
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Speed Apparel Holding Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

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



SPEED APPAREL HOLDING LIMITED
尚捷集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3860.HK)



EPS HOLDINGS, INC.
(Incorporated in Japan with limited liability)
(Stock code: 4282.T)

COMPOSITE DOCUMENT (1) UNCONDITIONAL MANDATORY CASH OFFER BY



MERDEKA SECURITIES LIMITED
FOR AND ON BEHALF OF EPS HOLDINGS, INC. FOR ALL THE ISSUED SHARES
IN SPEED APPAREL HOLDING LIMITED (OTHER THAN THOSE ALREADY
OWNED BY EPS HOLDINGS, INC. AND PARTIES ACTING IN CONCERT WITH IT);
(2) FORMATION OF JOINT VENTURE;

AND

(3) PROPOSED CHANGE OF COMPANY NAME

Financial adviser to Speed Apparel Holding Limited



紅日資本有限公司
RED SUN CAPITAL LIMITED

Financial adviser to EPS Holdings, Inc.



Merdeka Corporate Finance Limited

**Independent Financial Adviser to the
Independent Board Committee of Speed Apparel Holding Limited**

ALTUS CAPITAL 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 Merdeka Securities, containing among other things, the details of the terms and conditions of the Offer, is set out on pages 6 to 14 of this Composite Document. A letter from the Board is set out on pages 15 to 26 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 27 to 28 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 29 to 52 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Registrar by no later than 4:00 p.m. on Wednesday, 16 June 2021, or such later time(s) and/or date(s) as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the section headed "Overseas Shareholders" in the "Letter from Merdeka Securities" and Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders wishing to take any action in relation to the Offer, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

26 May 2021

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	ii
IMPORTANT NOTICE	iv
DEFINITIONS	1
LETTER FROM MERDEKA SECURITIES	6
LETTER FROM THE BOARD	15
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	27
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	29
APPENDIX I – FURTHER TERMS AND PROCEDURES OF ACCEPTANCE OF THE OFFER	I-1
APPENDIX II – FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – LETTERS FROM ZHONGHUI ANDA CPA LIMITED AND RED SUN CAPITAL LIMITED ON THE PROFIT FORECASTS OF THE GROUP	III-1
APPENDIX IV – GENERAL INFORMATION OF THE GROUP	IV-1
APPENDIX V – GENERAL INFORMATION OF THE OFFEROR	V-1

Accompanying document – Form of Acceptance

EXPECTED TIMETABLE

EXPECTED TIMETABLE

All references to date and time contained in this Composite Document and the Form of Acceptance refer to Hong Kong date and time.

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

Event	Time and Date
Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Wednesday, 26 May 2021
Offer opens for acceptance	Wednesday, 26 May 2021
Latest time and date for acceptance of the Offer (<i>Notes 2, 3 and 5</i>)	by 4:00 p.m. on Wednesday, 16 June 2021
Closing Date (<i>Notes 2, 3 and 5</i>)	Wednesday, 16 June 2021
Announcement of the results of the Offer (or its extension or revision, if any) as at the Closing Date, to be posted on the website of the Stock Exchange (<i>Notes 3 and 5</i>)	no later than 7:00 p.m. on Wednesday, 16 June 2021
Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offer at or before 4:00 p.m. on the Closing Date (<i>Notes 5 and 6</i>)	Friday, 25 June 2021

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will initially remain open for acceptances until 4:00 p.m. on Wednesday, 16 June 2021 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror and the Company will jointly issue an announcement no later than 7:00 p.m. on Wednesday, 16 June 2021 in

EXPECTED TIMETABLE

relation to any extension of the Offer, in which the announcement will state either the next Closing Date or, a statement the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be despatched to the accepting Independent Shareholder(s) (to the address specified on the relevant Form(s) of Acceptance) by ordinary post at his/her/ its own risk as soon as possible, but in any event within seven (7) business days (as defined under the Takeovers Code) following date of receipt by the Registrar in compliance with Note 1 to Rule 30.2 of the Takeovers Code.
5. If there is a tropical cyclone warning signal number 8 or above or "extreme conditions" caused by super typhoons or a "black" rainstorm warning signal in force on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will be postponed to 4:00 p.m. on the next business days (as defined under the Takeovers Code) which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will remain on the same day, i.e. 4:00 p.m. on the Closing Date.

IMPORTANT NOTICE

NOTICE TO THE OVERSEAS SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements.

It is the responsibility of any such person who wishes to accept the Offer 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 and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction.

The Offeror and the parties acting in concert with it, the Company, Red Sun Capital Limited, Merdeka Corporate Finance Limited, Merdeka Securities Limited, Altus Capital Limited, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed "Overseas Shareholders" in the "Letter from Merdeka Securities" in this Composite Document and the paragraph headed "8. OVERSEAS SHAREHOLDERS" in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as "believe", "expect", "anticipate", "intend", "plan", "seek", "estimate", "will", "would" or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code, and “persons acting in concert” and “concert parties” should be construed accordingly
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Closing Date”	Wednesday, 16 June 2021, the closing date of the Offer, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“Company”	Speed Apparel Holding Limited, a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board (stock code: 3860)
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“EGM”	the extraordinary general meeting to be held by the Company for the purpose of considering and approving the Proposed Change of Company Name
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegate

DEFINITIONS

“Existing Group”	all subsidiaries of the Company as at the date of the S&P Agreement (excluding the Company)
“First Year Note”	the HK\$21,666,000 principal unsecured interest-free non-transferrable note due on 30 June 2022 issued by Speed Apparel (BVI) Limited in favour of the Vendor
“Form of Acceptance”	the form of acceptance and transfer of Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	Mr. Chan Wing Kai, an executive Director and the chairman of the Board
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Chan Siu Lai, Mr. Kwok Chi Shing and Mr. Ma Kwok Fai, Edwin, established to give recommendation to the Independent Shareholders regarding the terms of the Offer and as to acceptance
“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in respect of the terms of the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement dated 5 May 2021, jointly published by the Company and the Offeror relating to, among other things, the S&P Agreement and the Offer
“Joint Venture”	the joint venture to be established pursuant to the JV Agreement
“JV Agreement”	the joint venture agreement dated 5 May 2021 and entered into between the Company and the JV Partner in relation to the formation of the Joint Venture

