. CHEUNG, Ms. WONG and Dr. CHAN as executive directors of HKRH.

HKRH will enter into an appointment letter with Ms. YEUNG, Mr. SZE, Mr. CHAN, Dr. LAM and Dr. CHOW, respectively, with a term of three years from the effective date of their appointment, subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of HKRH. Ms. YEUNG is entitled to a fee of HK\$150,000 per annum as a non-executive director and each of Mr. SZE, Mr. CHAN, Dr. LAM and Dr. CHOW is entitled to a fee of HK\$200,000 per annum as independent non-executive directors. Save for the aforementioned, no other emoluments shall be paid by HKRH to Ms. YEUNG, Mr. SZE, Mr. CHAN, Dr. LAM and Dr. CHOW as non-executive director and independent non-executive directors (as the case may be) of HKRH.

The above emoluments of executive directors, non-executive director, independent non-executive directors and chief executives of HKRH have been determined with reference to his or her duties and responsibilities with HKRH, HKRH's remuneration policy and the prevailing market conditions.

Each of Mr. Danny WONG, Ms. CHEUNG, Ms. WONG, Dr. CHAN, Ms. YEUNG, Mr. SZE, Mr. CHAN, Dr. LAM and Dr. CHOW has confirmed that, save as disclosed above, as at the Latest Practicable Date, he or she (i) did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas, in the last three years; (ii) does not have any relationship with any director, senior management or substantial or controlling shareholders of HKRH; (iii) does not hold any position in HKRH or other members of the HKRH Group; and (iv) does not have and is not deemed to have any interest in any shares, underlying shares or debentures of HKRH or any of its associated corporations (within the meaning of Part XV of the SFO). Save as disclosed above, there is no other information relating to the appointment of the above directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters that need to be brought to the attention of the HKRH Shareholders.

For further details on the appointment of directors, change of chairman, change of authorised representatives and change in composition of board committees in HKRH, please refer to the Completion Announcement.

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## LETTER FROM OPTIMA

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Save as aforesaid, the Offeror has no intention to discontinue the employment of the existing employees of the HKRH Group, following the close of the Offers.

### COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares after the Closing Date.

### MAINTAINING THE LISTING STATUS OF THE HKRH GROUP

The Stock Exchange has stated that, if, at the close of the Offers, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the HKRH Shares; or
- (ii) that there are insufficient HKRH Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealing in the shares.

The Offeror intends HKRH to remain listed on the Stock Exchange, after the close of the Offers. The directors of the Offeror have jointly and severally undertaken and the new directors to be appointed to the HKRH Board will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the HKRH Shares after the close of the Offers.

### GENERAL

All documents and remittances will be sent to the HKRH Shareholders and HKRH Optionholders by ordinary post at their own risk. These documents and remittances will be sent to holders of the Offer Shares at their respective addresses as they appear in the register of members, in case of joint holders whose name appear first in the said register of members; and to HKRH Optionholders at the respective addresses as they appear in the records of HKRH, unless otherwise specified in the accompanying **WHITE** Form(s) of Acceptance and/or **PINK** Form(s) of Acceptance completed, returned and received by the Registrar or the company secretary of HKRH (as the case may be). None of the Offeror, the Offeror Concert Parties, HKRH, Optima, the Independent Financial Adviser, the Registrar or any of their ultimate beneficial owners, respective directors, officers, associates, agents or any other person involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

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## LETTER FROM OPTIMA

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the HKRH Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee as set out in the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,  
For and on behalf of  
**Optima Capital Limited**  
**Richard Leung**  
*Senior Director*  
*Corporate Finance*



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## LETTER FROM THE HKRH BOARD

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### HONG KONG RESOURCES HOLDINGS COMPANY LIMITED

*(Incorporated in Bermuda with limited liability and carrying  
on business in Hong Kong as HKRH China Limited)*

**(Stock Code: 2882)**

*Executive directors of HKRH:*

Mr. LI Ning (Chairman)  
Mr. WANG Chaoguang (Co-chairman)

*Non-executive directors of HKRH:*

Mr. HU Hongwei

*Independent non-executive directors of HKRH:*

Dr. LOKE Yu alias LOKE Hoi Lam  
Dr. FAN, Anthony Ren Da  
Mr. CHAN Kim Sun

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton  
HM11 Bermuda

*Principal Office in Hong Kong:*

Room 2306, 23/F, Tower One  
Lippo Centre  
No. 89 Queensway  
Hong Kong

19 January 2024

*To the HKRH Shareholders and the HKRH Optionholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY  
OPTIMA CAPITAL LIMITED FOR AND ON BEHALF OF  
LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED  
TO ACQUIRE ALL ISSUED SHARES IN HONG KONG RESOURCES  
HOLDINGS COMPANY LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)  
AND CANCEL ALL OUTSTANDING OPTIONS OF  
HONG KONG RESOURCES HOLDINGS COMPANY LIMITED**

#### **1. INTRODUCTION**

References are made to (i) the Joint Announcement dated 28 July 2023 jointly issued by the Offeror and HKRH in relation to, among other things, the Sale and Purchase Agreements and the Offers; (ii) the announcements jointly published by Luk Fook Holdings, the Offeror and HKRH dated 18 September 2023, 18 October 2023, 17 November 2023, 18 December 2023 and 11 January 2024 in relation to the status and progress of the Sale and Purchase Agreements and the Offers; and (iii) the Completion Announcement dated 12 January 2024 jointly issued by the Offeror and HKRH in respect of the Completion.

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## LETTER FROM THE HKRH BOARD

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As disclosed in the Completion Announcement, Completion took place on 12 January 2024. Pursuant to the Sale and Purchase Agreements, the Offeror acquired the Sale Shares (representing approximately 50.43% of the total number of issued Shares as at the date of the Joint Announcement and at Completion). Immediately before Completion, the Offeror and the Offeror Concert Parties held 2,447,918 HKRH Shares (representing approximately 0.91% of the total number of issued HKRH Shares as at the date of the Joint Announcement) and did not hold any convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into HKRH Shares.

Immediately upon Completion, the Offeror and the Offeror Concert Parties held 138,447,918 HKRH Shares in total, representing approximately 51.34% of the then total number of issued HKRH Shares. Accordingly, the Offeror is required to make a mandatory general offer in cash for all the securities of HKRH in issue other than those already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties. The Offers, comprising the Share Offer and the Option Offer, if and when made, will be unconditional in all aspects. Therefore, Optima, on behalf of the Offeror, makes the Share Offer pursuant to Rule 26.1 of the Takeovers Code and the Option Offer pursuant to Rule 13.5 of the Takeovers Code.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) the terms and conditions of the Offers; (ii) the expected timetable of the Offers; (iii) a letter of recommendation from the Independent Board Committee of HKRH to the Independent HKRH Shareholders and the Independent HKRH Optionholders in respect of the Offers; and (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee of HKRH in respect of the Offers.

## 2. THE OFFERS

As set out in the “Letter from Optima” in this Composite Document:

Optima, for and on behalf of the Offeror, is making the Share Offer pursuant to Rule 26.1 of the Takeovers Code and the Option Offer pursuant to Rule 13.5 of the Takeovers Code on the following basis:

### **The Share Offer**

For each Offer Share . . . . . HK\$0.748 in cash

### **The Option Offer**

For cancellation of each outstanding Option with an exercise price of HK\$3.232:

(1,050,000 Options in total) . . . . . HK\$0.00001 in cash

The Share Offer Price of HK\$0.748 per Offer Share is equal to the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreements.

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## LETTER FROM THE HKRH BOARD

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Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the offer price for the outstanding Options would normally represent the difference between the exercise price of the Options and the Share Offer Price. Under the Option Offer, given that the exercise price of 1,050,000 outstanding Options is above the Share Offer Price, such 1,050,000 outstanding Options are out-of-money and the offer price for each such outstanding Option is at a nominal value of HK\$0.00001.

The Share Offer is extended to all HKRH Shareholders (other than those HKRH Shares already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties) and the Option Offer is extended to all HKRH Optionholders. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offers are made, being the date of this Composite Document. As at the Latest Practicable Date, HKRH had no outstanding dividend which remains unpaid. HKRH had no intention in declaring any dividend during the offer period (as defined under the Takeovers Code) in respect of the Offers.

Optima, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum cash consideration payable by the Offeror for all the Sale Shares and upon full acceptance of the Offers.

HKRH Optionholders should note that, pursuant to the Share Option Scheme, if there is an unconditional general offer made to the HKRH Shareholders, the HKRH Optionholders shall be entitled to exercise at any time within a period of 14 days after such control has been obtained by the Offeror any Option in whole or in part to the extent not already exercised (and notwithstanding any restrictions which would otherwise have prevented such Option from being exercisable at that time). For the avoidance of doubt, an Option not so exercised shall remain valid in accordance with its terms and subject to such restrictions as applied to it before the Offers.

The Offers, comprising the Share Offer and the Option Offer, are unconditional in all aspects. Acceptance of the Offers shall be irrevocable and shall not be capable of being withdrawn, subject to the Takeovers Code.

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

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## LETTER FROM THE HKRH BOARD

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### Comparison of value

The Share Offer Price of HK\$0.748 per Offer Share represents:

- (i) a premium of approximately 28.97% over the closing price of HK\$0.58 per HKRH Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 78.10% over the closing price of HK\$0.42 per HKRH Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (iii) a premium of approximately 78.10% over the average closing prices of the HKRH Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Full Trading Day of approximately HK\$0.42 per HKRH Share;
- (iv) a premium of approximately 87.00% over the average closing prices of the HKRH Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Full Trading Day of approximately HK\$0.40 per HKRH Share; and
- (v) a premium of approximately 1.08% over the closing price of HK\$0.74 per HKRH Share as quoted on the Stock Exchange as at the Latest Practicable Date.

HKRH recorded an audited consolidated net deficit value attributable to the owners of HKRH of approximately HK\$1.37 per HKRH Share (taken into account of owners and non-controlling interests) and approximately HK\$0.71 per HKRH Share (taken into account of owners only) as at 30 June 2023 (being the date to which the latest published audited financial results of the HKRH Group were made up), both based on the total number of issued HKRH Shares as at the Latest Practicable Date, and an unaudited consolidated net deficit value attributable to the owners of HKRH of approximately HK\$0.51 per HKRH Share as at 31 December 2022 (being the date to which the latest published unaudited financial results of the HKRH Group were made up), based on the total number of issued HKRH Shares as at the Latest Practicable Date.

### Highest and lowest prices of the HKRH Shares

During the Relevant Period, the highest closing price of the HKRH Shares as quoted on the Stock Exchange was HK\$0.75 on 15 January 2024, and the lowest closing price of the HKRH Shares as quoted on the Stock Exchange was HK\$0.17 on 31 October 2022.

### No condition to the Offers

The Offers, comprising the Share Offer and the Option Offer, are unconditional in all aspects. Acceptance of the Offers shall be irrevocable and shall not be capable of being withdrawn, subject to the Takeovers Code.

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## LETTER FROM THE HKRH BOARD

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### 3. TOTAL VALUE OF THE OFFERS

Assuming there is no change in the issued share capital of HKRH and none of the outstanding Options is exercised before the close of the Offers, there would be 269,671,601 HKRH Shares in issue. On the basis of the Share Offer Price being HK\$0.748 per HKRH Share, the entire issued share capital of HKRH would be valued at approximately HK\$201,714,357.55.

Assuming there is no change in the issued share capital of HKRH but all the 1,050,000 outstanding Options are fully exercised before the close of the Offers, there would be 270,721,601 HKRH Shares in issue. On the basis of the Share Offer Price being HK\$0.748 per HKRH Share, the entire issued share capital of HKRH would be valued at approximately HK\$202,499,757.55.

Assuming there is no change in the issued share capital of HKRH and none of the outstanding Options is exercised before the close of the Offers, excluding the 138,447,918 HKRH Shares owned by the Offeror and the Offeror Concert Parties as at the Latest Practicable Date, 131,223,683 HKRH Shares will be subject to the Share Offer and 1,050,000 outstanding Options will be subject to the Option Offer, which in aggregate are valued at approximately HK\$98,155,325.38.

### 4. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising non-executive director of HKRH, Mr. HU Hongwei and all independent non-executive directors of HKRH, namely Dr. LOKE Yu alias LOKE Hoi Lam, Dr. FAN, Anthony Ren Da and Mr. CHAN Kim Sun, has been established by the HKRH Board to advise (i) the Independent HKRH Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to its acceptance; and (ii) the Independent HKRH Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to their acceptances.

Nuada has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to acceptance. The Independent Board Committee have approved the appointment of Nuada as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code.

The full texts of the letter from the Independent Board Committee addressed to the Independent HKRH Shareholders and the Independent HKRH Optionholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent HKRH Shareholders and the Independent HKRH Optionholders are set out in this Composite Document.

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## LETTER FROM THE HKRH BOARD

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**You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.**

### **5. INTENTION OF THE OFFEROR IN RELATION TO THE HKRH GROUP**

Your attention is drawn to the section headed “Intention of the Offeror in relation to the HKRH Group” in the “Letter from Optima” in this Composite Document which sets out the intention of the Offeror in relation to the HKRH Group.

The HKRH Board is aware of the Offeror’s intention as set out in the section headed “Intention of the Offeror in relation to the HKRH Group” in the “Letter from Optima” in this Composite Document that, among others, upon completion of the Offers, the Offeror will conduct a review of the existing principal businesses and the financial position of the HKRH Group for the purpose of formulating business plans and strategies for the future business development of the HKRH Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the HKRH Group. Should such corporate actions materialise, further announcement(s) will be made as and when appropriate in accordance with the Listing Rules.

Save for the Disposal Agreement as disclosed in the Joint Announcement, the Offeror has no plan to cease any existing businesses of the HKRH Group or to dispose any material assets of the HKRH Group. The Offeror will review the existing capital structure and working capital requirement of the HKRH Group and if necessary, will consider different alternatives to strengthen the capital base of HKRH for any future expansion.

The HKRH Board is also aware that save for the changes in composition of the HKRH Board as detailed in the section headed “Intention of the Offeror with respect to the composition of the HKRH Board”, the Offeror has no intention to discontinue the employment of the existing employees of the HKRH Group, following the close of the Offers.

### **6. INTENTION OF THE OFFEROR WITH RESPECT TO THE COMPOSITION OF THE HKRH BOARD**

Your attention is drawn to the section headed “Intention of the Offeror in relation to the composition of the HKRH Board” in the “Letter from Optima” in this Composite Document which sets out the intention of the Offeror in relation to the composition of the HKRH Board.

### **7. INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Optima” in this Composite Document for information on the Offeror.