DEFINITIONS

“JV Partner”	Mr. Tai Hei, an independent third party not connected with the Company and its connected persons and not acting in concert with the Offeror, the Vendor and any of their respective concert parties
“Last Trading Day”	26 April 2021, being the last full trading day of the Shares on the Stock Exchange before the publication of the Joint Announcement
“Latest Practicable Date”	24 May 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Merdeka Corporate Finance”	Merdeka Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Merdeka Securities”	Merdeka Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offer on behalf of the Offeror
“Notes”	collectively, the First Year Note, the Second Year Note and the Third Year Note
“Offer”	the unconditional mandatory cash offer at the Offer Price by Merdeka Securities on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code
“Offer Period”	the period commencing from 26 March 2021, being the date of the announcement of the Company made pursuant to Rule 3.7 of the Takeovers Code, and ending at 4:00 p.m. on the Closing Date
“Offer Price”	the price of HK\$0.988 per Offer Share payable by the Offeror to the Independent Shareholders for each Offer Share accepted under the Offer
“Offer Share(s)”	Share(s) not already owned by the Offeror and parties acting in concert with it

DEFINITIONS

“Offeror” or “Purchaser”	EPS Holdings, Inc., a company incorporated in Japan with limited liability, the issued shares of which are listed on the Tokyo Stock Exchange. Approximately 22% of the issued shares of the Offeror is beneficially owned by Mr. Hao Yan, an independent third party not connected with, either the Company or any of its connected persons, and not a party acting in concert with any of them, save that the Offeror has become a controlling Shareholder upon the S&P Completion
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC” or “Mainland China”	the People’s Republic of China, which for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Profit Guarantee”	the profit guarantee provided by the Vendor and the Guarantor in favour of the Purchaser pursuant to the S&P Agreement
“Proposed Change of Company Name”	the proposal by the Board to change the English name of the Company from “Speed Apparel Holding Limited” to “EPS Creative Health Technology Group Limited” and the Chinese name of the Company from “尚捷集團控股有限公司” to “EPS 創健科技集團有限公司”
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing from 26 September 2020, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Revolving Facility”	the interest-free revolving facility of up to HK\$35,000,000 provided to the Existing Group by the Vendor for working capital of the Existing Group up to 31 March 2024
“S&P Agreement”	the sale and purchase agreement dated 26 April 2021 and entered into among the Offeror (as purchaser), the Vendor and the Guarantor in relation to the sale and purchase of the Sale Shares
“S&P Completion”	completion of the S&P Agreement in accordance with its terms, which took place immediately after the signing of the S&P Agreement

DEFINITIONS

“Sale Shares”	an aggregate of 375,000,000 Shares acquired by the Offeror from the Vendor pursuant to the S&P Agreement, representing 75% of the issued share capital of the Company as at the Latest Practicable Date
“Second Year Note”	the HK\$21,666,000 principal unsecured interest-free non-transferrable note due on 30 June 2023 issued by Speed Apparel (BVI) Limited in favour of the Vendor
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Third Year Note”	the HK\$21,668,000 principal unsecured interest-free non-transferrable note due on 30 June 2024 issued by Speed Apparel (BVI) Limited in favour of the Vendor
“Vendor”	Speed Development Co. Ltd, a company incorporated in the British Virgin Islands and the entire issued shares of which is owned by the Guarantor
“%”	per cent.

LETTER FROM MERDEKA SECURITIES



Room 1108-1110, 11/F.
Wing On Centre
111 Connaught Road Central
Hong Kong

26 May 2021

To the Independent Shareholders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY



MERDEKA SECURITIES LIMITED

**FOR AND ON BEHALF OF EPS HOLDINGS, INC. FOR ALL THE ISSUED SHARES
IN SPEED APPAREL HOLDING LIMITED (OTHER THAN THOSE ALREADY
OWNED BY EPS HOLDINGS, INC. AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement dated 5 May 2021 in relation to, among other things, the S&P Agreement and the Offer.

On 26 April 2021 (after trading hours of the Stock Exchange), the Purchaser, the Vendor and the Guarantor entered into the S&P Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire a total of 375,000,000 Sale Shares for a total cash consideration of HK\$370,500,000 (equivalent to HK\$0.988 per Sale Share). The S&P Agreement was unconditional and the S&P Completion took place upon the execution of the S&P Agreement on 26 April 2021.

Immediately upon the S&P Completion and as at the Latest Practicable Date, the Offeror is interested in a total of 375,000,000 Shares, representing 75% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon S&P Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). Merdeka Securities is making the Offer for and on behalf of the Offeror.

This letter sets out, among other things, principal terms of the Offer, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details on the terms and procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM MERDEKA SECURITIES

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

THE OFFER

Merdeka Securities is making the Offer, for and on behalf of the Offeror, to acquire all the Offer Shares in compliance with the Takeovers Code on the following basis:

For every Offer Share HK\$0.988 in cash

The Offer Price of HK\$0.988 per Offer Share is equivalent to the price per Sale Share paid by the Purchaser under the S&P Agreement.

The Offer is unconditional in all respects.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Shares to be acquired under the Offer are free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and with all rights, benefit and entitlements attaching thereto as at the despatch date of this Composite Document or subsequently becoming attached to them, including, without limitation, the right to receive and retain in full all dividends and other distributions (as applicable) , which may be recommended, declared, made or paid by reference to a record date on or after the despatch date of this Composite Document.

As at the Latest Practicable Date, the Company confirms that (a) it has not declared any dividend, the record date of which falls before the date of this Composite Document and which is not paid; (b) it has not declared any dividend, the record date of which falls on or after the date of this Composite Document; and (c) it does not have any intention to make, declare or pay any future dividend/make other distributions until after the close of the Offer.