## LETTER FROM THE HKRH BOARD

### 8. SHAREHOLDING STRUCTURE OF HKRH

Set out below is the shareholding structure of HKRH (i) as at the Latest Practicable Date; and (ii) immediately before the Offers are made (assuming all the outstanding Options have been exercised and there being no other change in the number of issued HKRH Shares):

	As at the Latest Practicable Date		Immediately before the Offers are made (assuming all the outstanding Options has been exercised)	
	<i>Number of HKRH Shares Approximate%</i>		<i>Number of HKRH Shares Approximate%</i>	
<b>The Offeror and Offeror Concert</b>				
<b>Parties</b>				
Offeror	136,000,000	50.43	136,000,000	50.24
Offeror Concert Parties <sup>Note 1</sup>	2,447,918	0.91	2,447,918	0.90
<b>Subtotal</b>	<b>138,447,918</b>	<b>51.34</b>	<b>138,447,918</b>	<b>51.14</b>
<b>Directors of HKRH</b>				
Mr. Li <sup>Note 2</sup>	157,000	0.06	157,000	0.06
FAN, Anthony Ren Da <sup>Notes 3 and 4</sup>	–	–	87,500	0.03
LOKE Yu alias LOKE Hoi Lam <sup>Notes 5 and 6</sup>	–	–	87,500	0.03
<b>Other Substantial Shareholder</b>				
Well Pop Group Limited <sup>Note 7</sup>	28,000,000	10.38	28,000,000	10.34
WEN Jialong <sup>Note 8</sup>	141,548	0.05	141,548	0.05
Weltrade Group Limited <sup>Note 8</sup>	25,105,561	9.31	25,105,561	9.27
<b>Other public HKRH Shareholders</b>	<b>77,819,574</b>	<b>28.86</b>	<b>78,694,574</b>	<b>29.08</b>
<b>Total</b>	<b>269,671,601</b>	<b>100</b>	<b>270,721,601</b>	<b>100</b>

Notes:

- These HKRH Shares comprise (i) 1,125,000 HKRH Shares held by Luk Fook H; (ii) 797,499 HKRH Shares held by Luk Fook 3DM; (iii) 145,785 HKRH Shares held by Mr. WONG Wai Sheung, an executive director of Luk Fook Holdings; (iv) 20,500 HKRH Shares held by Ms. WONG Hau Yeung, an executive director of Luk Fook Holdings and a proposed executive director of HKRH; (v) 25,000 HKRH Shares held by Dr. CHAN So Kuen, an executive director of Luk Fook Holdings and a proposed executive of HKRH; (vi) 41,600 HKRH Shares held by Mr. TSE Moon Chuen, a non-executive director of Luk Fook Holdings; (vii) 150,034 HKRH Shares held by Mr. HUI Chiu Chung, JP, a non-executive director of Luk Fook Holdings; and (viii) 142,500 HKRH Shares held by the spouse of Mr. HUI Chiu Chung, JP.
- Mr. Li is an executive director of HKRH.
- Dr. FAN, Anthony Ren Da is an independent non-executive director of HKRH.

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## LETTER FROM THE HKRH BOARD

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4. These HKRH Shares represent 87,500 HKRH Shares upon the exercise of all the outstanding Options at the exercise price of HK\$3.232 per HKRH Share, held by Dr. FAN, Anthony Ren Da.
5. Dr. LOKE Yu alias LOKE Hoi Lam is an independent non-executive director of HKRH.
6. These HKRH Shares represent 87,500 HKRH Shares upon the exercise of all the outstanding Options at the exercise price of HK\$3.232 per HKRH Share, held by Dr. LOKE Yu alias LOKE Hoi Lam.
7. Well Pop Group Limited is a company wholly-owned by Ms. HAO Yuanyuan. As such, Ms. HAO Yuanyuan is deemed to be interested in all the HKRH Shares held by Well Pop Group Limited.
8. The HKRH Shares are held by Weltrade Group Limited. Weltrade Group Limited is a company wholly-owned by Kerui Jinrong Company Limited. Keru Jinrong Company Limited is in turn owned by Mr. ZHENG Yue Wen, Mr. XIANG Hong and Hallow King Global Investment Limited as to 40%, 20% and 40% respectively. Hallow King Global Investment Limited is an entity wholly-owned by Mr. WEN Jialong. As such, Mr. ZHENG Yue Wen and Mr. WEN Jialong are deemed to be interested in all the HKRH Shares held by Weltrade Group Limited.
9. Save as disclosed above, no other directors of HKRH held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of HKRH as at the Latest Practicable Date.
10. The above calculations were based on percentages rounded up to the nearest 2 decimal places. As such, the rounding difference may cause a slight change in the actual shareholding.

### 9. INFORMATION ON THE HKRH GROUP

HKRH was incorporated in Bermuda as a company with limited liability. HKRH is an investment holding company, and its subsidiaries are principally engaged in (i) the retail sales and franchising operations for gold and jewellery products in Hong Kong and Mainland China; (ii) the wholesaling and contracting operations of gold and jewellery products in Mainland China; and (iii) new media marketing service business in Mainland China. On 12 January 2024, HRHK has completed the disposal of the new media marketing service business in Mainland China to Mr. Li. Hence, HKRH is no longer engaged in the new media marketing service business in Mainland China.

Your attention is also drawn to the financial information of the HKRH Group set out in “Appendix II – Financial Information of the HKRH Group” and general information of the HKRH Group set out in “Appendix III – General Information of the HKRH Group” to this Composite Document.



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## LETTER FROM THE HKRH BOARD

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### 10. MAINTAINING THE LISTING STATUS OF HKRH

The Stock Exchange has stated that, if, at the close of the Offers, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the HKRH Shares; or
- (ii) that there are insufficient HKRH Shares in public hands to maintain an orderly market;

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

The Offeror intends HKRH to remain listed on the Stock Exchange, after the close of the Offers. The directors of the Offeror have jointly and severally undertaken and the new directors to be appointed to the HKRH Board will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the HKRH Shares after the close of the Offers.

### 11. ADDITIONAL INFORMATION

You are advised to read the “Letter from Optima”, “Appendix I – Further Terms and Procedures for the Acceptance of the Offers” to this Composite Document and the accompanying Form(s) of Acceptance for information relating to the Offers, the acceptance and settlement procedures of the Offers and taxation. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

### 12. RECOMMENDATIONS

Your attention is also drawn to the letter from the Independent Board Committee addressed to the Independent HKRH Shareholders and Independent HKRH Optionholders, the full text of which is set out on pages 36 to 37 of this Composite Document, and the letter from the Independent Financial Adviser addressed to the Independent Board Committee, the full text of which is set out on pages 38 to 61 of this Composite Document. You are advised to read both letters and the other information contained in this Composite Document carefully before taking any action in respect of the Offers.

The HKRH Shareholders and the HKRH Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers.

By order of the board of directors of  
**Hong Kong Resources Holdings Company Limited**  
**LI Ning**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### HONG KONG RESOURCES HOLDINGS COMPANY LIMITED

*(Incorporated in Bermuda with limited liability and carrying  
on business in Hong Kong as HKRH China Limited)*

**(Stock Code: 2882)**

19 January 2024

*To the HKRH Shareholders and the HKRH Optionholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY  
OPTIMA CAPITAL LIMITED FOR AND ON BEHALF OF  
LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED  
TO ACQUIRE ALL ISSUED SHARES IN HONG KONG RESOURCES  
HOLDINGS COMPANY LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)  
AND CANCEL ALL OUTSTANDING OPTIONS OF  
HONG KONG RESOURCES HOLDINGS COMPANY LIMITED**

We refer to this Composite Document dated 19 January 2024 jointly issued by the Offeror and HKRH, of which this letter forms part. Unless specified otherwise, terms used herein shall have the same meanings as those defined in this Composite Document.

We have been appointed by the HKRH Board to form the Independent Board Committee to consider the terms of the Offers and to advise the Independent HKRH Shareholders and the Independent HKRH Optionholders as to whether, in our opinion, the terms of the Offers are fair and reasonable and to make a recommendation as to acceptance of the Offers.

Nuada has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offers, and acceptance of the Offers. Your attention is drawn to the “Letter from the Independent Financial Adviser” as set out in this Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advice.

We also wish to draw your attention to the “Letter from Optima” and “Letter from the HKRH Board” as set out in this Composite Document as well as the additional information set out in the appendices to this Composite Document.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATION

Having considered the terms of the Offers, the information contained in this Composite Document and the principal factors and reasons considered by, and the independent advice of Nuada, as set out in its letter of advice, we consider that (i) the terms of the Share Offer are fair and reasonable so far as the Independent HKRH Shareholders are concerned, and (ii) the terms of the Option Offer are fair and reasonable so far as the Independent HKRH Optionholders are concerned. Accordingly, we recommend that (i) the Independent HKRH Shareholders to accept the Share Offer and (ii) the Independent HKRH Optionholders to accept the Option Offer.

However, for those Independent HKRH Shareholders and Independent HKRH Optionholders who are considering to realise all or part of their holdings in the HKRH Shares and/or Options, they should monitor the price movement of HKRH Shares until near the end of the Offer Period. Having regard to their own circumstances and investment objectives, the Independent HKRH Shareholders should consider selling their HKRH Shares in the open market, and the Independent HKRH Optionholders should consider exercising their Options and then selling the resulting HKRH Shares in the open market, rather than accepting the Offers, if the proceeds from the sale of the HKRH Shares in the open market (after deducting all transaction cost) would exceed the net proceeds receivable under the Offers. The Independent HKRH Optionholders are also reminded that there will be a time lag between the exercise of the Options and the receipt of the resulting HKRH Shares due to the time required for the administrative procedures for processing the exercise of the Options. Accordingly, Independent HKRH Optionholders who wish to exercise their Options should be mindful of the possible price fluctuations of HKRH Shares during such time lag.

Notwithstanding our recommendations, you should consider carefully the terms of the Offers and your own individual circumstances and investment objectives before deciding, as the case may be, whether to accept or not to accept the Offers. If in doubt, you should consult your own professional advisers for professional advice. You are strongly recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in this Composite Document.

Yours faithfully,

For and on behalf of the  
**Independent Board Committee**  
**Hong Kong Resources Holdings Company Limited**

**Mr. HU Hongwei**  
*Non-executive director of HKRH*

**Dr. FAN, Anthony Ren Da**  
*Independent Non-executive director of HKRH*

**Dr. LOKE Yu alias LOKE Hoi Lam**  
*Independent Non-executive director of HKRH*

**Mr. CHAN Kim Sun**  
*Independent Non-executive director of HKRH*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice to the Independent Board Committee and the Independent HKRH Shareholders and the Independent HKRH Optionholders as to whether the terms of the terms of the Share Offer and Option Offer are fair and reasonable from Nuada Limited dated 19 January 2024 prepared for the purpose of inclusion in the Composite Document.*

# Nuada Limited

Unit 1606, 16/F  
OfficePlus @Sheung Wan  
93-103 Wing Lok Street  
Sheung Wan, Hong Kong

19 January 2024

*To the Independent Board Committee,  
the Independent HKRH Shareholders and  
the Independent HKRH Optionholders of  
Hong Kong Resources Holdings Company Limited*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY  
OPTIMA CAPITAL LIMITED FOR AND ON BEHALF OF  
LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED TO ACQUIRE  
ALL ISSUED SHARES IN HONG KONG RESOURCES HOLDINGS COMPANY LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
LUK FOOK 3D INVESTMENT HOLDING COMPANY LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT) AND  
CANCEL ALL OUTSTANDING OPTIONS OF  
HONG KONG RESOURCES HOLDINGS COMPANY LIMITED**

### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee, the Independent HKRH Shareholders and the Independent HKRH Optionholders in respect of the terms of the Offers, details of which are set out in the Composite Document dated 19 January 2024 jointly issued by HKRH and the Offeror to the HKRH Shareholders and HKRH Optionholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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References are made to (i) the Joint Announcement in relation to, among other things, the Sale and Purchase Agreements and the Offers; (ii) the announcements jointly published by Luk Fook Holdings, the Offeror and HKRH dated 18 September 2023, 18 October 2023, 17 November 2023, 18 December 2023 and 11 January 2024 in relation to the status and progress of the Sale and Purchase Agreements and the Offers; and (iii) the Completion Announcement in respect of the Completion.

The Completion took place on 12 January 2024. Following the Completion and as at the Latest Practicable Date, the Offeror and the Offeror Concert Parties held an aggregate of 138,447,918 HKRH Shares in total, representing approximately 51.34% of the total number of issued HKRH Shares.

Under Rule 26.1 of the Takeovers Code, upon the Completion, the Offeror is required to make unconditional mandatory cash offer for all the issued HKRH Shares, other than those HKRH Shares already owned by or agreed to be acquired by the Offeror, and all the outstanding Options. The Offeror is also required to make the Option Offer for the cancellation of all outstanding Options pursuant to Rule 13 of the Takeovers Code. The Offers are unconditional in all respects.

Optima, for and on behalf of the Offeror, is making the Share Offer pursuant to Rule 26.1 of the Takeovers Code and the Option Offer pursuant to Rule 13.5 of the Takeovers Code on the following basis:

### **The Share Offer**

For each Offer Share . . . . . HK\$0.748 in cash

### **The Option Offer**

For cancellation of each outstanding Option with an exercise price of HK\$3.232:

(1,050,000 Options in total) . . . . . HK\$0.00001 in cash

The Share Offer is extended to all HKRH Shareholders (other than those HKRH Shares already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties) and the Option Offer is extended to all HKRH Optionholders. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching to them as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offers are made, being the date of the Composite Document. As stated in the “Letter from the HKRH Board” in the Composite Document, as at the Latest Practicable Date, HKRH had no outstanding dividend which remains unpaid. HKRH had no intention in declaring any dividend during the offer period (as defined under the Takeovers Code) in respect of the Offers.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising non-executive director of HKRH, Mr. HU Hongwei and all independent non-executive directors of HKRH, namely Dr. LOKE Yu alias LOKE Hoi Lam, Dr. FAN, Anthony Ren Da and Mr. CHAN Kim Sun, has been established by the HKRH Board to advise (i) the Independent HKRH Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to its acceptance; and (ii) the Independent HKRH Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to their acceptances.

We, Nuada, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to acceptance. The Independent Board Committee have approved the appointment of Nuada as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for (i) the appointment as the independent financial adviser to HKRH in respect of possible acquisition of 49% equity interest in Tianjin Zhiyun Erling Technology Co., Ltd.\* (天津智耘贰零科技有限公司) by the HKRH Group, details of which are set out in the circular of HKRH dated 29 November 2022; (ii) the appointment as the independent financial adviser to HKRH in respect of the disposal of Brand New Management Limited by the HKRH Group, details of which are set out in the circular of HKRH dated 11 October 2023 (the “**Disposal Circular**”); and (iii) this appointment as the Independent Financial Adviser in respect of the Offers, there were no other engagements between the HKRH Group, Luk Fook Holdings Group or Mr. Li and Nuada Limited. Apart from normal professional fees for our services to HKRH in connection the aforesaid appointments, no other arrangement exists whereby we have received/will receive any fees and/or benefits from the HKRH Group, Luk Fook Holdings Group or Mr. Li or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 2 of the Takeovers Code and Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to give independent advices on the Offers.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee, the Independent HKRH Shareholders and the Independent HKRH Optionholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by HKRH, the directors of HKRH and the management of HKRH (the “**Management**”). We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Composite Document, which have been provided by HKRH, the directors of HKRH, the directors of the Offeror and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to Latest Practicable Date and should there be any material changes after the despatch of the Composite Document, the Shareholders would be notified as soon as possible.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The directors of HKRH jointly and severally accept full responsibility for the accuracy of the information relating to the HKRH Group contained in the Composite Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the HKRH Board or the HKRH Group in the Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

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

Our review and analysis were based upon, among other things, the information provided by HKRH including the Joint Announcement, the Completion Announcement and the Composite Document, and certain published information from the public domain including trading performance of the Shares on the Stock Exchange, the annual report of HKRH for the financial years ended 30 June 2022 (“**Annual Report 2022**”) and 30 June 2023 (“**Annual Report 2023**”) respectively.

We consider that we have reviewed sufficient information, including relevant information and documents provided by HKRH, the directors of HKRH and the Management and the information published by HKRH, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and advice. We have not, however, carried out any independent verification of the information provided by HKRH, the directors of HKRH and the Management, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the HKRH Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE OFFERS

In formulating our advice in respect of the Offers, we have taken into consideration the following principal factors and reasons:

#### 1. Information on the HKRH Group

##### (a) *Principal business of the HKRH Group*

HKRH was incorporated in Bermuda as a company with limited liability. HKRH is an investment holding company, and its subsidiaries are principally engaged in (i) the retail sales and franchising operations for gold and jewellery products in Hong Kong, Macau and Mainland China; (ii) the wholesaling and contracting operations of gold and jewellery products in Mainland China; and (iii) new media marketing service business in the PRC (“**New Media Marketing Business**”).