Comparison of value of the Offer Price

The Offer Price of HK\$0.988 per Offer Share represents:

- i. represents a discount of approximately 49.6% to to the closing price of HK\$1.960 per Share quoted on the Stock Exchange as at the Latest Practicable Date;
- ii. a discount of approximately 45.1% to the closing price of HK\$1.800 per Share as quoted on the Stock Exchange on the Last Trading Day;
- iii. a discount of approximately 36.6% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK\$1.558 per Share;

LETTER FROM MERDEKA SECURITIES

- iv. a discount of approximately 36.2% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK\$1.549 per Share;
- v. a discount of approximately 15.4% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK\$1.168 per Share;
- vi. a discount of approximately 5.0% to the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on the 25 March 2021 being the trading day preceding to the commencement of the Offer Period;
- vii. a premium of approximately 290.5% over the audited consolidated net asset value of the Company of approximately HK\$0.253 per Share as at 31 March 2020; and
- viii. a premium of approximately 277.1% over the unaudited consolidated net asset value of the Company of approximately HK\$0.262 per Share as at 30 September 2020.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.28 per Share on 11 May 2021 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.49 per Share on 30 September 2020, 5 October 2020, 6 October 2020, 7 October 2020, 8 October 2020, 9 October 2020, 12 October 2020, 14 October 2020, 15 October 2020, 16 October 2020, 19 October 2020, 20 October 2020, 21 October 2020, 22 October 2020 and 23 October 2020.

TOTAL CONSIDERATION OF THE OFFER

On the basis of the Offer Price of HK\$0.988 per Offer Share and 500,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$494,000,000.

On the basis of 500,000,000 Shares in issue, of which the Offeror holds 375,000,000 Shares immediately after the S&P Completion and as at the Latest Practicable Date, the Offer based on the Offer Price is valued at HK\$123,500,000.

Financial resources available for the Offer

The maximum cash consideration payable under the Offer, other than the Shares already held by the Offeror and the parties acting in concert with it, is HK\$123,500,000. The Offeror intends to finance the total consideration payable under the Offer through its own resources.

As at the Latest Practicable Date, neither Merdeka Securities nor Merdeka Corporate Finance is a beneficial owner holding any Shares. Merdeka Corporate Finance, being the financial advisor to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration in

LETTER FROM MERDEKA SECURITIES

respect of full acceptances of the Offer. Neither Merdeka Securities nor Merdeka Corporate Finance has dealt in the Shares and any outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

Effect of accepting the Offer

By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from all liens, equities, mortgages, charges encumbrances, rights of pre-emption and any other third party rights of any nature, and together with all rights, benefits and entitlements attaching thereto as at the despatch date of this Composite Document or subsequently becoming attached to them, including, without limitation, the right to receive and retain in full all dividends and other distributions (as applicable) which may be recommended, declared, made or paid by reference to a record date on or after the despatch date of this Composite Document.

The Offer will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code, details of which are set out in paragraph headed “6. RIGHT OF WITHDRAWAL” in Appendix I to this Composite Document.

Hong Kong stamp duty

In Hong Kong, seller’s ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances (round up to the nearest dollar) of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer.

The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of such person accepting the Offer and will pay the buyer’s ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Settlement

Settlement of the consideration for the Offer Shares will be made in cash as soon as possible but in any event within seven (7) Business Days (as defined in the Takeovers Code) of the date on which the relevant documents of title are received by or on behalf of the Offeror (or its agent) to render each such acceptance complete and valid.

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

LETTER FROM MERDEKA SECURITIES

Overseas Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. However, the availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental 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 Overseas Shareholders in respect of such jurisdictions).

Acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Taxation advice

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

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Save for the acquisition of the Sale Shares by the Offeror under the S&P Agreement, none of the Offeror, its directors, nor the parties acting in concert with them has dealt in the Shares and any outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

It is the intention of the Purchaser to earmark 40,000,000 Sale Shares (equivalent to 8% of the issued share capital of the Company) to be placed in a trust (which will be acting in concert with the Purchaser) for the benefits of any persons who may contribute to the Company including, but not limited to, directors, staff, consultants and advisors of the Purchaser, its subsidiaries and associated companies after the close of the Offer. The Purchaser has no intention to include any existing Shareholder and Directors as beneficiaries of said trust. As at the Latest Practicable Date, the Purchaser has not identified any individuals to be beneficiaries of the trust.

The Purchaser is in the process of establishing the trust and identifying suitable candidates to act in the capacity of trustee of the trust. Save as the Purchaser is in the process of identifying suitable candidates to act as trustee of the trust, no agreement has been made or in contemplation with regards to any terms of the trust. Further announcement will be made to update on the progress of the establishment of the trust.

LETTER FROM MERDEKA SECURITIES

Your attention is drawn to the shareholding structure of the Company as at the Latest Practicable Date as set out under the section headed “SHAREHOLDING STRUCTURE OF THE COMPANY” in the “Letter from the Board” to this Composite Document.

INFORMATION ON THE GROUP

Your attention is drawn to the section headed “INFORMATION ON THE GROUP” in the “Letter from the Board” contained in this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror is a company incorporated in Japan on 30 May 1991 with limited liability, the shares of which are listed on the Tokyo Stock Exchange (stock code: 4282.T). The principal business activities of the Offeror include the provision of contract research organisation (CRO), site management organisation (SMO), contract sales organisation (CSO), and other related services for pharmaceutical and medical device development in Japan and Asia. Immediately upon the S&P Completion and as at the Latest Practicable Date, the Offeror is interested in a total of 375,000,000 Shares, representing 75% of the entire issued share capital of the Company. As at the Latest Practicable Date, the directors of the Offeror are Mr. Hao Yan, Mr. Tatsuma Nagaoka, Mr. Kazuki Sekitani, Mr. Shuzo Orihashi, Mr. Toshihiro Jike, Mr. Kenichi Yamamoto, Ms. Kaori Takeda, Mr. Haruo Funabashi, Mr. Yoshinori Ando and Mr. Junichi Taguchi.

The Offeror is planning to combine smart clothing with healthcare technologies to open up new business opportunities. The Offeror considered that the integration of the Group’s expertise in the area of apparel product design and logistics with the Offeror’s expertise in application of healthcare technologies will be beneficial to foster the Offeror’s expansion into this new business area. In September 2020, the Offeror subscribed for 1.5% shareholding in Xenoma Inc., a company incorporated in Japan which is a Tokyo-based smart apparel start-up founded in November 2015 as a University of Tokyo spinoff. Xenoma develops next-generation smart wear and apparel for monitoring health data and tracks body movements via a whole-body sensor network built into regular clothing for daily use.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the Offeror’s intention to further consolidate its interest in the Company pursuant to the Offer. The Offeror has no intention to introduce major changes to the existing business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. The intention of the Offeror is that the Company’s existing principal activities will be maintained, and at the same time after completion of the Offer, the Offeror will assist the Company in reviewing its business and operations and seek for new investment opportunities, including but not limited to the proposed formation of the Joint Venture, which would complement the principal business of the Purchaser, namely the provision of research services for pharmaceutical and medical device development. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

LETTER FROM MERDEKA SECURITIES

The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. The Offeror has no intention to (i) discontinue the employment of any employees of the Group (other than the potential change(s) to the composition of the Board as mentioned below); or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

As referred to the “Letter from the Board”, the Offeror is aware that the Board is pleased to learn that the Offeror has no intention to introduce major changes to the existing business of the Group. Your attention is drawn to the section headed “INTENTION OF THE OFFEROR REGARDING THE GROUP” in the “Letter from the Board” contained in this Composite Document.

CHANGE TO THE COMPOSITION OF THE BOARD

As at the Latest Practicable Date, the Board comprises Mr. Chan Wing Kai and Mr. Ng Ming Ho as executive Directors; and Ms. Chan Siu Lai, Mr. Kwok Chi Shing and Mr. Ma Kwok Fai, Edwin as independent non-executive Directors. All of the Directors have tendered their resignation from their respective position and the resignation will take effect from the earliest time permissible under Rule 7 of the Takeovers Code, being the date of close of the Offer, or 30 June 2021, whichever is later.

As at the Latest Practicable Date, the Company directly or indirectly wholly-owns nine subsidiaries. The Guarantor will be a director of the seven subsidiaries, which contributed all of the revenue for the Group as at the Latest Practicable Date, and that his roles and responsibilities in the seven subsidiaries will remain the same after the S&P Completion. All terms and conditions of the employment contracts of the Guarantor remain the same.

The Offeror intends to nominate new Directors with effect from a date which is no earlier than such date as permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the 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 Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends for the Company to remain listed on the Main Board after the close of the Offer. The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

LETTER FROM MERDEKA SECURITIES

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

COMPULSORY ACQUISITION

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

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding further terms and conditions of the Offer, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

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

Attention of the Overseas Shareholders is drawn to paragraph headed “8. OVERSEAS SHAREHOLDERS” in Appendix I to this Composite Document.

All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, its concert party(ies), Red Sun Capital Limited, Merdeka Securities, Merdeka Corporate Finance, the Independent Financial Adviser, and any of their respective directors nor the Registrar or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which forms part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the recommendation of the Independent Board

LETTER FROM MERDEKA SECURITIES

Committee, the advice and recommendation of the Independent Financial Adviser and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Merdeka Securities Limited
Nelson Chan
Director

LETTER FROM THE BOARD



SPEED APPAREL HOLDING LIMITED

尚捷集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3860)

Executive Directors:

Mr. Chan Wing Kai (*Chairman and
chief executive officer*)

Mr. Ng Ming Ho

Independent non-executive Directors:

Ms. Chan Siu Lai

Mr. Kwok Chi Shing

Mr. Ma Kwok Fai, Edwin

*Registered office in the
Cayman Islands:*

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

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

Flat A, 17/F., Gemstar Tower

23 Man Lok Street, Hung Hom

Kowloon, Hong Kong

26 May 2021

To the Shareholders

Dear Sir/Madam,

(1) UNCONDITIONAL MANDATORY CASH OFFER BY



MERDEKA SECURITIES LIMITED

**FOR AND ON BEHALF OF EPS HOLDINGS, INC. FOR ALL THE ISSUED SHARES
IN SPEED APPAREL HOLDING LIMITED (OTHER THAN THOSE ALREADY
OWNED BY EPS HOLDINGS, INC. AND PARTIES ACTING IN CONCERT WITH IT);**

(2) FORMATION OF JOINT VENTURE;

AND

(3) PROPOSED CHANGE OF COMPANY NAME

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Joint Announcement whereby the Offeror and the Company jointly announced on 5 May 2021 that, the Purchaser and the Vendor entered into the S&P Agreement in relation to the sale and purchase of the Sale Shares on 5 May 2021. Pursuant to the S&P Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire 375,000,000 Sale Shares for an aggregate consideration of HK\$370,500,000 (equivalent to HK\$0.988 Share), representing 75% of the issued share capital of the Company as at the Latest Practicable Date.

The Company has no outstanding options or warrants convertible into Shares as at the Latest Practicable Date.

Immediately upon S&P Completion and as at the Latest Practicable Date, the Purchaser and the parties acting in concert with it are interested in 375,000,000 Shares, representing 75% of the total voting rights in general meeting of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror (the Purchaser) will therefore be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it).

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Offeror and the Offer; the letter from Merdeka Securities containing details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and on acceptance in respect of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance.

The Independent Board Committee, comprising all independent non-executive Directors, namely, Ms. Chan Siu Lai, Mr. Kwok Chi Shing and Mr. Ma Kwok Fai, Edwin, has been established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

As disclosed in the announcement of the Company dated 13 May 2021, Altus Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee in respect of the Offer. Such appointment has been approved by the Independent Board Committee.

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

LETTER FROM THE BOARD

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 Offer.

MANDATORY UNCONDITIONAL CASH OFFER

The terms of the Offer as set out in the “Letter from Merdeka Securities” are extracted below. You are recommended to refer to the “Letter from Merdeka Securities” and the accompanying Form of Acceptance for further details.

As at the Latest Practicable Date, the Company had 500,000,000 Shares in issue. The Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Merdeka Securities is making the Offer, on behalf of the Offeror, in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.988 in cash

The Offer Price of HK\$0.988 per Offer Share under the Offer is the same as the price per Sale Share paid by the Purchaser under the S&P Agreement.

The Offer Price of HK\$0.988 represents:

- (1) a discount of approximately 49.6% to the closing price of HK\$1.960 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (2) a discount of approximately 45.1% to the closing price of HK\$1.800 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (3) a discount of approximately 36.6% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK\$1.558 per Share;
- (4) a discount of approximately 36.2% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK\$1.549 per Share;
- (5) a discount of approximately 15.4% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK\$1.168 per Share;
- (6) a discount of approximately 5.0% to the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on the 25 March 2021 being the trading day preceding to the commencement of the Offer Period;

LETTER FROM THE BOARD

- (7) a premium of approximately 290.5% over the audited consolidated net asset value of the Company of approximately HK\$0.253 per Share as at 31 March 2020; and
- (8) a premium of approximately 277.1% over the unaudited consolidated net asset value of the Company of approximately HK\$0.262 per Share as at 30 September 2020.