As disclosed in the Disposal Circular, on 28 July 2023, HKRH and Mr. Li entered into a conditional sale and purchase agreement, pursuant to which HKRH conditionally agreed to sell, and Mr. Li conditionally agreed to purchase, the entire issued share capital of Brand New Management Limited, a company incorporated in BVI with limited liability and a then direct wholly-owned subsidiary of HKRH, for a total consideration of HK\$9 million (subject to adjustment as detailed in the Disposal Circular) (the “**Disposal**”). The New Media Marketing Business was carried out solely by the Disposal Group. As stated in the Completion Announcement, completion of the Disposal took place on 12 January 2024, following which the HKRH Group is no longer engaged in the New Media Marketing Business. For details of the Disposal and the New Media Marketing Business, please refer to the Disposal Circular.



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**(b) Financial information of the HKRH Group**

The table below summarises the financial results of the HKRH Group for the financial year ended 30 June 2021 (“FY2021”), 30 June 2022 (“FY2022”) and 30 June 2023 (“FY2023”) respectively as extracted from Annual Report 2022 and Annual Report 2023.

	<b>For the year ended</b>		
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	804,292	901,974	855,820
– Gold and jewellery retail business in Mainland China	530,486	646,457	748,409
– Gold and jewellery retail business in Hong Kong and Macau	88,028	71,424	91,060
– New Media Marketing Business	183,802	183,725	–
– Other	1,976	368	16,351
Gross profit	171,560	196,150	268,286
Selling expenses	(177,533)	(197,366)	(221,248)
General and administrative expenses	(72,550)	(76,140)	(65,920)
Finance costs	(79,033)	(42,250)	(46,612)
Income tax credit/(expense)	2,677	12,955	(5,349)
(Loss)/profit for the year	(155,719)	(116,804)	(13,977)
– attributable to owners of the company	(89,744)	(78,919)	(15,112)
– attributable to non-controlling interests	(65,975)	(37,885)	1,135

*Financial performance for FY2022 vs FY2021*

The HKRH Group recorded a revenue of approximately HK\$902.0 million for FY2022, representing an increase of approximately 5.4% as compared with that of approximately HK\$855.8 million for FY2021. According to Annual Report 2022, approximately HK\$646.5 million (approximately 71.7% of the revenue of the HKRH Group) was generated from the gold and jewellery retail business in Mainland China for FY2022, representing a decrease from approximately HK\$748.4 million (approximately 87.4% of the revenue of the HKRH Group) generated from the same segment for FY2021. Similarly, approximately HK\$71.4 million (approximately 7.9% of the revenue of the HKRH Group) was generated from the gold and jewellery retail business in Hong Kong and Macau for FY2022, representing a decrease from approximately HK\$91.1 million (approximately 10.6% of the revenue of the HKRH Group) generated from the same segment for FY2021. The New Media Marketing Business, which commenced in FY2022, contributed approximately HK\$183.7 million (approximately 20.4% of the total revenue of the HKRH Group) for FY2022.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Notwithstanding an increase in revenue, the gross profit of the HKRH Group decreased from approximately HK\$268.3 million for FY2021 to approximately HK\$196.2 million for FY2022, representing a decrease of approximately 26.9%. According to the Management, such changes were mainly due to (i) the New Media Marketing Business having low profit margin (given that revenue earned and costs incurred related to the transactions for the New Media Market Business were recorded on a gross basis and most of the revenue represents cost for advertising traffic charged by suppliers); and (ii) the change of product mix of the HKRH Group of the gold and jewellery retail business as a result of the worsening of the market conditions and business environment in Mainland China, which led to a lower gross profit margin for the segment. The HKRH Group also recorded an increase in loss attributable to owners of HKRH of approximately HK\$78.9 million for FY2022 from that of approximately HK\$15.1 million for FY2021. According to the Management, the increase in loss attributable to owners of HKRH was mainly due to the aforesaid decrease in gross profit by approximately HK\$72.1 million.

### *Financial performance for FY2023 vs FY2022*

The revenue of the HKRH Group for FY2023 amounted to approximately HK\$804.3 million, representing a decrease of approximately 10.8% as compared with that of approximately HK\$902.0 million for FY2022. According to Annual Report 2023, approximately HK\$530.5 million (approximately 66.0% of the revenue of the HKRH Group) was generated from the gold and jewellery retail business in Mainland China for FY2023, representing a decrease of approximately 17.9% as compared with that of approximately HK\$646.5 million (approximately 71.7% of the revenue of the HKRH Group) generated from the same segment for FY2022. Meanwhile, approximately HK\$88.0 million (approximately 10.9% of the revenue of the HKRH Group) was generated from the gold and jewellery retail business in Hong Kong and Macau for FY2023, representing an increase of approximately 23.2% as compared with that of approximately HK\$71.4 million (approximately 7.9% of the revenue of the HKRH Group) generated from the same segment for FY2022. The New Media Marketing Business contributed approximately HK\$183.8 million (approximately 22.9% of the total revenue of the HKRH Group) for FY2023, which remained at a similar level as that of approximately HK\$183.7 million (approximately 20.4% of the total revenue of the HKRH Group) generated from the same segment for FY2022. As disclosed in Annual Report 2023 and according to the Management, the decrease in revenue was mainly due to the continuous decrease in retail and franchising revenue from the gold and jewellery retail business in Mainland China. There were COVID-19 infected cases causing suspension of shops in various regions of Mainland China in both FY2022 and FY2023, leading to negative sentiment among the retail market as well as decrease of points-of-sale of the gold and jewellery retail business in Mainland China, from 340 shops as at 30 June 2021 to 298 shops as at 30 June 2022 and further to 267 shops as at 30 June 2023.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Meanwhile, the gross profit of the HKRH Group decreased from approximately HK\$196.2 million for FY2022 to approximately HK\$171.6 million for FY2023, representing a decrease of approximately 12.5%. As disclosed in Annual Report 2023 and according to the Management, the decrease in gross profit was generally in line with the decrease in revenue as discussed above. The loss attributable to owners of HKRH was approximately HK\$89.7 million for FY2023, representing an increase from that of approximately HK\$78.9 million for FY2022 by approximately HK\$10.8 million. As disclosed in Annual Report 2023 and according to the Management, the increase in loss was primarily attributable to (i) the increase in finance cost by approximately HK\$36.8 million, which was mainly due to the increase in bank borrowings and interest rates; (ii) the aforesaid decrease in gross profit by approximately HK\$24.6 million for FY2023; and (iii) decrease in tax income credit by approximately HK\$10.3 million (as there was an one-off over-provision of tax for FY2022 amounting to approximately HK\$9.1 million while there was nil for FY2023), and partially offset by (i) the increase in loss attributable to non-controlling interests by approximately HK\$28.1 million, which was mainly related to the loss of the gold and jewellery retail business, the operating subsidiaries of which are non-wholly owned subsidiaries of HKRH; and (ii) the decrease in selling expenses by approximately HK\$19.8 million (or 10.0%), which was generally in line with the decrease in revenue by approximately 10.8% as stated above.

*Financial position as at 30 June 2022 and 30 June 2023*

	<b>As at 30 June 2023</b>	<b>As at 30 June 2022</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Current assets	1,555,992	1,563,879
– Pledged bank deposits	864,396	797,759
– Inventories	532,889	602,939
– Trade and other receivables and deposits paid	75,236	74,182
– Bank balances and cash	71,229	84,599
Current liabilities	2,006,898	1,736,507
– Bank and other borrowings	1,715,211	1,563,500
– Trade and other payables, accruals and deposits received	152,852	134,793
– Convertible bonds	87,452	–
<b>Net current liabilities</b>	<b>(450,906)</b>	<b>(172,628)</b>
Non-current assets	224,301	222,379
– Intangible assets	168,066	168,066
Non-current liabilities	144,134	228,791
– Loan from a non-controlling shareholder of a subsidiary	100,000	100,000
– Convertible bonds	–	81,072
<b>Net liabilities/total deficit</b>	<b>(370,739)</b>	<b>(179,040)</b>
– Deficit attributable to owners of the company	(191,723)	(80,931)
– Non-controlling interests	(179,016)	(98,109)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in Annual Report 2023, net current liabilities of the HKRH Group increased to approximately HK\$450.9 million as at 30 June 2023 as compared with that of approximately HK\$172.6 million as at 30 June 2022 by approximately HK\$278.3 million, which was mainly due to (i) the decrease in inventories by approximately HK\$70.1 million; (ii) the convertible bonds changed from non-current liabilities amounting to approximately HK\$81.1 million as at 30 June 2022 to current liabilities amounting to approximately HK\$87.5 million as at 30 June 2023 (of which approximately HK\$53.9 million are due in November 2023 and approximately HK\$33.6 million are due in December 2023); and (iii) the increase in bank and other borrowings by approximately HK\$151.7 million.

As stated in Annual Report 2023, the net liabilities of the HKRH Group increased to approximately HK\$370.7 million as at 30 June 2023 from that of approximately HK\$179.0 million as at 30 June 2022 by approximately HK\$191.7 million, which was mainly due to the aforesaid increase in net current liabilities of the HKRH Group by approximately HK\$278.3 million netting off the effect from the change of nature of the aforesaid convertible bonds (from non-current liabilities to current liabilities) of approximately HK\$81.1 million.

### *Disclaimer of Opinion by the auditors of HKRH*

As disclosed in Annual Report 2023, the HKRH Group incurred a net loss of approximately HK\$155.7 million for FY2023 and as at 30 June 2023, the HKRH Group had net current liabilities and net liabilities of approximately HK\$450.9 million and HK\$370.7 million respectively, all of which are substantially attributable to operating and financial difficulties sustained by CGS, a non-wholly owned subsidiary of HKRH, whereas the HKRH Group only had bank balances and cash of approximately HK\$71.2 million as at 30 June 2023.

As disclosed in Annual Report 2023, in view of such circumstances, the directors of HKRH have given careful consideration to the future liquidity and the financial position of the HKRH Group and the HKRH Group's available sources of financing in assessing whether the HKRH Group will have sufficient financial resources to continue as a going concern. The HKRH Group has taken plans and measures to mitigate its liquidity pressure and improve its financial position, including active negotiation with Luk Fook Holdings, the ultimate holding company of the non-controlling shareholder of CGS, to provide sufficient financial support to CGS. These conditions indicate the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the HKRH Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the section headed “Independent Auditor’s Report” in Annual Report 2023, the auditors of HKRH (the “**Auditors**”) were unable to obtain sufficient appropriate audit evidence or verify by alternative means that Luk Fook Holdings agrees to provide sufficient financial support to CGS. The Auditors were unable to form an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the HKRH Group is appropriate and the Auditors disclaimed their opinion on the consolidated financial statements of the HKRH Group in respect of year ended 30 June 2023. Should the HKRH Group fail to achieve the above-mentioned plans and measures, it might not be able to continue as a going concern, adjustments would have to be made to write down the carrying values of the HKRH Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements. Please refer to the section headed “Independent Auditor’s Report” in Annual Report 2023 and the section headed “1. Summary of Financial Information of the HKRH Group – Auditors’ report for the year ended 30 June 2023 – Basis for Disclaimer of Opinion” in Appendix II of the Composite Document for details.

### *Our view*

In view of the above financial conditions of the HKRH Group (including loss-making position for the latest three financial years and net current liabilities and net liabilities position as at the end of the latest two financial years) and the disclaimer of opinions issued by the Auditors, we are of the view that there are uncertainties which may cast significant doubt on the HKRH Group’s ability to continue as a going concern.

### *(c) Business overview of the HKRH Group*

As stated in the section headed “(a) Principal business of the HKRH Group” above in this letter, following completion of the Disposal, the HKRH Group is principally engaged in trademark licensing and retailing for gold and jewellery products in Hong Kong and Mainland China, in particular over 90% of revenue was generated from Mainland China. In order to understand the market outlook, we have examined the relevant statistics from the National Bureau of Statistics (國家統計局) of the PRC (“**NBS**”) and People’s Bank of China (中國人民銀行) (“**PBC**”) respectively as summarised as follows:

<b>Year</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Disposable income per capita (RMB)	28,228	30,733	32,189	35,128	36,883
<i>Year-on-year growth rate (%)</i>	8.7	8.9	4.7	9.1	5.0
Consumption expenditure per capita (RMB)	19,853	21,559	21,210	24,100	24,538
<i>Year-on-year growth rate (%)</i>	8.4	8.6	(1.6)	13.6	1.8

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Year	2018	2019	2020	2021	2022
Retail price index for gold, silver and jewellery (preceding year=100)	97.9	108.3	117.0	99.5	101.8
<i>Year-on-year growth rate (%)</i>	(2.1)	8.3	17.0	(0.5)	1.8

*Source: NBS*

Year	2018	2019	2020	2021	2022
Total deposit in Renminbi in banks (trillion RMB)	177.52	192.88	212.57	232.25	258.50
<i>Year-on-year growth rate (%)</i>	8.2	8.7	10.2	9.3	11.3
Willingness to consume, save and invest <sup>(Note)</sup> :					
<i>Consume (%)</i>	28.6	28.0	23.3	24.7	22.8
<i>Save (%)</i>	44.1	45.7	51.4	51.8	61.8
<i>Invest (%)</i>	27.3	26.3	25.3	23.5	15.4

*Source: PBC*

*Note:* According to urban depositors surveys conducted by PBC, fifty depositors are selected randomly on a quarterly basis from each of 400 bank outlets in 50 large, medium and small-sized cities across the PRC to make up a survey sample of altogether 20,000 depositors. Regarding the willingness to consume, save and invest, people surveyed are to choose whether they prefer to spend more on consumption, savings deposits or investment. Therefore, the willingness to consume, save and invest always adds up to 100%.

According to the data from NBS, we note that both the disposable income and consumption expenditure per capita showed signs of growth at lower paces in recent years, where the former had decreasing growth rate from approximately 8.7% for 2018 to approximately 5.0% for 2022 and the latter from approximately 8.4% in 2018 to approximately 1.8% for 2022. Meanwhile, the retail price index for gold, silver and jewellery remained stagnant in 2021 and 2022 after a surge in 2020.

The decreasing growth in consumption expenditure per capita might be result of not only decreasing growth of the disposable income per capita, but also the decrease in people's willingness to consume and the increase in willingness to save. According to statistics from PBC, the total deposits in Renminbi in banks in the PRC amounted to approximately RMB258.5 trillion as at 31 December 2022, with steady year-on-year growth rate of approximately 8.2% to 11.3% during the latest five years. This coincided with the results of urban depositors surveys conducted by PBC, where a higher and higher portion of people surveyed, from approximately 44.1% in 2018 to approximately 61.8% in 2022, were more inclined to saving than consumption or investment.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered (i) the decreasing growth in disposable income per capita indicating a lower purchasing power; (ii) the decreasing growth in consumption expenditure per capita and the increase in total deposits in Renminbi in the PRC indicating a decreasing willingness to consume; and (iii) the stagnant retail price index for gold, silver and jewellery for the recent two years, we are pessimistic about the prospect of the retailing for gold and jewellery products business in the PRC.

### **2. Information on the Offeror and the Offeror's intention regarding the HKRH Group**

#### ***(a) Information on the Offeror***

As stated in the "Letter from Optima" in the Composite Document, the Offeror is an investment holding company incorporated in Hong Kong with limited liability. The Offeror is an indirect wholly-owned subsidiary of Luk Fook Holdings, which is a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0590).

#### ***(b) Intention of the Offeror in relation to the HKRH Group***

As stated in the "Letter from Optima" in the Composite Document, upon completion of the Offers, the Offeror will conduct a review of the existing principal businesses and the financial position of the HKRH Group for the purpose of formulating business plans and strategies for the future business development of the HKRH Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the HKRH Group. Should such corporate actions materialise, further announcement(s) will be made as and when appropriate in accordance with the Listing Rules.