The Offer is unconditional in all respects when made.

Notes and Revolving Facility

Pursuant to the S&P Agreement, the Vendor and the Guarantor have agreed to provide working capital to the Existing Group of up to HK\$100,000,000 during the Profit Guarantee Period (as defined below) by way of (i) cash in the aggregate amount of HK\$65,000,000 as principal of the Notes; and (ii) the Revolving Facility up to 31 March 2024.

The arrangement for the Vendor to provide working capital to the Existing Group through the Notes and the Revolving Facility is to secure the Profit Guarantee while it can also ensure the existing business of the Group would not be adversely affected by lack of cash flow during the Profit Guarantee Period which in turn would affect the Profit Guarantee, in particular, given the uncertainty over the post COVID-19 global economic condition in the mid to long term, it is of foremost importance that funding is secured for the Existing Group to deliver results that would satisfy the Profit Guarantee.

The Notes and the Revolving Facility are interest free and unsecured. Pursuant to the terms of the Notes, the Notes are not transferable and cannot be converted into Shares. The Vendor cannot demand for repayment of the outstanding amount of the Revolving Facility prior to the due date which is 31 March 2024. Neither the Notes nor the Revolving Facility have provided for any default interest. In the event of any judgment obtained by the Vendor against the Group for default of the Notes and/or the Revolving Facility, the Group may be subject to any default interest as determined by the judge.

The First Year Note is due on 30 June 2022, the Second Year Note is due on 30 June 2023 and the Third Year Note is due on 30 June 2024.

The principal of each of the First Year Note and the Second Year Note is HK\$21,666,000 divided into part A portion of HK\$11,666,000 and part B portion of HK\$10,000,000. The principal of the Third Year Note is HK\$21,668,000 divided into part A portion of HK\$11,668,000 and part B portion of HK\$10,000,000.

Profit Guarantee

Pursuant to the S&P Agreement, each of the Vendor and the Guarantor irrevocably warrants, guarantees and undertakes that (i) the audited consolidated net profit after taxation (excluding any extraordinary items) (the “**Net Profit**”) of the Existing Group shall not be less than HK\$10,000,000 (the “**Guaranteed Profit**”) and (ii) the audited consolidated revenue (the “**Revenue**”) of the Existing Group shall not be less than HK\$240,000,000 (the “**Guaranteed Revenue**”) for each of the three financial years ending 31 March 2024 (the “**Profit Guaranteed Period**”).

LETTER FROM THE BOARD

In the event that the Net Profit or the Revenue for any of the three years ending 31 March 2024 shall be less than the relevant Guaranteed Profit or the Guaranteed Revenue for the corresponding year, the Vendor and the Guarantor shall compensate the Company by waiving certain amount of the principal of the Notes of the relevant year in the following manner:

Scenarios	Part A portion of the Notes	Part B portion of the Notes
(1) The Net Profit is less than the Guaranteed Profit but more than or equals to 70% of the Guaranteed Profit and the Revenue is more than or equals to the Guaranteed Revenue	No adjustment	Vendor shall waive such amount of the principal of part B portion of the Notes for the relevant year by an amount equals to the difference between the Net Profit and the Guaranteed Profit
(2) The Net Profit is less than 70% of the Guaranteed Profit (but no loss is recorded) or the Revenue is less than the Guaranteed Revenue	Vendor shall waive the principal of part A portion of the Notes for the relevant year in full	Vendor shall waive such amount of the principal of part B portion of the Notes for the relevant year by an amount equals to the difference between the Net Profit and the Guaranteed Profit
(3) Audited loss (excluding any extraordinary items) is recorded for the Existing Group	Vendor shall waive the principal of part A portion of the Notes for the relevant year in full	Vendor shall waive the principal of part B portion of the Notes for the relevant year in full and shall make monetary compensation to the Company by an amount equals to the audited loss (excluding any extraordinary items)

In order to safeguard its investment, the Purchaser requested, and the Vendor and the Guarantor agreed that the Guaranteed Profit and the Guaranteed Revenue to be inserted as part of the terms of the S&P Agreement. The Vendor and the Guarantor consider that the Existing Group will be able to meet the Guaranteed Profit and the Guaranteed Revenue based on the historical performance of the Group.

Pursuant to Rule 10 of the Takeovers Code, the above Guaranteed Revenue and Guaranteed Profit constitute a profit forecast and should be reported on by the Company's financial adviser and auditors or consultant accountants (the "**Forecast Financial Information**") under Rule 10.4 of the Takeovers Code and in accordance with Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code. Pursuant to Rule 10 of the Takeovers Code, financial advisers must satisfy themselves that the forecast has been prepared by the

LETTER FROM THE BOARD

directors with due care and consideration, and auditors or consultant accountants must satisfy themselves that the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made.

In compliance with the requirement under Rule 10 of the Takeovers Code, the forecast has been reported on in accordance with the Takeovers Code and the requisite reports from ZHONGHUI ANDA CPA Limited (the “**Auditor**”), auditor of the Company, and Red Sun Capital Limited (the “**Financial Adviser**”), financial adviser of the Company, have been lodged with the Executive and attached as appendices to this Composite Document.

The Board has reassessed the Profit Forecast and confirmed that the Profit Forecast remains valid for the purposes of the Offer. Both the Financial Adviser and the Auditor who reported on the Profit Forecast have indicated that they have no objection to their reports continuing to apply.

ZHONGHUI ANDA CPA Limited and Red Sun Capital Limited have given and have not withdrawn its consent to the issue of this composite document with the inclusion of its report and references to its name and logo in the form and context in which they respectively appear (if applicable).

The Forecast Financial Information have been prepared based on the historical financial information of the Group. The following are the details of the assumptions prepared by the Directors and adopted in the forecast, reviewed by the Auditor and the Financial Adviser pursuant to Rule 10.2 of the Takeovers Code and notes to Rules 10.1 and 10.2 of the Takeovers Code:

(A) General assumptions

1. the macro-economic policies, i.e. fiscal policies, monetary policies and exchange rate policies, and the taxation policy in Hong Kong, Japan, the United States of America and the PRC will remain more or less the same;
2. the inflation rate will be in line with the historical trend, i.e. approximately 2% to 3% and the borrowing interest rate accepted by the Group will be maintained at or around current levels;
3. there will be no uncontrollable external events such as war, military dispute, plague or natural disaster that affect the operations of the Group;
4. there will be no abnormal or extraordinary items, such as losses/one-off gains suffered/earned by the Group due to unforeseen events such as natural disasters or government grants, which will worsen or improve the Group’s financial results, respectively, during the forecast period, i.e. the three years ending 31 March 2022, 2023 and 2024.