As at the Latest Practicable Date, the Offeror has no plan to cease any existing businesses of the HKRH Group or to dispose any material assets of the HKRH Group. The Offeror will review the existing capital structure and working capital requirement of the HKRH Group and if necessary, will consider different alternatives to strengthen the capital base of HKRH for any future expansion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(c) Composition of the Board of HKRH*

As stated in the “Letter from Optima” in the Composite Document, as at the Latest Practicable Date, the HKRH Board comprised two executive directors, being Mr. Li and Mr. WANG Chaoguang; one non-executive director, being Mr. HU Hongwei; and three independent non-executive directors, being Dr. LOKE Yu alias LOKE Hoi Lam, Dr. FAN, Anthony Ren Da and Mr. CHAN Kim Sun. As disclosed in the Completion Announcement, all of the existing directors of HKRH have tendered their resignations, which will take effect from the Closing Date of the Offers, and the following appointments have been made which will take effect on 19 January 2024, being the despatch date of the Composite Document:

- (i) Mr. WONG Ho Lung, Danny, as an executive director of HKRH, the chairman of the HKRH Board, the chief executive officer of HKRH and a member of the Nomination Committee;
- (ii) Ms. CHEUNG, Irene, as an executive director of HKRH, the chief operating officer of HKRH, an authorised representative of HKRH as required under Rule 3.05 of the Listing Rules and a member of the Nomination Committee;
- (iii) Ms. WONG Hau Yeung, as an executive director of HKRH;
- (iv) Dr. CHAN So Kuen, as an executive director of HKRH;
- (v) Ms. YEUNG Po Ling, Pauline, as a non-executive director of HKRH;
- (vi) Mr. SZE Yeung Kuen, as an independent non-executive director of HKRH, the chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee;
- (vii) Mr. CHAN Raymond, as an independent non-executive director of HKRH, the chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee;
- (viii) Dr. LAM Ki Wai, Lianne, as an independent non-executive director of HKRH and the chairman of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee; and
- (ix) Dr. CHOW Kwoon Ho, Simon, as an independent non-executive director of HKRH, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the “Letter from Optima” in the Composite Document, Mr. Li will resign as the chairman of the Nomination Committee, the chairman of the HKRH Board and an authorised representative of HKRH as required under Rule 3.05 of the Listing Rules. Dr. LOKE Yu alias LOKE Hoi Lam will resign as the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. Dr. FAN, Anthony Ren Da will resign as a member of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. Mr. CHAN Kim Sun will resign as a member of the Audit Committee, a member of the Nomination Committee and the chairman of the Remuneration Committee. The aforementioned resignations from the Nomination Committee, the Audit Committee, the Remuneration Committee and Mr. LI’s resignation as the chairman of the HKRH Board and an authorised representative of HKRH will take effect on the despatch date of the Composite Document.

For further details on the biographical details of the new directors of HKRH, please refer to the Completion Announcement and the section headed “Intention of the Offeror in relation to the composition of the HKRH Board” in the “Letter from Optima” in the Composite Document. We noted that the personnel to be appointed as the executive directors of HKRH are directors and senior management of CGS Group and/or Luk Fook Holdings and are respectively responsible for, among others, (i) overall strategic planning, execution, and the management of CGS Group; (ii) retail and wholesale operations and implementation of CGS Group’s business strategies; and (iii) business development of the CGS Group. In particular, three out of four of them have joined the CGS Group as directors since 2014. Based on the above, we consider that they have relevant experience, skills and expertise regarding the business of the CGS Group, i.e. the remaining business of the HKRH Group following completion of the Disposal.

As stated in the “Letter from Optima” in the Composite Document, save as aforesaid, the Offeror has no intention to discontinue the employment of the existing employees of the HKRH Group, following the close of the Offers.

***(d) Maintenance of the listing status of HKRH***

As stated in the “Letter from Optima” in the Composite Document, the Stock Exchange has stated that, if, at the close of the Offers, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the HKRH Shares; or
- (ii) that there are insufficient HKRH Shares in public hands to maintain an orderly market;

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the “Letter from Optima” in the Composite Document, the Offeror intends HKRH to remain listed on the Stock Exchange, after the close of the Offers. The directors of the Offeror have jointly and severally undertaken and the new directors to be appointed to the HKRH Board will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the HKRH Shares after the close of the Offers.

*(e) Our view*

We noted that, the Offeror has no plan to cease any existing businesses of the HKRH Group or to dispose any material assets of the HKRH Group as at the Latest Practicable Date. In addition, the personnel to be appointed as the executive directors of HKRH have relevant experience, skills and expertise regarding the business of the HKRH Group, particularly, three out of four of them have joined the CGS Group as directors since 2014 and have been responsible for the strategic planning, operation and management of the CGS Group. Accordingly, save for the completion of the Disposal, we expect that there would not be substantial change in the business (which is carried out by the CGS Group) and financial performance of the HKRH Group as a direct result of the Offers.

### **3. Principal terms of the Share Offer**

*(a) Comparison of the market prices of the Shares*

The Share Offer Price of HK\$0.748 per Share Offer Share represents:

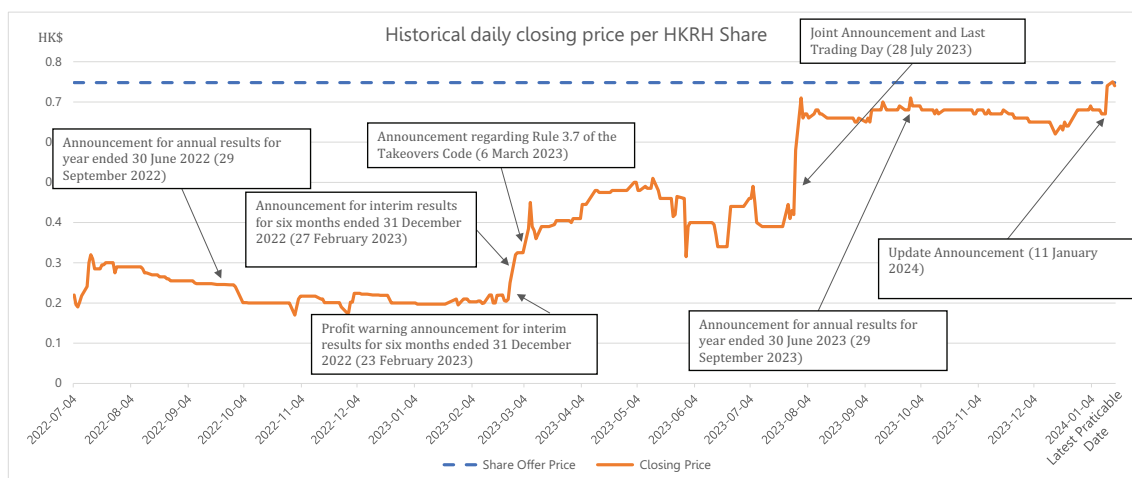
- (i) a premium of approximately 28.97% over the closing price of HK\$0.58 per HKRH Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 78.10% over the closing price of HK\$0.42 per HKRH Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (iii) a premium of approximately 78.10% over the average closing prices of the HKRH Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Full Trading Day of approximately HK\$0.42 per HKRH Share; and
- (iv) a premium of approximately 87.00% over the average closing prices of the HKRH Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Full Trading Day of approximately HK\$0.40 per HKRH Share; and
- (v) a premium of approximately 1.08% over the closing price of HK\$0.74 per HKRH Share as quoted on the Stock Exchange as at the Latest Practicable Date.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

HKRH recorded an audited consolidated net deficit value attributable to the owners of HKRH of approximately HK\$0.71 per HKRH Share (based on the total number of issued HKRH Shares as at the Latest Practicable Date) as at 30 June 2023, being the date to which the latest published audited financial results of the HKRH Group were made up.

### (b) *Historical price performance of the HKRH Shares*

The graph below shows Share Offer Price and the movement of the closing prices of the HKRH Shares during the period from 4 July 2022, being the first trading day of the twelfth month prior to the Last Trading Day, to the Latest Practicable Date (the “**Review Period**”), with key/relevant events labelled. In determining the length of the Review Period, we have considered a review period of longer than twelve months prior to the Last Trading Day may not reflect the latest market conditions and the recent price performance and trading volume of the HKRH Shares for conducting an analysis against the Share Offer Price. Accordingly, we consider the Review Period adopted is fair and reasonable.



Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

As illustrated in the graph above, the closing prices then experienced a short-term spike in early July 2022 and gradually fell back to previous level of around HK\$0.2 per Share during the period from early October 2022 to late February 2023. The closing price of the HKRH Shares then experienced a larger surge within a ten-day period from HK\$0.204 on 22 February 2023 to HK\$0.45 on 7 March 2023. We noted, around the aforesaid period, HKRH has published (i) a profit warning announcement dated 23 February 2023 regarding, among others, the increase in the HKRH Group’s consolidated loss and consolidated loss attributable to owners of HKRH; (ii) the interim results announcement for 6M2022 dated on 27 February 2023; and (iii) an announcement regarding Rule 3.7 of the Takeovers Code dated 6 March 2023 regarding proposed sale of the Sale Shares (“**Proposed Sale**”). We have also discussed with the Management on the possible reasons for the surge in Share price but they were not aware of any.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The closing price of the HKRH Shares fluctuated a lot since then and up to the date immediately preceding the Last Trading Day. Other than monthly update announcement regarding the Proposed Sale pursuant to Rule 3.7 of the Takeovers Code, the Management were not aware of any affairs of the HKRH Group which could possibly result in such fluctuations.

Following the publication of the Joint Announcement, the closing price of the HKRH Shares increased from HK\$0.58 on 28 July 2023 (i.e. the Last Trading Day) to a peak of HK\$0.71 on 31 July 2023, then mostly stayed at a level slightly below HK\$0.7 since then. Following the publication of the announcement jointly published by Luk Fook Holdings, the Offeror and HKRH dated 11 January 2024 in relation to the status and progress of the Sale and Purchase Agreements and the Offers (in which it is announced that the Share Offer Price per Offer Share increase from HK\$0.70 in cash to HK\$0.748 in cash) (the “**Update Announcement**”), the closing price of the HKRH Shares increased to HK\$0.74 on 12 January 2024 and stayed around that level up to the Latest Practicable Date.

During the Review Period, the closing prices of the HKRH Shares ranged from the highest of HK\$0.75 per Share recorded on 15 January 2024 to the lowest of HK\$0.17 per Share recorded on 31 October 2022, with an average of approximately HK\$0.42 per Share. During the Review Period, the Share Offer Price of HK\$0.748 per Share (i) represents a discount of approximately 0.27% to the highest closing price of HK\$0.75 per Share; (ii) represents a premium of 340.0% over the lowest closing price of HK\$0.17 per Share; and (iii) represents a premium of approximately 78.1% over the average closing price of approximately HK\$0.42 per Share.

**(c) Historical trading liquidity of the HKRH Shares**

The following table sets out the historical trading liquidity of the HKRH Shares during the Review Period:

	Number of trading days in each month/period	Average daily trading volume	Percentage of average daily trading volume to total issued share capital (%)	Percentage of average daily volume of the HKRH Shares to the total number of Shares held by public Shareholders (%)
		(Note 1)	(Note 2)	(Note 3)
<b>2022</b>				
July	20	295,577	0.110	0.380
August	23	10,754	0.004	0.014

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	Number of trading days in each month/period	Average daily trading volume <i>(Note 1)</i>	Percentage of average daily trading volume to total issued share capital <i>(Note 2)</i>	Percentage of average daily volume of the HKRH Shares to the total issued Shares held by public Shareholders <i>(Note 3)</i>
September	21	482	0.0002	0.001
October	18	1,593	0.001	0.002
November	21	5,833	0.002	0.007
December	20	4,592	0.002	0.006
<b>2023</b>				
January	17	11,076	0.004	0.014
February	20	129,878	0.048	0.167
March	23	228,509	0.085	0.294
April	17	18,857	0.007	0.024
May	21	22,098	0.008	0.028
June	21	11,527	0.004	0.015
July	20	1,055,875	0.392	1.357
August	23	752,887	0.279	0.967
September	19	499,199	0.185	0.641
October	20	242,870	0.090	0.312
November	22	440,521	0.163	0.566
December	19	383,942	0.142	0.493
<b>2024</b>				
January (up to the Latest Practicable Date)	11	11,301,703	4.191	14.523
<b>Review Period</b>	376	557,344	0.207	0.716

Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

*Notes:*

1. It is calculated by dividing the total trading volume of the HKRH Shares for the month/period by the corresponding number of trading days of that month/period.
2. It is calculated by dividing the average daily trading volume of the HKRH Shares by the total issued share capital of HKRH at the end of each month or as at the Latest Practicable Date, where applicable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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3. It is calculated by dividing the average daily trading volume of the HKRH Shares by the total issued share capital of HKRH held by public Shareholders, which is the difference between the total number of issued Shares and the HKRH Shares held by the Offeror and Offeror Concert Parties, the directors of HKRH, and Substantial Shareholders including Excel Horizon, Well Pop Group Limited, WEN Jialong or Weltrade Group Limited.
4. This refers to the total number of issued Shares as at the Latest Practicable Date.

As depicted above, during the Review Period, the average daily trading volume represents approximately (i) 0.0002% to 4.19% of total issued share capital; and (ii) 0.001% to 14.52% of the total number of Shares in issue held by public Shareholders at the end of the respective month. We noted that the average daily trading volume were (i) higher for July 2022, February 2023 and March 2023 than other months in the Review Period before the publication of the Joint Announcement by around 10 times and more, which coincided with the surges in closing price of the HKRH Shares as detailed in the sub-section headed “(b) Historical price performance of the HKRH Shares” in the letter above; and (ii) significantly higher for July 2023, August 2023, September 2023 and January 2024, i.e. after the Joint Announcement and the Update Announcement respectively. Before publication of the Joint Announcement, average daily trading volume during the Review Period mostly represented less than 0.1% and 0.5% of the total issued share capital and total number of issued Shares held by public Shareholders respectively. Also, despite the increase in the average daily trading volume as percentage to the total issued share capital after publication of the Joint Announcement, it gradually fell back from approximately 0.392% in July 2023 to approximately 0.142% in December 2023 before publication of the Update Announcement. Accordingly, we consider that the liquidity of the HKRH Shares had been thin throughout the Review Period. Given trading of the HKRH Shares has been generally inactive except possibly due to anticipation and announcement of the Possible Sale and the Offers, it is uncertain as to whether there would be sufficient liquidity in the HKRH Shares for the Independent Shareholders to dispose of a significant number of the HKRH Shares in the open market, should they wish to realise their investment, without affecting the price of the HKRH Shares.

### *(d) Comparable analysis*

For comparison, we have conducted a search of companies listed on the Stock Exchange which are principally engaged in business similar to the HKRH Group. According to Annual Report 2023, approximately 66.0%, 10.9%, 22.9% and 0.2% of the revenue of the HKRH Group were generated from retail sales and franchising operations for selling gold and jewellery products in the PRC, retail sales and franchising operations for selling gold and jewellery products in the Hong Kong, New Media Marketing Business and other business respectively. Having considered that the New Media Marketing Business had been discontinued following completion of the Disposal which took place simultaneously with the Sale and Purchase Agreements, we searched for companies based on the criteria that over 50% of revenue are derived from the sales of gold and jewellery in the PRC (being the largest segment in terms of revenue contribution) in their respective latest financial years. Based on the above criteria, we have identified an exhaustive list of four comparable companies (the “Peer Comparables”).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the fairness and reasonableness of the Share Offer, we have considered to compare the price-to-earnings ratio and the price-to-book ratio of the Peer Comparables to those of HKRH, which are the most commonly used benchmarks in assessing the financial valuation of a company. Nevertheless, HKRH recorded loss attributable to owners of HKRH for FY2023 and net liabilities as at 30 June 2023. As such, for the purpose of providing a comparable analysis, we adopted price-to-sales ratio (“**PS Ratio**”), which compares a company’s market capitalisation with its revenue, instead of price-to-earnings ratio. Details of the Peer Comparables are set out below:

No.	Stock Code	Company name	Principal business	Closing price	Market Capitalisation	Earnings per share	Revenue per share	PS Ratio	
				(HK\$) (Note 1)	(HK\$ million) (Note 1)	Net assets per share (HK\$) (Note 2)	(HK\$) (Note 2)		(HK\$) (Note 3)
1.	116	Chow Sang Sang Holdings International Limited	Manufacture and retail of jewellery	9.140	6,191.7	12,079.7	0.668	30.345	0.30
2.	417	Tse Sui Luen Jewellery (International) Limited	Retail and wholesales of jewelry products	1.080	269.1	777.5	Loss	10.398	0.10
3.	1929	Chow Tai Fook Jewellery Group Limited	Manufacture and sale of mass luxury and high-end luxury jewelry and the provision of jewelry related services	13.300	133,000.0	27,195.1	0.540	9.468	1.40
4.	8026	China Brilliant Global Limited	Wholesale and sale of gold and jewelry	0.550	801.5	21.6	Loss	0.064	8.59 (Note 5)
								<b>Mean</b>	<b>0.60</b>
								<b>Median</b>	<b>0.30</b>
								<b>Maximum</b>	<b>1.40</b>
								<b>Minimum</b>	<b>0.10</b>
		<b>HKRH</b>	Trademark licensing and the retailing of gold and jewelry product	0.748 (Note 6)	188.8 (Note 7)	(370.7)	Loss	2.301 (Note 8)	0.33 (Note 9)

Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. The closing prices of the shares of the Peer Comparables are quoted on the Stock Exchange as at the Last Trading Day. The market capitalisation is calculated by multiplying the closing prices by the number of issued shares of the respective Peer Comparables as at the Last Trading Day.
2. The net assets and earnings per shares of the Peer Comparables are extracted from the latest published annual reports or interim reports (in the case of net assets) of the Peer Comparables prior to the Latest Practicable Date.
3. The revenue per share for the Peer Comparables are calculated as (i) revenue as stated in the latest published annual reports of the Peer Comparables prior to the Latest Practicable Date; divided by (ii) the number of issued shares of the respective Peer Comparables as at the Last Trading Day.
4. PS Ratio is calculated as closing price divided by revenue per share.
5. We note that the PS Ratio of Peer Comparable No. 4 fluctuated between approximately 2.71 times to approximately 9.31 times with an average of approximately 4.98 times within a one-year period prior to the Last Trading Day. In particular, the PS Ratio surged from approximately 3.75 times in mid-June 2023 to around 9 times in late June 2023 in line with the surge in closing price from HK\$0.242 to around HK\$0.6 for the aforesaid period, shortly before the announcement of annual results for the year ended 31 March 2023, and stayed around the level of 9 times in July 2023. Having considered the substantial increase in closing price and hence PS Ratio in a short period and the PS Ratio is significantly higher than the other Peer Comparables, we consider Peer Comparable No. 4 to be an outlier and was excluded when considering maximum/mean/median of the PS Ratio of Peer Comparables.
6. This represents the Share Offer Price of HK\$0.748.
7. The implied market capitalisation is calculated by multiplying the Share Offer Price by the number of issued shares of HKRH as at the Last Trading Day.
8. The revenue per share for HKRH Group is calculated as (i) revenue for HKRH Group (excluding those generated from new media marketing service business) as stated in Annual Report 2023, i.e. HK\$620,490,000; divided by (ii) the number of issued shares of HKRH as at the Last Trading Day, i.e. 269,671,601.
9. The PS Ratio of the HKRH Group implied by the Proposal (the “**Implied PS Ratio**”) is calculated as the Share Offer Price divided by the revenue per share for the HKRH Group.

As shown in the above table, the PS Ratios of the Peer Comparables range from approximately 0.10 times to 1.40 times, with mean and median of approximately 0.60 and 0.30 times respectively. The Implied PS Ratio of approximately 0.30 times is below and close to the corresponding mean and median PS Ratio of the Peer Comparables respectively. Nonetheless, in view of the facts that

- (i) the sample size is small with only four Peer Comparables;
- (ii) the Peer Comparables have vastly different financial position, performance and market size among themselves and as compared with HKRH, in particular (a) all of the Peer Comparables recorded net assets ranging widely from approximately HK\$21.6 million to approximately HK\$27,191.5 million whereas HKRH recorded net liabilities of approximately HK\$370.7 million; (b) two out of four Peer Comparables recorded net profit whereas HKRH recorded net loss; and (c) the market capitalisations of the Peer Comparables varies significantly, ranging from approximately HK\$269.1 million to approximately HK\$133,000.0 million, and all are higher than the market capitalisation of HKRH implied by the Share Offer Price of approximately HK\$188.8 million; and



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) the PS Ratio does not take cost and hence profitability of the company into account, where HKRH recorded net loss and two of the four Peer Comparables recorded net profit,

we consider that PS Ratios of the Peer Comparables may not serve as a representative indication in regard to the Share Offer Price and should only serve as a reference only.

*(e) Our view*

Having considered that

- (i) the Share Offer Price represents premium to the closing price per HKRH Share for 375 days out of 376 days during the Review Period and in particular a premium of approximately 78.1% over the average closing price of approximately HK\$0.42 per Share for the Review Period; and
- (ii) HKRH recorded an audited consolidated net deficit value attributable to the owners of HKRH of approximately HK\$0.71 per HKRH Share (based on the total number of issued HKRH Shares as at the Latest Practicable Date) as at 30 June 2023, being the date to which the latest published audited financial results of the HKRH Group were made up,

we are of the view that the Share Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

#### **4. Principal terms of the Option Offer**

For cancellation of each outstanding Option with an exercise price of HK\$3.232:

(1,050,000 Options in total) . . . . . HK\$0.00001 in cash

As advised by the management of HKRH, as at the Latest Practicable Date, there was a batch of outstanding Option entitling Optionholders to subscribe for 1,050,000 Shares at an exercise price of HK\$3.232. Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the “see-through” values of the outstanding Options would be the difference between the exercise prices of the outstanding Options and the Share Offer Price. Under the Option Offer, given that the exercise price of the outstanding Options (i.e. HK\$3.232) is above the Share Offer Price (i.e. HK\$0.748), the outstanding Options are out-of-money with zero “see-through” value. Accordingly, the offer price for each outstanding Option (i.e. the Option Offer Price) is at a nominal value of HK\$0.0001. Given that the “see-through” value of the outstanding Options is zero, we consider that the Option Offer Price of HK\$0.0001 offered to the Optionholders is fair and reasonable so far as the Optionholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Taking into consideration the aforementioned principal factors and reasons, in particular that:

- (i) the financial performance of HKRH Group has been dissatisfactory for the recent financial year with loss-making, net current liabilities and net liabilities position, with disclaimer of opinions issued by the Auditors which cast significant doubt on the HKRH Group's ability to continue as a going concern;
- (ii) the prospect of the retailing for gold and jewellery products business in the PRC is pessimistic;
- (iii) the Share Offer Price represents premium to the closing price per HKRH Share for 375 days out of 376 days during the Review Period and in particular a premium of approximately 78.1% over the average closing price of approximately HK\$0.42 per Share for the Review Period;
- (iv) HKRH recorded an audited consolidated net deficit value attributable to the owners of HKRH of approximately HK\$0.71 per HKRH Share (based on the total number of issued HKRH Shares as at Latest Practicable Date) as at 30 June 2023, being the date to which the latest published audited financial results of the HKRH Group were made up;
- (v) given the relatively inactive trading of the HKRH Shares (except significantly more active for a period after announcement of the Possible Sale and the Offers which gradually fell back), it is uncertain whether there would be sufficient liquidity in the HKRH Shares for the Independent HKRH Shareholders to dispose of a significant number of the HKRH Shares in the open market without negatively impacting the trading price of the HKRH Shares. Therefore, the Share Offer represents an assured opportunity for Independent HKRH Shareholders to realise their investment in the HKRH Shares, should they wish so, without creating a significant downside pressure on the trading price of the HKRH Shares; and
- (vi) Option Offer Price of HK\$0.0001 is higher than the "see-through" value of the outstanding Options (i.e. zero) pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code,

we are of the opinion that the terms of the Offers are fair and reasonable so far as the Independent HKRH Shareholders and Independent HKRH Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent HKRH Shareholders and Independent HKRH Optionholders to accept the Share Offer and the Option Offer respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent HKRH Shareholders and Independent HKRH Optionholders, in particular those who intend to accept the Offers, are reminded to closely monitor the market price and liquidity of the HKRH Shares during the Offer Period, especially that the disposal of large blocks of HKRH Shares held by the Independent HKRH Shareholders in the open market may trigger price slump of the HKRH Shares as a result of the thin trading of the HKRH Shares. The Independent HKRH Shareholders who intend to realise their investment in HKRH and the Independent HKRH Optionholders shall, having regard to their own circumstances, consider exercising the outstanding Options and/or selling the Shares (as the case may be) in the open market, instead of accepting the Offers, if the net proceeds from the ultimate sale of such HKRH Shares would be higher than that receivable under the Offers.

Yours faithfully,  
For and on behalf of  
**Nuada Limited**

**Kevin Wong**  
*Vice President*

**Nigel Ng**  
*Manager*

*Mr. Kevin Wong is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 15 years of experience in corporate finance industry.*

*Mr. Nigel Ng is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 9 years of experience in corporate finance industry.*

\* *The English names of PRC nationals, entities, facilities and localities are unofficial translation or transliteration from their Chinese names and are for identification purposes only.*

**1. FURTHER PROCEDURES FOR ACCEPTANCE****1.1 The Share Offer**

This section shall be read together with the instructions on the **WHITE** Form of Share Offer Acceptance. The instructions on such form are deemed to form part of the terms of the Share Offer.

- (a) 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 HKRH Shares is/are in your name, and you wish to accept the Share Offer, you must forward the completed **WHITE** Form of Share Offer Acceptance together with 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), by hand or by post, to the Registrar at Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong 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 announce in accordance with the Takeovers Code).
- (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 the name of a nominee company or a name other than your own, and you wish to accept the Share Offer, you must either:
  - (i) 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 Share Offer on your behalf and requesting it to forward the completed **WHITE** Form of Share Offer 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), by hand or by post, to the Registrar at Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong 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 announce in accordance with the Takeovers Code); or
  - (ii) arrange for the HKRH Shares to be registered in your name by HKRH through the Registrar, and send the completed **WHITE** Form of Share Offer 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), by hand or by post, to

the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong 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 announce in accordance with the Takeovers Code); or

- (iii) if your HKRH Shares have been lodged with your broker/custodian bank through CCASS, instruct your broker/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer in respect of your Shares on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your broker/custodian bank for the timing on processing your instruction, and submit your instruction to your broker/custodian bank as required by them; or
- (c) if your HKRH 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 (which is normally one Business Day before the latest date on which acceptances of the Share Offer must be received by the Registrar). In order to meet the deadlines set by CCASS, you should check with CCASS for the timing on processing your instruction, and submit your instruction via the CCASS Phone System or CCASS Internet System.
- (d) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your HKRH Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and forwarded, by hand or by post, to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) If you have lodged transfer(s) of any of your HKRH Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your HKRH Shares, you should nevertheless complete the **WHITE** Form of Share Offer Acceptance and forward it, by hand or by post, to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Optima, the Offeror and their

respective agent(s) to collect from HKRH or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

- (f) Acceptance of the Share Offer will be treated as valid only if the duly completed **WHITE** Form of Share Offer Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce with the consent of the Executive and the Registrar has recorded that the acceptance and other relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) 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 the share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant HKRH Shares;
  - (ii) from a registered HKRH 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 HKRH Shares which are not taken into account under another sub-paragraph of this paragraph 1.1(f)); and
  - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Share Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days thereof, 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) lodged with the **WHITE** Form of Share Offer Acceptance to the relevant HKRH Shareholder(s).
- (h) No acknowledgement of receipt of any **WHITE** Form of Share Offer 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.

## 1.2 The Option Offer

This section shall be read together with the instructions on the **PINK** Form of Option Offer Acceptance. The instructions on such form are deemed to form part of the terms of the Option Offer.

- (a) If you are an HKRH Optionholder and you wish to accept the Option Offer in respect of your Options, you must deliver the duly completed and signed **PINK** Form of Option Offer Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the Options and/or any other document(s) (if applicable) evidencing the grant of the Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of the Options or if applicable, for not less than the number of the Options in respect of which you intend to accept the Option Offer, by post or by hand, to Hong Kong Resources Holdings Company Limited at Room 2306, 23/F, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong marked “**Hong Kong Resources Holdings Company Limited – Option Offer**” on the envelope so as to reach HKRH as soon as possible but in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) Acceptances of the Option Offer will be treated as valid only if the duly completed **PINK** Form of Option Offer Acceptance is received by the company secretary of HKRH no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce with the consent of the Executive, and is:
  - (i) accompanied by the relevant letter(s) of grant of the Share Options; and
  - (ii) from an HKRH Optionholder 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 Share Options which are not taken into account under another sub-paragraph of this paragraph (b)).
- (c) No acknowledgement of receipt of any **PINK** Form of Option Offer Acceptance and/or the relevant certificate(s), document(s) of title or entitlement in respect of your Options and/or any other document(s) (if applicable) evidencing the grant of the Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

**2. COURSES OF ACTION AVAILABLE TO THE HKRH OPTIONHOLDERS**

You may take any of the following courses of action with respect to your outstanding Options:

- (a) to the extent any of your outstanding Options are not exercised on or before the Closing Date, you may accept the Option Offer in accordance with its terms (as set out in this Composite Document and the **PINK** Form of Option Offer Acceptance) and receive the Option Offer Price by returning the duly completed and signed **PINK** Form of Option Offer Acceptance enclosed together with the relevant document(s) as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code, to the company secretary of HKRH;
- (b) you may in accordance with the terms of the Share Option Scheme exercise some or all of outstanding vested Options (to the extent not already exercised), by submitting a notice for exercising the Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Options to the company secretary of HKRH no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code, and the HKRH Shares issued as a result of the exercise of such Options will be subject to and eligible to participate in the Share Offer. Please refer to details in this Composite Document for the details of the Share Offer and the acceptance thereof; or
- (c) you may do nothing, and in which case, an Option not so exercised shall remain valid in accordance with its terms and subject to such restrictions as applied to it before the Offers.

**3. SETTLEMENT UNDER THE OFFERS****3.1 The Share Offer**

Provided that a duly completed and signed **WHITE** Form of Share Offer Acceptance and 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) in respect of the relevant Offer Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque from the Offeror for the amount due to each of the HKRH Shareholders who accepts the Share Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Share Offer will be despatched to such HKRH Shareholder by ordinary post at his/her/its own



risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt of a duly completed and signed **WHITE** Form of Share Offer Acceptance together with all of the relevant document(s) by the Registrar to render such acceptance under the Share Offer valid.

Settlement of the consideration to which any HKRH Shareholder is entitled under the Share Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty) 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 HKRH Shareholder.