(B) Specific assumptions

1. the Group will be able to maintain the business relationships and existing trading terms with its existing customers and suppliers;

LETTER FROM THE BOARD

2. the operation of the Group will not be affected due to the shortage of materials;
3. the current level of demand and customer base of the Group which will at least be maintained;
4. the pattern of the seasonality effect of the Group's sales, i.e. where the Group generally records higher sales from the month of August to January in a financial year, for the three years ending 31 March 2024 will remain unchanged;
5. the staffing levels will be sufficient for the operations of the Group during the forecast period;
6. as vaccines continue to be rolled out in countries of which the Group's customers operate, their respective economics will continue to recover, thereby gradually increasing the demand for the Group's products;
7. the sales volume of the womenswear products, the menswear products and the kidswear products for each of the three years ending 31 March 2024 would be not less than an average of the aggregate quantities of the actual purchase orders for the two years ended 31 March 2021 with considering the purchase orders already placed by customers up to 14 May 2021 and will be delivered as scheduled from May 2021 to October 2021;
8. the accounting policies adopted by the Group would be consistent with those used in the preparation of its annual report for the year ended 31 March 2020 in all material aspects;
9. the Group will have sufficient financial resources to meet its business development requirements during the three years ending 31 March 2024 with considering Revolving Facility provided by the Vendor;
10. the Group will generate annual cash flows during the three years ending 31 March 2024 with reference to the positive cash flow for the year ended 31 March 2020; and
11. the key senior management will continue to involve in the operations of the Existing Group and the Existing Group will be able to retain its key management and personnel.

The Auditor has reviewed the accounting policies and calculations adopted in arriving at the forecast and is of the opinion that, the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the bases and assumptions adopted by the Directors and was presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group in its audited consolidated financial statements for the year ended 31 March 2020.

The Financial Adviser has reviewed the forecast and discussed with the Directors, the management of the Company and the Auditor matters including the basis of the accounting policy adopted by the Directors in preparing the forecast, and is of the opinion that the forecast has been prepared by the Directors with due care and consideration and objectivity, and on a reasonable basis.

LETTER FROM THE BOARD

Further details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the “Letter from Merdeka Securities” and “Appendix I – Further Terms and Procedures of Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing six months immediately preceding the commencement of the offer period (as defined under the Takeovers Code) on 26 March 2021 and ending on the Last Trading Day (both days inclusive), were HK\$1.80 per Share on 26 April 2021 and HK\$0.49 per Share on 30 September 2020, 5 October 2020, 6 October 2020, 7 October 2020, 8 October 2020, 9 October 2020, 12 October 2020, 14 October 2020, 15 October 2020, 16 October 2020, 19 October 2020, 20 October 2020, 21 October 2020, 22 October 2020 and 23 October 2020, respectively.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Japan on 30 May 1991 with limited liability, the shares of which are listed on the Tokyo Stock Exchange (stock code: 4282.T). The principal business activities of the Offeror include the provision of contract research organisation (CRO), site management organisation (SMO), contract sales organisation (CSO), and other related services for pharmaceutical and medical device development in Japan and Asia. Immediately upon the S&P Completion and as at the Latest Practicable Date, the Offeror is interested in a total of 375,000,000 Shares, representing 75% of the entire issued share capital of the Company.

The Offeror is planning to combine smart clothing with healthcare technologies to open up new business opportunities. The Offeror considered that the integration of the Group’s expertise in the area of apparel product design and logistics with the Offeror’s expertise in application of healthcare technologies will be beneficial to foster the Offeror’s expansion into this new business area. In September 2020, the Offeror subscribed for 1.5% shareholding in Xenoma Inc., a company incorporated in Japan which is a Tokyo-based smart apparel start-up founded in November 2015 as a University of Tokyo spinoff. Xenoma develops next-generation smart wear and apparel for monitoring health data and tracks body movements via a whole-body sensor network built into regular clothing for daily use.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the Main Board (stock code: 3860). The Group is principally engaged in apparel supply chain management services selling knitwear apparel products to its customers, with a majority of the Group’s sales to Japan. The Group provides one-stop apparel supply chain management solutions for its customers ranging from fashion trend analysis, product design and development, sourcing and procurement of materials, production management, quality control and logistics services.

LETTER FROM THE BOARD

Financial and general information in relation to the Group are set out in Appendices II and III to this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company (i) immediately before the S&P Completion; and (ii) immediately after the S&P Completion and as at the Latest Practicable Date:

	Immediately before the S&P Completion		Immediately after the S&P Completion and as at the Latest Practicable Date	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Vendor (<i>Note 1</i>)	375,000,000	75.0	–	–
The Offeror and parties acting in concert with it (<i>Note 3</i>)	–	–	375,000,000	75.0
Public Shareholders	<u>125,000,000</u>	<u>25.0</u>	<u>125,000,000</u>	<u>25.0</u>
Total	<u><u>500,000,000</u></u>	<u><u>100.0</u></u>	<u><u>500,000,000</u></u>	<u><u>100.0</u></u>

Notes:

1. The entire issued share capital of the Vendor is owned by the Guarantor.
2. The Company has no outstanding options or warrants convertible into Shares as at the Latest Practicable Date.
3. Includes the 40,000,000 Shares (equivalent to 8% of the issued share capital of the Company) earmarked by the Offeror to be placed in a trust (which will be acting in concert with the Offeror) for the benefits of any persons who may contribute to the Company including, but not limited to, directors, staff, consultants and advisors of the Purchaser, its subsidiaries and associated companies after the close of the Offer.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraph headed “Intention of the Offeror regarding the Group” in the “Letter from Merdeka Securities” in this Composite Document. The Board is aware of the intention of the Offeror in respect of the Group and is pleased to learn that the Offeror has no intention to introduce major changes to the existing business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. The intention of the Offeror is that the Company’s existing principal activities will be maintained, and at the same time after completion of the Offer, the Offeror will assist the Company in reviewing its business and operations and seek for new investment opportunities which would complement the principal business of the Purchaser, namely the provision of research services for pharmaceutical and medical device development. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of

LETTER FROM THE BOARD

the Group so as to meet the needs of the Group from time to time. The Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

CHANGES OF BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the executive Directors are the Guarantor and Mr. Ng Ming Ho; and the independent non-executive Directors are Ms. Chan Siu Lai, Mr. Kwok Chi Shing and Mr. Ma Kwok Fai, Edwin. All of the Directors have tendered their resignation from their respective position and the resignation will take effect from the earliest time permissible under Rule 7 of the Takeovers Code, being the date of close of the Offer or 30 June 2021, whichever is later.