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

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and will be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

### **3.2 The Option Offer**

Provided that a duly completed and signed **PINK** Form of Option Offer Acceptance and the relevant certificate(s), document(s) of title or entitlement in respect of the Options and/or any other document(s) (if applicable) evidencing the grant of the Options to the relevant HKRH Optionholder (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by HKRH no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code, payment of the consideration for the Options surrendered for cancellation under the Option Offer will be made by cheque and will be available for collection at the office of HKRH in each case, no later than seven (7) Business Days after the date of receipt of a duly completed and signed **PINK** Form of Option Offer Acceptance together with all the relevant document(s) by HKRH to render such acceptance, surrender and cancellation under the Option Offer valid. Payments will be made in Hong Kong dollars. Settlement of the consideration to which any HKRH Optionholder is entitled to under the Option Offer will be implemented in full in accordance with its terms, 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 HKRH Optionholder.

No fraction of a cent will be payable and the amount of consideration payable to an HKRH Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and will be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

#### 4. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offers are revised or extended in accordance with the Takeovers Code, to be valid, the **WHITE** Form of Share Offer Acceptance must be received by the Registrar and the **PINK** Form of Option Offer Acceptance must be received by HKRH, in each case, in accordance with the instructions printed thereon and in this Composite Document by no later than 4:00 p.m. (Hong Kong time) on the Closing Date.

If the Offers are revised or extended, the Offeror will issue an announcement in relation to such revision or extension of the Offers, which announcement will state the next Closing Date. There is no obligation on the Offeror to extend the Offers. If, in the course of the Offers, the Offeror revises the terms of the Offers, all of the HKRH Shareholders and the HKRH Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. Any revised Offers must be kept open for at least fourteen (14) days, and shall not be closed earlier than 9 February 2024. In any case where the Offers are revised, and the consideration offered under each of the revised Offers does not represent on such date a reduction in the value of the Offers in its original or any previously revised form(s), the benefit of such revised Offers will be made available as set out herein to acceptors of the Offers in its original or any previously revised form(s) (hereinafter called “**previous acceptor(s)**”). The execution by, or on behalf of, a previous acceptor of any Form of Acceptance shall be deemed to constitute acceptance of the Offers as so revised.

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

#### 5. NOMINEE REGISTRATION

To ensure equality of treatment of all HKRH Shareholders, those HKRH Shareholders who hold Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer. Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares it has indicated in the **WHITE** Form of Share Offer Acceptance is the aggregate number of Offer Shares for which such nominee has received authorisations from the beneficial owners to accept the Share Offer on their behalf.

**6. ANNOUNCEMENTS**

By 6:00 p.m. on the Closing Date (or such later time(s) and/or date(s) 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 revision or extension of the Offers. The Offeror must publish an announcement in accordance with the Listing Rules and the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers. The announcement will state the following:

- (a) the total number of Offer Shares and Options for which acceptances of the Offers have been received;
- (b) the total number of Offer Shares and Options held, controlled or directed by the Offeror and the Offeror Concert Parties before the Offer Period;
- (c) the total number of Offer Shares and Options acquired or agreed to be acquired or cancelled during the Offer Period by the Offeror and the Offeror Concert Parties; and
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in HKRH which the Offeror and any Offeror Concert Party has borrowed or lent, save for any borrowed Offer Shares which have been either on-lent or sold.

The announcement will specify the percentages of the issued share capital, and the percentages of voting rights, represented by these numbers of Offer Shares.

In computing the total number of Offer Shares and Options represented by acceptances, only valid acceptances that are complete, in good order and fulfil the conditions set out in this Appendix I, and which have been received by the Registrar (in respect of the Share Offer) or HKRH (in respect of the Option Offer) by no later than 4:00 p.m. (Hong Kong time) on the Closing Date, being the latest time and date for acceptance of the Offers, unless the Offers are extended or revised with the consent of the Executive, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate.

If the Offeror, the Offeror Concert Parties or their respective advisers make any statement during the Offer Period about the level of acceptances or the number or percentage of accepting HKRH Shareholders or HKRH Optionholders, the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

**7. RIGHT OF WITHDRAWAL**

As the Offers are unconditional in all respects, acceptances of the Offers tendered by the HKRH Shareholders and the HKRH Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the paragraph below.

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with the requirements set out in section headed “6. Announcements” in this Appendix I above, the Executive may require that the holders of the Offer Shares and Options who have tendered acceptances to the relevant Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that section are met. In such case, where the HKRH Shareholders and/or the HKRH Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) business days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or the certificate(s) of the Options and/or other document(s) of the title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant HKRH Shareholders and/or HKRH Optionholders at their own risk.

**8. HONG KONG STAMP DUTY**

Seller’s ad valorem stamp duty at the rate of 0.1% of (i) the consideration in respect of the acceptances of the Share Offer or (ii) if higher, the market value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be payable by the HKRH Shareholders who accept the Share Offer insofar as their Offer Shares are registered on the Hong Kong branch share registrar of HKRH. The relevant amount of stamp duty payable by the relevant HKRH Shareholders will be deducted from the consideration payable to such HKRH Shareholders under the Share Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the accepting HKRH Shareholders in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptances of the Option Offer and the cancellation of the Options.

**9. GENERAL**

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipt(s), document(s) of title or entitlement in respect of the Options and/or documentary evidence of authority (and/or any satisfactory indemnity or indemnities required in respect thereof) and/or cheques to settle the consideration payable under the Offers if delivered by or sent to or from the HKRH Shareholders or the HKRH Optionholders or their designated agents by post, shall be posted at their own risk, and none of the Offeror, HKRH, Optima or any of their respective directors, the Registrar or any other parties involved in the Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

- (b) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of any person will constitute the agreement of such person that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offers.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, Optima or such person or persons as the Offeror may direct, to complete, amend and execute any document on behalf of the person or persons accepting the Offers 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 Offer Shares and/or cancelling the Options in respect of which such person or persons has/have accepted the Offers.
- (f) Acceptance of the Offers by any person will be deemed to constitute a representation and warranty by such person or persons to:
  - (i) the Offeror, HKRH and Optima, that the Offer Shares sold by such person or persons to the Offeror are free from all Encumbrances and are sold together with all rights attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date of this Composite Document.
  - (ii) the Offeror, HKRH and their respective advisers, including Optima, the financial adviser to the Offeror in respect of the Offers, that if such HKRH Shareholder/HKRH Optionholder accepting the Share Offer/Option Offer is a citizen, resident or national of a jurisdiction outside Hong Kong, he/she has observed and is permitted under all applicable laws and regulations to which such overseas HKRH Shareholder/HKRH Optionholder is subject to receive and accept the Share Offer/Option Offer and any revision thereof, and that he/she has obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and all requirements for the payment by the accepting HKRH Shareholders or, as the case may be, HKRH Optionholders of any transfer or other taxes in respect of their acceptances, and that he/she has not taken or omitted to take any action

which will or may result in the Offeror, HKRH or their respective advisers, including Optima, the financial adviser to the Offeror, or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offers or his/her acceptance thereof, and such acceptance, surrender and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations.

- (g) The acceptance of the Option Offer by any Optionholder will be deemed to constitute a warranty by such person that the Options and all rights attaching thereto are cancelled with effect from the date on which the Option Offer is made, being the date of this Composite Document.
- (h) Reference to any of the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (i) In making their decisions with regard to the Offers, the HKRH Shareholders and the HKRH Optionholders should rely on their own examination of the Offeror, the HKRH Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form(s) of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, HKRH and/or Optima. The HKRH Shareholders and the HKRH Optionholders should consult their own professional advisers for professional advice.
- (j) The English texts of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.
- (k) The Offers are made in accordance with the Takeovers Code.

#### **10. OVERSEAS HKRH SHAREHOLDERS**

- (a) The Offers are in respect of a company listed in Hong Kong and is therefore subject to the procedure and disclosure requirements of laws, regulations and rules in Hong Kong which may be different from those in other jurisdictions. The ability of HKRH Shareholders who are citizens, residents or nationals of jurisdictions outside of Hong Kong to participate in the Offers may be subject to the laws and regulations of the relevant jurisdictions. It is the responsibility of each such HKRH Shareholder to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration and the payment of any transfer or other taxes due from such HKRH Shareholder in such relevant jurisdictions.

- (b) Any acceptance by any HKRH Shareholder will be deemed to constitute a representation and warranty from such HKRH Shareholder to the Offeror and HKRH that all local laws and requirements have been complied with and that the Offers can be accepted by such HKRH Shareholder lawful under the laws of the relevant jurisdiction. HKRH Shareholders should consult their professional advisers if in doubt.

## **11. NOTIFICATION OF INJUNCTION ORDER**

The Offeror and Optima have received a letter from Messrs. Hugo Leung & Lawyers enclosing an Injunction Order issued by the Hong Kong Court of First Instance (the “**Court**”) under case number HCA 106/2022 (the “**Injunction Order**”). Pursuant to the Injunction Order, Mr. WEN Jialong, as one of the defendants in the proceedings, is restrained from (i) removing from Hong Kong any of his assets which are within Hong Kong, whether in his own name or not, and whether solely or jointly owned, up to the value of HK\$22,175,344; and (ii) in any way disposing of or dealing with or diminish the value of any of his assets which are within Hong Kong, whether in his own name or not, and whether solely or jointly owned up to the value of HK\$22,175,344.

The Injunction Order also provides that any other person who knows of the Injunction Order and does anything which helps or permits Mr. WEN Jialong breach the terms of any part thereof may also be held in contempt of Court and may be imprisoned, fined, or have his assets seized.

Any acceptance by any HKRH Shareholder of the Share Offer shall constitute an unequivocal representation and conduct on the part of such HKRH Shareholder to the Offeror, Optima and HKRH, that such acceptance shall not constitute a breach of the Injunction Order. The Offeror, Optima and HKRH shall also rely on such representation and conduct in performance of their obligations under the Takeovers Code. If in doubt, HKRH Shareholders should seek independent legal advice.

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


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**1. SUMMARY OF FINANCIAL INFORMATION OF THE HKRH GROUP**

Set out below is a summary of the audited financial information of the HKRH Group for the three years ended 30 June 2021, 2022 and 2023, which are extracted from the annual reports of HKRH for the three years ended 30 June 2021, 2022 and 2023, respectively.

## Financial Summary

	<b>Year ended 30 June 2023</b>	<b>Year ended 30 June 2022</b>	<b>Year ended 30 June 2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	804,292	901,974	855,820
Cost of sales and services rendered	(632,732)	(705,824)	(587,534)
Gross profit	171,560	196,150	268,286
Other income	10,509	7,492	16,601
Selling expenses	(177,533)	(197,366)	(221,248)
General and administrative expenses	(72,550)	(76,140)	(65,920)
Other gains and losses	(11,445)	(9,412)	29,505
Change in fair value of derivatives embedded in convertible bonds	(219)	2,290	8,971
Loss on early redemption of convertible bonds	–	(9,650)	–
(Loss)/gain on disposal of subsidiaries	–	(3)	1,692
Reversal of impairment loss/(impairment loss) on trade receivables recognised under expected credit loss model	315	(870)	97
Finance costs	(79,033)	(42,250)	(46,612)
Loss before taxation	(158,396)	(129,759)	(8,628)
Income tax credit/(expense)	2,677	12,955	(5,349)
Loss for the year	(155,719)	(116,804)	(13,977)
Other comprehensive (expense)/income			
Item that will not be reclassified to profit or loss: Exchange difference arising on translation	15,615	18,255	(40,055)
Fair value gain of equity instruments at fair value through other comprehensive income (“FVTOCI”)	–	–	479
	15,615	18,255	(39,576)



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


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	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Item that will be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations	(51,595)	(16,372)	51,380
Other comprehensive (expense)/income for the year, net of tax	(35,980)	1,883	11,804
Total comprehensive expense for the year	(191,699)	(114,921)	(2,173)
(Loss)/profit for the year attributable to:			
Owners of HKRH	(89,744)	(78,919)	(15,112)
Non-controlling interests	(65,975)	(37,885)	1,135
	(155,719)	(116,804)	(13,977)
Total comprehensive (expense)/income for the year attributable to:			
Owners of HKRH	(110,792)	(71,639)	(14,997)
Non-controlling interests	(80,907)	(43,282)	12,824
	(191,699)	(114,921)	(2,173)
Loss per ordinary share			
Basic	(HK\$0.333)	(HK\$0.352)	(HK\$0.098)
Diluted	(HK\$0.333)	(HK\$0.352)	(HK\$0.098)

**Auditors' report for the year ended 30 June 2023**

The auditors of HKRH, Crowe (HK) CPA Limited (the “**Auditors**”) did not express an opinion on the consolidated financial statements of the HKRH Group for the year ended 30 June 2023 (the “**2023 Consolidated Financial Statements**”). Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of the Auditors’ report, the Auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2023 Consolidated Financial Statements. In all other respects, in the Auditors’ opinion the 2023 Consolidated Financial Statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Hong Kong Companies Ordinance**”).

***Basis for Disclaimer of Opinion******Material uncertainties relating to going concern***

As set out in Note 2 to the 2023 Consolidated Financial Statements, the HKRH Group incurred a net loss of approximately HK\$155,719,000 for the year ended 30 June 2023 and as at that date, the HKRH Group had net current liabilities and net liabilities of approximately HK\$450,906,000 and HK\$370,739,000 respectively, all of which are substantially attributable to operating and financial difficulties sustained by CGS, a non-wholly owned subsidiary of HKRH, whereas the HKRH Group only had bank balances and cash of approximately HK\$71,229,000 as at 30 June 2023.

The directors of HKRH have been undertaking a number of plans and measures to improve the HKRH Group's liquidity and financial position, which are set out in Note 2 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these plans and measures, which include successful negotiation with Luk Fook Holdings, the ultimate holding company of the non-controlling shareholder of CGS, to provide sufficient financial support to CGS. These conditions indicate the existence of material uncertainties that may cast significant doubt upon the HKRH Group's ability to continue as a going concern and the HKRH Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the Auditors were unable to obtain sufficient appropriate audit evidence or verify by alternative means that Luk Fook Holdings agrees to provide sufficient financial support to CGS. The Auditors were unable to form an opinion as to whether the going concern basis of preparation of the 2023 Consolidated Financial Statements is appropriate and the Auditors disclaimed their opinion on the 2023 Consolidated Financial Statements. Should the HKRH Group fail to achieve the above-mentioned plans and measures, it might not be able to continue as a going concern, adjustments would have to be made to write down the carrying values of the HKRH Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets and noncurrent liabilities as current liabilities. The effects of these adjustments have not been reflected in the 2023 Consolidated Financial Statements.

**Auditors' report for the year ended 30 June 2022***Qualified Opinion*

In the Auditors' opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the Auditors' report, the consolidated financial statements of the HKRH Group for the year ended 30 June 2022 (the "**2022 Consolidated Financial Statements**") give a true and fair view of the consolidated financial position of the HKRH Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") 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*

As disclosed in note 21 to the 2022 Consolidated Financial Statements, the predecessor auditor of HKRH (the "**Predecessor Auditor**") expressed a qualified opinion due to various limitations in evidence available to it regarding the loan receivables amounting to HK\$74,400,000 and the respective interest receivables amounting to HK\$11,558,000 (collectively referred to as the "**Loans**") as at 30 June 2019. The Loans were advanced by Prosten Finance Limited ("**Prosten Finance**"), a wholly-owned subsidiary of HKRH as at 30 June 2019 and 2020 whereas Prosten Finance Limited was disposed of by the HKRH Group during the year ended 30 June 2021 (the "**Prosten Finance Disposal**"). Due to various limitations in evidence available regarding the Loans as at the date of the Prosten Finance Disposal, the Auditors were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the accuracy in respect of the gain from the Prosten Finance Disposal during the year ended 30 June 2021. Details of the limitations in evidence available regarding the Loans and the details of the Prosten Finance Disposal are described in notes 21 and 32 to the 2022 Consolidated Financial Statements respectively.