As at the Latest Practicable Date, the Company directly or indirectly wholly-owns nine subsidiaries. The Guarantor will be a director of the seven subsidiaries, which contributed all of the revenue for the Group as at the Latest Practicable Date, and that his roles and responsibilities in the seven subsidiaries will remain the same after the S&P Completion. All terms and conditions of the employment contracts of the Guarantor remain the same.

Further announcement will be published by the Company in respect of the changes to the Board pursuant to the Takeovers Code and the Listing Rules as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Pursuant to the Listing Rules, if, at the closing of the Offer, less than 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 Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

As stated in the “Letter from Merdeka Securities” in this Composite Document, the Offeror intends the issued Shares to remain listed on the Main Board after the close of the Offer. The Offeror will take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

FORMATION OF JOINT VENTURE

On 5 May 2021, the Company entered into the JV Agreement with the JV Partner, an independent third party not connected with the Company and its connected persons and concert parties and not acting in concert with the Offeror and its concert parties, to form the Joint Venture to be owned as to 51% by the Company and 49% by the JV Partner within 7 days from the date of the JV Agreement and the Joint Venture will be principally engaged in a screening business in Japan and Mainland China on drugs for Parkinson’s disease and brown adipose cell relating to weight loss and screening of functional food business, and business relating to the application of autologous brown adipose cell in the treatment of weight loss cells. The capital contribution of the Company and the JV Partner will be HK\$2,142,000 and HK\$2,058,000 respectively, to be settled by the Company and the JV Partner in cash from their own resources within 180

LETTER FROM THE BOARD

days from the date of incorporation of the Joint Venture. The basis of determining the consideration for the formation of the Joint Venture is the result of negotiation between the Company and the JV Partner. Neither the JV Partner nor any of his wholly-owned companies and their respective concert parties is a Shareholder.

The Company has initiated discussion with the JV Partner since mid-March 2021 when the discussion between the Vendor and the Purchaser for the sale and purchase of the Sale Shares had yet to commence. As far as the Company is aware, there were more than one potential cooperating partners approaching the JV Partner and if the Company does not enter into agreement with the JV Partner as soon as possible, the Company would risk missing the business opportunity as the JV Partner would be free to cooperate with other interested party.

As none of the applicable percentage ratios (within the meaning of the Listing Rules) in respect of the formation of the Joint Venture exceed 5%, the formation of the Joint Venture does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

The Board believes that formation of the Joint Venture would provide a good opportunity for the Group to diversify its business by tapping into the biotechnology industry which has grown rapidly in recent years and is expected to continue to provide attractive opportunities in the future, and contribute to the long-term, sustainable and stable revenue growth to the Group. The JV Partner has extensive knowledge and experience in the field of biotechnology in different aspects, including research and development, experimentation, clinical trials, application for approval with the authorities, liaison with the relevant parties and the formalities involved in the foregoing. The Board is of the view that, through the Joint Venture, both the Company and the JV Partner will be able to expand their scope of business which will be beneficial to the long-term development of both parties.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the English name of the Company from “Speed Apparel Holding Limited” to “EPS Creative Health Technology Group Limited” and the Chinese name of the Company from “尚捷集團控股有限公司” to “EPS 創健科技集團有限公司”. The EGM will be convened and held for the purposes of considering and, if thought fit, approving, the special resolution in respect of the Proposed Change of Company Name. A separate circular will be issued by the Company in this regard pursuant to the Listing Rules as soon as possible.

Following the acquisition of the majority shareholdings in the Company by the Purchaser, the Company has become a subsidiary of the Purchaser and to better reflect the relationship between the Purchaser and the Company, the Board considers that the Proposed Change of Company Name would provide a clear identification to the market and general public.

The Proposed Change of Company Name will not affect any of the rights of the Shareholders. Once the Proposed Change of Company Name becomes effective, any issue of share certificates of the Company thereafter will be in the new name of the Company and the Shares will be traded on the Stock Exchange under the new name of the Company. All existing share certificates of the Company in issue bearing the present name of the Company shall, after the Proposed Change of Company Name having become effective,

LETTER FROM THE BOARD

continue to be evidence of title to such Shares and will continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for free exchange of the existing share certificates for new certificates bearing the new name of the Company.

GENERAL

None of the members of the Independent Board Committee is interested in or involved in the Offer.

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 27 to 28 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders in respect of the Offer; and (ii) the letter from the Independent Financial Adviser set out on pages 29 to 52 of this Composite Document, which contains its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its recommendations.

ADDITIONAL INFORMATION

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

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

By order of the Board of
Speed Apparel Holding Limited
Chan Wing Kai
Chairman



SPEED APPAREL HOLDING LIMITED

尚捷集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3860)

26 May 2021

To the Independent Shareholders

Dear Sir/Madam,

(1) UNCONDITIONAL MANDATORY CASH OFFER BY



MERDEKA SECURITIES LIMITED

**FOR AND ON BEHALF OF EPS HOLDINGS, INC. FOR ALL THE ISSUED SHARES
IN SPEED APPAREL HOLDING LIMITED (OTHER THAN THOSE ALREADY
OWNED BY EPS HOLDINGS, INC. AND PARTIES ACTING IN CONCERT WITH IT);
AND**

(2) FORMATION OF JOINT VENTURE

INTRODUCTION

We refer to the composite offer and response document (the “**Composite Document**”) dated 26 May 2021 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used herein shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether or not, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance of the Offer.

Altus Capital Limited has been appointed as the independent financial adviser with our approval to advise us in this respect of the terms of the Offer and as to acceptance thereof. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 29 to 52 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the sections headed “Letter from Merdeka Securities”, the “Letter from the Board” and the additional information set out in the Composite Document, including the appendices to this Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and the acceptance and settlement procedures for the Offer.