Since balances of assets and liabilities of the HKRH Group as at 1 July 2020 entered into the determination of the financial performance and cash flows of the HKRH Group for the year ended 30 June 2021, the Auditors were unable to determine whether adjustments might have been necessary in respect of the consolidated financial performance of the HKRH Group for the year ended 30 June 2021 reported in the consolidated statement of profit or loss and other comprehensive income and the net cash flows for the year ended 30 June 2021 reported in the consolidated statement of cash flows. Any adjustments found to be necessary would have a consequential impact on the HKRH Group's performance and cash flows for the year ended 30 June 2021. These circumstances caused the Auditors to qualify its opinion on the consolidated financial statements in respect of the year ended 30 June 2021 (the "**2021 Consolidated Financial Statements**").

Because the abovementioned matter has a possible effect on the comparability of the figures for the year ended 30 June 2022 and the corresponding figures in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows for the year ended 30 June 2022, the Auditors' opinion on the 2022 Consolidated Financial Statements is therefore qualified.

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

### **Auditors' report for the year ended 30 June 2021**

#### *Qualified Opinion*

In the Auditors' opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the Auditors' report, the 2021 Consolidated Financial Statements give a true and fair view of the consolidated financial position of the HKRH Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS issued by the HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### *Basis for Qualified Opinion*

##### *Opening balances and corresponding figures*

As disclosed in note 21 to the 2021 Consolidated Financial Statements, the Predecessor Auditor expressed a qualified opinion due to various limitations in evidence available to it regarding the Loans as at 30 June 2019. The Loans were advanced by Prosten Finance, a wholly-owned subsidiary of HKRH as at 30 June 2019 and 2020 whereas Prosten Finance was disposed of by the HKRH Group during the year ended 30 June 2021. Details of the limitations and Prosten Finance Disposal are described in notes 21 and 32 to the 2021 Consolidated Financial Statements respectively.

Since opening balances of assets and liabilities of the HKRH Group entered into the determination of the financial performance and cash flows of the HKRH Group for the year ended 30 June 2020, the Auditors were unable to determine whether adjustments might have been necessary in respect of the financial performance of the HKRH Group for the year ended 30 June 2020 reported in the consolidated statement of profit or loss and other comprehensive income and the net cash flows from or used in operating activities for the year ended 30 June

2020 reported in the consolidated statement of cash flows. Any adjustments found to be necessary would have a consequential impact on the HKRH Group's net liabilities as at 30 June 2020 and the HKRH Group's loss for the year then ended. These circumstances caused the Auditors to qualify its opinion on the consolidated financial statements in respect of the year ended 30 June 2020.

As a result, in performing our audit of the 2021 Consolidated Financial Statements, the Auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to whether the balances of assets, liabilities and reserves as at 1 July 2020 and the corresponding figures were fairly stated. Any adjustments that might have been found to be necessary in respect of the above had the Auditors obtained sufficient appropriate audit evidence would have a consequential effect on the net liabilities of the HKRH Group as at 1 July 2020, and of its financial performance and cash flows for the current and prior years, and the related disclosures thereof in the consolidated financial statements.

*Disposal of Prosten Wealth Investment Limited*

As disclosed in note 32 to the 2021 Consolidated Financial Statements, the HKRH Group completed the Prosten Finance Disposal, and Prosten Finance is a wholly-owned subsidiary of Prosten Wealth Investment Limited. As mentioned above, due to various limitations as disclosed in note 21 to the 2021 Consolidated Financial Statements, there were no alternative audit procedures the Auditors could perform to satisfy themselves as to the various assertions the Predecessor Auditor concerned regarding the Loans as at the date of the Prosten Finance Disposal. As a result, the Auditors were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the accuracy in respect of the gain from the Prosten Finance Disposal during the year ended 30 June 2021.

Any adjustments that might have been found to be necessary in respect of the above had the Auditors obtained sufficient appropriate audit evidence would have a consequential effect on the HKRH Group's financial performance and cash flows for the year ended 30 June 2021, and the related disclosures thereof in the 2021 Consolidated Financial Statements.

The Auditors conducted its audit in accordance with the HKSA issued by the HKICPA. The Auditors' responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of the Auditors' report. The Auditors are independent of the HKRH Group in accordance with the Code, and the Auditors have fulfilled its other ethical responsibilities in accordance with the Code. The Auditors believe that the audit evidence the Auditors have obtained is sufficient and appropriate to provide a basis for its qualified opinion.

HKRH was incorporated in Bermuda with limited liability and its issued been are listed on of the Stock Exchange. HKRH is an investment holding company and the HKRH Group is principally engaged in (i) the retail sales and franchising operations for gold and jewellery products in Hong Kong and Mainland China; (ii) the wholesaling and contracting operations of gold and jewellery products in Mainland China; and (iii) new media marketing service

business in Mainland China. On 12 January 2024, HRHK has completed the disposal of the new media marketing service business in Mainland China to Mr. Li. Hence, HKRH is no longer engaged in the new media marketing service business in Mainland China.

During the years ended 30 June 2021, 2022 and 2023, no dividend has been paid or declared by HKRH. The HKRH Group did not record any non-controlling interests for each of the years ended 30 June 2021, 2022 and 2023. Save as disclosed above, the HKRH Group did not have any item of any income or expense which was material during the three years ended the years ended 30 June 2021, 2022 and 2023. The Auditors have issued disclaimer opinion emphasis of matter or material uncertainty related to going concern in the Auditors' reports of the consolidated financial statements of the HKRH Group for the three years ended 30 June 2021, 2022 and 2023. There were no exceptional items because of size, nature or incidence in respect of the consolidated financial statements of HKRH during each of the three years ended 30 June 2021, 2022 and 2023.

## **2. CONSOLIDATED FINANCIAL INFORMATION**

HKRH is required to set out or refer in this Composite Document the consolidated statements of profit or loss, the consolidated statements of financial position (where applicable), the consolidated statements of cash flows, and any other primary statements as shown in (a) 2021 Consolidated Financial Statements, 2022 Consolidated Financial Statements and 2023 Consolidated Financial Statements, together with the relevant notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2023 Consolidated Financial Statements are set out from page 65 to page 164 in the annual report of HKRH for the year ended 30 June 2023 (the “**2022/23 Annual Report**”) which was published on 31 October 2023. The 2022/23 Annual Report was posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and HKRH ([www.hkrh.hk](http://www.hkrh.hk)), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1031/2023103100568.pdf>

The FY2021/22 Financial Statements are set out from page 39 to page 144 in the annual report of HKRH for the year ended 30 June 2022 (the “**2021/22 Annual Report**”) which was published on 27 October 2022. The 2021/22 Annual Report was posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and HKRH ([www.hkrh.hk](http://www.hkrh.hk)), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1027/2022102700684.pdf>

The FY2020/21 Financial Statements are set out from page 38 to page 142 in the annual report of HKRH for the year ended 30 June 2021 (the “**2020/21 Annual Report**”) which was published on 1 November 2021. The 2020/21 Annual Report was posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and HKRH ([www.hkrh.hk](http://www.hkrh.hk)), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1101/2021110100125.pdf>

### **3. INDEBTEDNESS**

As at the close of business on 31 October 2023, being the latest practicable date for ascertaining certain information relating to the indebtedness statement prior to the printing of this Composite Document, the indebtedness of the HKRH Group was as follows:

#### **Convertible Bonds**

On 12 November 2021, the HKRH Group issued the First Convertible Bonds, being the 4% per annum convertible bonds due 2023 in the aggregate principal amount of HK\$52,000,000 with interests at the fixed rate of 4% per annum payable semi-annually on 30 June and 31 December each year.

On 6 December 2021, the HKRH Group issued the Second Convertible Bonds, being the 4% per annum convertible bonds due 2023 in the aggregate principal amount of HK\$32,500,000 with interests at the fixed rate of 4% per annum payable semi-annually on 30 June and 31 December each year.

As at 31 October 2023, the HKRH Group had unsecured Convertible Bonds with (i) total outstanding principal amounts of HK\$84,500,000, of which HK\$52,000,000 is repayable on 12 November 2023 and HK\$32,500,000 is repayable on 6 December 2023 and (ii) total outstanding Convertible Bonds interest payables of approximately HK\$6,252,000.

#### **Borrowings and Lease liabilities**

As at 31 October 2023, the unaudited total outstanding borrowings and lease liabilities of the HKRH Group was approximately HK\$1,871,825,000, comprising of secured floating rate bank borrowings of HK\$1,746,000,000, secured fixed rate other borrowings of HK\$10,000,000, unsecured fixed rate other borrowings of HK\$698,000, unsecured loan from a non-controlling shareholder of a subsidiary of HK\$100,000,000 and lease liabilities of HK\$15,127,000. Bank borrowings of HK\$1,746,000,000 were secured by the pledged deposits of the HKRH Group of approximately HK\$884,655,000.

#### **Capital Commitment**

As at 31 October 2023, the HKRH Group had no capital commitments.

**Contingent Liabilities and Guarantee**

As at 31 October 2023, HKRH had corporate financial guarantee amounting to HK\$1,075,000,000 to banks in respect of 50% of the aggregated amount of banking facilities granted to its subsidiary. As at 31 October 2023, the banking facilities utilised by the subsidiary was HK\$1,746,000,000.

As at 31 October 2023, a debenture (the “**Debenture**”) had been entered into by HKRH in favour of the lender (the “**Lender**”) of the secured fixed rate other borrowings of HK\$10,000,000. In accordance with the Debenture, HKRH agreed to charge as a first fixed and floating charge over all the undertaking, property and assets of HKRH in favour of the Lender as security for the repayment and discharge of the secured fixed rate other borrowings of HK\$10,000,000.

As at 31 October 2023, save as disclosed above, the HKRH Group and HKRH did not have any material contingent liabilities.

**Disclaimers**

Save as disclosed above, apart from intra-group liabilities and normal trade payables in the ordinary course of business, the HKRH Group did not have any loan capital issued and outstanding or agreed to be issued, debt securities, bank overdrafts, term loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills), or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at 31 October 2023.

**4. MATERIAL CHANGES**

Save as disclosed below, the directors of HKRH confirm that, there had been no material change in the financial or trading position or outlook of the HKRH Group since 30 June 2023, being the date to which the latest published audited financial statements of HKRH were made up, up to the Latest Practicable Date:

(a) on 28 July 2023, HKRH and Mr. Li entered into the Disposal Agreement (as amended and supplemented by a supplemental agreement dated 18 December 2023), pursuant to which HKRH conditionally agreed to sell, and Mr. Li conditionally agreed to purchase, the entire issued share capital in Brand New Management Limited (a company incorporated in BVI with limited liability and a then direct wholly-owned subsidiary of HKRH as at the date of the Disposal Agreement), for a total consideration of HK\$9 million (subject to adjustment). The Disposal Agreement and the transactions contemplated thereunder constitute a special deal for HKRH under Rule 25 of the Takeovers Code, a discloseable transaction for HKRH under Chapter 14 of the Listing Rules and a connected transaction for HKRH under Chapter 14A of the Listing Rules. Completion of the transactions contemplated under the Disposal Agreement took place on 12 January 2024, following which the HKRH Group no longer engaged in the new media marketing service business carried out by Brand New Management Limited and its subsidiaries.



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## APPENDIX III GENERAL INFORMATION OF THE HKRH GROUP

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### 1. RESPONSIBILITY STATEMENT

The directors of HKRH jointly and severally accept full responsibility for the accuracy of the information relating to the HKRH Group contained in this Composite Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the HKRH Board or the HKRH Group in this Composite Document 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. SHARE CAPITAL OF HKRH

As at the Latest Practicable Date, the authorised and issued share capital of HKRH were as follows:

	<b>Number of shares</b>	<b>Amount HK\$</b>
<b>Authorised share capital:</b>		
Ordinary HKRH Shares of HK\$0.001 each	200,000,000,000	200,000,000
Preference HKRH Shares of HK\$0.001 each ( <i>note i</i> )	30,000,000,000	30,000,000
<b>Issued and fully paid:</b>		
Ordinary HKRH Shares of HK\$0.001 each ( <i>note ii</i> )	269,671,601	269,671.601

*Notes:*

- (i) The preference HKRH Shares rank in priority to the ordinary HKRH Shares as to dividend and return of capital.
- (ii) All ordinary HKRH Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital. HKRH has not issued any HKRH Shares since 30 June 2023, being the end of the last financial year of HKRH. As at the Latest Practicable Date, save and except for the Options, HKRH had no other outstanding options, derivatives, warrants or conversion rights affecting or convertible into HKRH Shares.
- (iii) As at the Latest Practicable Date, the Convertible Bonds had matured and therefore holders of the Convertible Bonds no longer have the right to convert the whole or part of the Convertible Bonds into HKRH Shares.

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**APPENDIX III      GENERAL INFORMATION OF THE HKRH GROUP**

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**3.    MARKET PRICES**

The table below shows the closing prices of the HKRH Shares quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date:

<b>Date</b>	<b>Closing price per HKRH Share (HK\$)</b>
30 September 2022	0.23
31 October 2022	0.17
30 November 2022	0.202
30 December 2022	0.20
31 January 2023	0.21
28 February 2023	0.325
31 March 2023	0.41
28 April 2023	0.48
31 May 2023	0.39
30 June 2023	0.44
28 July 2023 (being the Last Trading Day)	0.58
31 August 2023	0.66
29 September 2023	0.69
31 October 2023	0.68
30 November 2023	0.66
29 December 2023	0.68
16 January 2024 (being the Latest Practicable Date)	0.74

During the Relevant Period:

- (a) the highest closing price of the HKRH Shares quoted on the Stock Exchange was HK\$0.75 per HKRH Share on 15 January 2024; and
- (b) the lowest closing price of the HKRH Shares quoted on the Stock Exchange was HK\$0.17 per HKRH Share on 31 October 2022.

**4. DISCLOSURE OF INTERESTS IN SECURITIES OF HKRH**

**(a) Interests of the directors of HKRH**

As at the Latest Practicable Date, the interests and short positions of the directors and chief executives of HKRH in the HKRH Shares, underlying HKRH Shares and debentures of HKRH or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to HKRH and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) and which were required to be entered into the register required to be kept under section 352 of the SFO were as follows:

*(i) Long position in HKRH Shares and underlying HKRH Shares of equity derivatives:*

<b>Name of Director of HKRH</b>	<b>Capacity</b>	<b>Number of ordinary HKRH Shares</b>	<b>Number of derivative HKRH Shares</b>	<b>Approximate percentage of HKRH’s issued share capital</b>
Mr. Li	Beneficial owner	157,000	–	0.06
FAN, Anthony Ren Da <i>(note i)</i>	Beneficial owner	–	87,500	0.03
LOKE Yu alias LOKE Hoi Lam <i>(note ii)</i>	Beneficial owner	–	87,500	0.03

*Notes:*

- i. Dr. Fan, Anthony Ren Da is interested in 87,500 underlying HKRH Shares pursuant to the share Options granted under the Share Option Scheme.
- ii. Dr. LOKE Yu alias LOKE Hoi Lam is interested in 87,500 underlying HKRH Shares pursuant to the share Options granted under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executives of HKRH had any interests and short positions in the HKRH Shares, underlying HKRH Shares and debentures of HKRH or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to HKRH and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code and which were required to be entered into the register required to be kept under section 352 of the SFO.

## APPENDIX III GENERAL INFORMATION OF THE HKRH GROUP

### (b) Interests of Substantial Shareholders of HKRH

#### (i) Long position in Shares and underlying Shares of equity derivatives:

As at the Latest Practicable Date, the interests or short positions of the following persons (other than directors, supervisors and chief executives of HKRH) or corporations in the HKRH Shares or underlying HKRH Shares of HKRH as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Name of Substantial Shareholder	Capacity	Number of ordinary HKRH Shares	Number of derivative HKRH Shares	Approximate percentage of HKRH's issued share capital
Offeror ( <i>note i</i> )	Beneficial owner	136,000,000	–	50.43
Luk Fook Holdings ( <i>note i</i> )	Interest of controlled corporation	137,922,499	–	51.14
Well Pop Group Limited ( <i>note ii</i> )	Beneficial owner	28,000,000	–	10.38
Hao Yuanyuan ( <i>note ii</i> )	Interest of controlled corporation	28,000,000	–	10.38
WEN Jialong ( <i>note iii</i> )	Beneficial owner	141,548	–	9.36
	Interest of controlled corporation	25,105,561		
Zheng Yue Wen ( <i>note iii</i> )	Interest of controlled corporation	25,105,561	–	9.31
Hallow King Global Investment Limited ( <i>note iii</i> )	Interest of controlled corporation	25,105,561	–	9.31
Kerui Jinrong Company Limited ( <i>note iii</i> )	Interest of controlled corporation	25,105,561	–	9.31
Weltrade Group Limited ( <i>note iii</i> )	Beneficial owner	25,105,561	–	9.31

*Notes:*

- i. The Offeror is the beneficial owner of 136,000,000 HKRH Shares and the other subsidiaries of Luk Fook Holdings are holding 1,922,499, comprising (i) 1,125,000 HKRH Shares held by Luk Fook H; and (ii) 797,499 HKRH Shares held by Luk Fook 3DM. Each of the Offeror, Luk Fook H and Luk Fook 3DM is an indirect wholly-owned subsidiary of Luk Fook Holdings and therefore Luk Fook Holdings is deemed to be interested in all the HKRH Shares in which its subsidiaries are interested in pursuant to the SFO.
- ii. Well Pop Group Limited ("**Well Pop**") is the beneficial owner of 28,000,000 HKRH Shares and is a company wholly-owned by Ms. Hao Yuanyuan ("**Ms. Hao**"), as such Ms. Hao is deemed to have an interest in all the HKRH Shares in which Well Pop is interested pursuant to the SFO.
- iii. Weltrade Group Limited ("**Weltrade**") is the beneficial owner of 25,105,561 HKRH Shares and is a company wholly-owned by Kerui Jinrong Company Limited ("**Kerui Jinrong**"), which in turn is own as to 40% by Mr. Zheng Yue Wen ("**Mr. Zheng**"), 20% by Mr. Xiang Hong, and 40% by Hallow King Global Investments Limited ("**Hallow King**"), the latter being a company wholly-owned by Mr. Wen Jialong ("**Mr. Wen**"). As such, each of Mr. Wen, Hallow King, Mr. Zheng and Kerui Jinrong is deemed to have an interest in all the Shares in which Weltrade is interested pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, the directors and the chief executive of HKRH were not aware of any other person (other than the directors and the chief executive of HKRH) who had, or was deemed to have, interests or short positions in the HKRH Shares or underlying HKRH Shares which would fall to be disclosed to HKRH and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by HKRH pursuant to Section 336 of the SFO.

## **5. SHAREHOLDING AND DEALINGS IN SECURITIES OF HKRH**

- (a) As at the Latest Practicable Date, save as disclosed in the section headed "Shareholding Structure of HKRH" in the "Letter from the HKRH Board", none of the directors of HKRH was interested (within the meaning of Part XV of the SFO) in any HKRH Shares, Options or any other convertible securities, warrants, options or derivatives in respect of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of HKRH.
- (b) Except for the Sale and Purchase Agreements, none of the directors of HKRH had dealt for value in any Shares, Options or any other convertible securities, warrants, options or derivatives in respect of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of HKRH during the Relevant Period.
- (c) During the Offer Period and up to the Latest Practicable Date, none of the subsidiaries of HKRH, the pension fund of the HKRH Group, a person who is presumed to be acting in concert with HKRH by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of HKRH by virtue of class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) had owned, controlled or dealt for value in any HKRH Shares, Options or any other convertible securities, warrants, options or derivatives in respect of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of HKRH.

- (d) During the Offer Period and up to the Latest Practicable Date, save for the Sale and Purchase Agreements, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and HKRH or any person who is presumed to be acting in concert with HKRH by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of HKRH by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code.
- (e) During the Offer Period and up to the Latest Practicable Date, no HKRH Shares, Options or any other convertible securities, warrants, options or derivatives in respect of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of HKRH were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with HKRH and no such person had dealt for value in any HKRH Shares, Options or any other convertible securities, warrants, options or derivatives in respect of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of HKRH.
- (f) As at the Latest Practicable Date, neither HKRH nor any directors of HKRH had borrowed or lent any HKRH Shares, Options or any other convertible securities, warrants, options or derivatives in respect of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of HKRH.
- (g) As at the Latest Practicable Date, each of FAN, Anthony Ren Da and LOKE Yu alias LOKE Hoi Lam intends, in respect of their own beneficial ownership in the Options, to accept the Option Offer and Mr. Li intends, in respect of his own beneficial ownership in the HKRH Shares, to accept the Share Offer.
- (h) As at the Latest Practicable Date, no person had irrevocably committed himself/herself/itself to accept or reject the Offers.
- (i) As at the Latest Practicable Date, save for the Disposal Agreement entered into between HKRH and Mr. Li, there was no understanding, arrangement or agreement or special deal between any HKRH Shareholder on the one hand, and HKRH, its substantial shareholder or associated companies on the other hand.

## **6. INTERESTS IN SECURITIES OF THE OFFEROR**

During the Relevant Period and as at the Latest Practicable Date, none of HKRH or any of the directors of HKRH was interested in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror, and none of HKRH or any of the directors of HKRH had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

**7.    ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS OF HKRH**

- (a) As at the Latest Practicable Date, no benefit (other than statutory compensation required under applicable laws) had been or would be given to any director of HKRH as compensation for loss of office or otherwise in connection with the Offers.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any director of HKRH and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.
- (c) As at the Latest Practicable Date, save for the Sale and Purchase Agreements entered into among the Offeror and the Vendors (of which Eminent Rise is wholly-owned by Mr. Li and Grace Fountain is wholly-owned by Mr. Wang), there were no material contract entered into by the Offeror in which any director of HKRH had a material personal interest.

**8.    MATERIAL LITIGATION**

As at the Latest Practicable Date, save as disclosed in the section headed “Notification of Injunction Order” in the Appendix I to this Composite Document where HKRH is also one of the defendants in Defendant in the High Court Action HCA106/2022, HKRH was not engaged in any litigation of material importance and no litigation of material importance was, so far as the directors of HKRH were aware, pending or threatened against HKRH. For details of the Injunction Order, please refer to the section headed “Notification of Injunction Order” in the Appendix I to this Composite Document.

**9.    MATERIAL CONTRACTS**

The Disposal Agreement, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by HKRH or any of its subsidiaries, has been entered into by the members of the HKRH Group within two years before the Offer Period and up to and including the Latest Practicable Date and which are material.

**10. EXPERT AND CONSENT**

The following are the name and qualifications of the expert which has given advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
Nuada Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Nuada had given and had not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they appear.

**11. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, there was no service contract with HKRH or any of its subsidiaries or associated companies in force for the directors of HKRH (i) which (including both continuous and fixed term contracts) was entered into or amended within 6 months before the Offer Period; (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

No benefit (other than statutory compensation) has been or will be given to any director of HKRH as compensation for loss of office or otherwise in connection with the Offers.

**12. MISCELLANEOUS**

As at the Latest Practicable Date,

- (a) the registered office of HKRH is at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda. HKRH's principal place of business in Hong Kong is at Room 2306, 23/F, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong;
- (b) the registered office of Nuada Limited, the Independent Financial Adviser, is at Unit 1606, 16/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong;
- (c) the company secretary of HKRH was Ms. Chan So Fun;
- (d) Mr. Li and Ms. Chan So Fun are the authorised representatives of HKRH under Rule 3.05 of the Listing Rules;



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**APPENDIX III GENERAL INFORMATION OF THE HKRH GROUP**

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- (e) the branch share registrar and transfer office of HKRH in Hong Kong is Tricor Tengis Limited at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong;
- (f) the Cayman Islands principal share registrar and transfer office of HKRH is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands; and
- (g) the Offeror had no agreement, arrangement or understanding to transfer, charge or pledge any of the HKRH Shares acquired pursuant to the Offers to any other persons.

**13. DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection (i) on the website of HKRH at [www.hkrh.hk](http://www.hkrh.hk); and (ii) on the website of the SFC at [www.sfc.hk](http://www.sfc.hk) from the date of this Composite Document up to and including the Closing Date:

- (a) the amended and restated Bye-laws of HKRH;
- (b) the annual reports of HKRH for each of the three years ended 30 June 2021, 2022 and 2023;
- (c) the letter from the HKRH Board, the text of which is set out on pages 27 to 35 of this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 36 to 37 of this Composite Document;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 38 to 61 of this Composite Document;
- (f) the written consent as referred to in the section headed “Expert and Consent” in this Appendix III;
- (g) the Disposal Agreement; and
- (h) this Composite Document and the accompanying Forms of Acceptance.

**1. RESPONSIBILITY STATEMENT**

The directors of the Offeror and Luk Fook Holdings jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the HKRH Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the directors of HKRH) 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. DISCLOSURES OF INTERESTS IN SECURITIES OF HKRH**

The Offeror confirms that, as at the Latest Practicable Date, the Offeror and the Offeror Concert Parties held 138,447,918 HKRH Shares in total, representing approximately 51.34% of the then total number of issued HKRH Shares. Save as aforesaid, as at the Latest Practicable Date, neither the Offeror nor Offeror Concert Parties hold, control or have direction over any other HKRH Shares or hold any other convertible securities, warrants, options or derivatives in respect of HKRH.

The abovementioned 138,447,918 HKRH Shares comprise (i) 136,000,000 HKRH Shares held by the Offeror; (ii) 1,125,000 HKRH Shares held by Luk Fook H; (iii) 797,499 HKRH Shares held by Luk Fook 3DM; (iv) 145,785 HKRH Shares held by Mr. WONG Wai Sheung, an executive director of Luk Fook Holdings; (v) 20,500 HKRH Shares held by Ms. WONG Hau Yeung, an executive director of Luk Fook Holdings and a proposed executive director of HKRH; (vi) 25,000 HKRH Shares held by Dr. CHAN So Kuen, an executive director of Luk Fook Holdings and a proposed executive director of HKRH; (vii) 41,600 HKRH Shares held by Mr. TSE Moon Chuen, a non-executive director of Luk Fook Holdings; (viii) 150,034 HKRH Shares held by Mr. HUI Chiu Chung, JP, a non-executive director of Luk Fook Holdings; and (ix) 142,500 HKRH Shares held by the spouse of Mr. HUI Chiu Chung, JP.

**3. DEALINGS IN HKRH'S SECURITIES**

Save for 136,000,000 Sale Shares acquired by the Offeror under the Acquisition upon Completion at a total consideration of HK\$101,728,000 pursuant to the Sale and Purchase Agreements, completion of which took place on 12 January 2024, neither the Offeror nor any of the Offeror Concert Parties had dealt for value in any HKRH Shares, Options, convertible securities and warrants of HKRH or derivatives in respect of the relevant securities of HKRH during the Relevant Period, and neither the Offeror nor any of the Offeror Concert Parties had entered into any outstanding derivative in respect of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in HKRH as at the Latest Practicable Date.

**4. ARRANGEMENTS IN CONNECTION WITH THE OFFERS**

As at the Latest Practicable Date,

- (a) none of the directors of HKRH had been given any benefit as compensation for loss of office or otherwise in connection with the Offers;
- (b) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any Offeror Concert Party and any of the directors or recent directors of HKRH, HKRH Shareholders or recent HKRH Shareholders having any connection with or was dependent upon the Offers;
- (c) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had been entered into between the Offeror or any Offeror Concert Party and any other person;
- (d) no person who owned or controlled any HKRH Shares, Options, convertible securities and warrants of HKRH or derivatives in respect of the relevant securities of HKRH had irrevocably committed themselves to accept or reject the Offers;
- (e) there were no HKRH Shares, Options or convertible securities, warrants, options or derivatives in respect of HKRH Shares which the Offeror or any Offeror Concert Parties had borrowed or lent, save for borrowed securities (if any) which have been either on-lent or sold;
- (f) since the Offers are unconditional in all respects, there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it might or might not invoke or seek to invoke a condition to the Offers;
- (g) no arrangement of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between a person on one hand and the Offeror or any Offeror Concert Parties or any other associate of them on the other hand during the Relevant Period;
- (h) the Offeror had no intention to transfer, charge or pledge any HKRH Shares acquired pursuant to the Offers to any other persons and had no agreement, arrangement or understanding with any third party to do so; and
- (i) save for the Disposal Agreement entered into between HKRH, there was no understanding, arrangement or agreement or special deal between any HKRH Shareholder on the one hand, and the Offeror and the Offeror Concert Parties on the other hand.

## 5. EXPERT AND CONSENT

The following are the name and qualifications of the expert which has given advice which are contained in this Composite Document:

Name	Qualifications
Optima Capital Limited	a licensed corporation 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

As at the Latest Practicable Date, Optima had given and had not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they appear.

## 6. MISCELLANEOUS

- (a) The Offeror is a company incorporated in the Hong Kong with limited liability which is beneficially and wholly owned by Luk Fook Holdings. The address of the registered office of the Offeror is 25/F, Metropole Square, 2 On Yiu Street, Shatin, New Territories, Hong Kong.
- (b) As at the Latest Practicable Date, the directors of the Offeror are Mr. WONG Wai Sheung, Ms. WONG Lan Sze, Nancy and Dr. CHAN So Kuen.
- (c) Luk Fook Holdings is a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0590). The address of the registered office of Luk Fook Holdings is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and the address of the principal place of business is 15th, 20th, 25th & 27th Floors, Metropole Square, No.2 On Yiu Street, Shatin, New Territories, Hong Kong. As at the Latest Practicable Date, the board of directors of Luk Fook Holdings comprised of Mr. WONG Wai Sheung (Chairman and Chief Executive Officer), Ms. WONG Hau Yeung, Ms. WONG Lan Sze, Nancy and Dr. CHAN So Kuen as executive directors; Mr. WONG Ho Lung, Danny (Deputy Chairman), Mr. TSE Moon Chuen, Mr. HUI Chiu Chung, JP and Mr. LI Hon Hung, BBS, MH, JP as non-executive directors; Mr. IP Shu Kwan, Stephen, GBS, JP, Mr. MAK Wing Sum, Alvin, Ms. WONG Yu Pok, Marina, JP and Mr. HUI King Wai as independent non-executive directors.

- (d) The principal members of the Offeror Concert Parties are (i) Luk Fook H; (ii) Luk Fook 3DM; (iii) Mr. WONG Wai Sheung, an executive director of Luk Fook Holdings; (iv) Ms. WONG Hau Yeung, an executive director of Luk Fook Holdings; (v) Dr. CHAN So Kuen, an executive director of Luk Fook Holdings; (vi) Mr. TSE Moon Chuen, a non-executive director of Luk Fook Holdings; (vii) Mr. HUI Chiu Chung, JP, a non-executive director of Luk Fook Holdings; and (viii) the spouse of Mr. HUI Chiu Chung, JP.
  
- (e) Optima is making the Offers for and on behalf of the Offeror. The registered office of Optima is at Unit 1501, 15/F Jardine House, 1 Connaught Place, Central, Hong Kong.

## **7. DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection (i) on the website of HKRH at [www.hkrh.hk](http://www.hkrh.hk); and (ii) on the website of the SFC at [www.sfc.hk](http://www.sfc.hk) from the date of this Composite Document up to and including the Closing Date:

- (a) the articles of association of the Offeror;
  
- (b) the letter from Optima, the text of which is set out on pages 10 to 26 of this Composite Document; and
  
- (c) the written consent as referred to in the section headed “Expert and Consent” in this Appendix IV.