RECOMMENDATION

Having taken into account the terms of the Offer, together with the advice and recommendation from the Independent Financial Adviser, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders to accept the Offer.

Independent Shareholders are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, where possible, rather than accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Offer. In addition, Independent Shareholders who wish to realise their investment in the Company in the open market should also consider and monitor the trading volume of the Shares during the Offer Period as having taken into account the thin historical trading volume of the Shares on the Stock Exchange as they may experience difficulty in disposing of their Shares in the open market without creating downward pressure on the price of the Shares.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the Form(s) of Acceptance.

Yours faithfully,
Independent Board Committee
Speed Apparel Holding Limited

Ms. Chan Siu Lai
Independent non-executive
Director

Mr. Kwok Chi Shing
Independent non-executive
Director

Mr. Ma Kwok Fai, Edwin
Independent non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Offer, which has been prepared for the purpose of incorporation in the Composite Document.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

26 May 2021

*To the Independent Board Committee and
the Independent Shareholders*

Speed Apparel Holding Limited
Flat A, 17/F., Gemstar Tower
23 Man Lok Street, Hung Hom
Kowloon, Hong Kong

Dear Sir/Madam,

(1) UNCONDITIONAL MANDATORY CASH OFFER BY

MERDEKA 領智

MERDEKA SECURITIES LIMITED

**FOR AND ON BEHALF OF EPS HOLDINGS, INC. FOR ALL THE ISSUED
SHARES IN SPEED APPAREL HOLDING LIMITED**

**(OTHER THAN THOSE ALREADY OWNED BY
EPS HOLDINGS, INC. AND PARTIES ACTING IN CONCERT WITH IT);**

AND

(2) FORMATION OF JOINT VENTURE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer. Details of the Offer are set out in the Composite Document dated 26 May 2021 jointly issued by the Offeror and the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the Joint Announcement in which the Offeror and the Company jointly announced that, the Purchaser, the Vendor and the Guarantor entered into the S&P Agreement on 26 April 2021 in relation to the sale and purchase of the Sale Shares. Pursuant to the S&P Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire 375,000,000 Sale Shares for an aggregate consideration of HK\$370,500,000 (equivalent to HK\$0.988 per Sale Share), representing 75% of the issued share capital of the Company as at the Latest Practicable Date. The S&P Agreement was unconditional and the S&P Completion took place upon the execution of the S&P Agreement on 26 April 2021.

The Company has no outstanding options or warrants convertible into Shares as at the Latest Practicable Date.

Immediately prior to S&P Completion, the Purchaser and parties acting in concert with it were not interested in any Shares. Immediately upon S&P Completion and as at the Latest Practicable Date, the Purchaser and parties acting in concert with it were interested in 375,000,000 Shares, representing 75% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror (the Purchaser) will therefore be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it).

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Chan Siu Lai, Mr. Kwok Chi Shing and Mr. Ma Kwok Fai, Edwin, has been established for the purpose of making recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

As the Independent Financial Adviser with respect to the Offer, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the terms of the Offer are fair and reasonable as far as the Independent Shareholders are concerned and whether the Independent Shareholders should, or should not accept the Offer.

Pursuant to Rule 2.1 of the Takeovers Code, our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. As at the Latest Practicable Date, Altus Capital Limited was not associated or connected with the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them, save for acting as the independent financial adviser to the independent board committee of Merdeka Financial Group Limited (stock code: 8163) (being the parent company of Merdeka Corporate Finance and Merdeka Securities). During the last two years, there was no other previous engagements between us on the one hand, and the Group or the Offeror and their respective concert parties on the other. Apart from the normal professional fees payable to us in connection with this engagement, and the normal professional fees in relation to our engagement as the independent financial adviser to the independent board committee of Merdeka Financial Group Limited as mentioned above, no arrangement exists whereby we will receive any fees or benefits from the aforementioned parties. Accordingly, Altus Capital Limited is considered eligible for providing independent advice to the Independent Board Committee and the Independent Shareholders in connection with the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Joint Announcement; (ii) the interim reports of the Company for the six months ended 30 September 2019 and 2020 respectively; (iii) the annual report of the Company for the year ended 31 March 2020; and (iv) the JV Agreement.

In formulating our opinion, we have relied on the statements, information and representations contained or referred to in the Composite Document and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Composite Document. The Company will notify the Independent Shareholders of any material changes to information contained or referred to in the Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion after the Latest Practicable Date and throughout the Offer Period.

We have no reason to believe that any statements, information, opinions or representations 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 statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Composite Document and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice for the Offer, we have considered the following principal factors and reasons:

1. Business and financial information of the Group

1.1 Background of the Group

The Company was incorporated in the Cayman Islands with limited liability and its Shares were listed on GEM of the Stock Exchange on 31 May 2017 (stock code: 8183) and subsequently transferred to Main Board on 12 December 2019 (stock code: 3860).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group is an apparel supply chain management services provider and is principally engaged in the sale of garments. In particular, the Group provides services ranging from fashion trend analysis, product design and development, sourcing and procurement of materials, production management, quality control and logistics services. The Group does not possess its own labels nor own or operate any manufacturing operations. The Group outsources the whole manufacturing process to third-party manufacturers with manufacturing operations located in the PRC, Thailand and/or Cambodia.

The Group's revenue is derived solely from the sale of garments, predominantly generated from sales to the Japan and the United States of America (the "U.S.") markets. Such geographical markets contributed (i) approximately 53.4% and 26.2% of the Group's revenue for the year ended 31 March 2020 respectively; and (ii) 63.5% and 19.8% of the Group's revenue for the year ended 31 March 2019 respectively. Further information with regards to the Group's historical financial performance is set out in the following section.

1.2 Historical financial performance of the Group

Set out below is a summary of (i) the audited consolidated financial information of the Group for the years ended 31 March 2019 and 2020 respectively, which has been extracted from the annual report of the Company for the year ended 31 March 2020; and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 September 2019 and 2020 respectively, which has been extracted from the interim report of the Company for the six months ended 30 September 2020.

	For the year ended		For the six months ended	
	31 March		30 September	
	2019	2020	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	433,004	537,408	302,664	206,332
Gross profit	83,469	92,201	53,580	26,845
Other income	655	1,009	774	1,049
Selling and distribution expenses	(27,789)	(36,710)	(17,660)	(13,074)
Administrative expenses	(23,987)	(23,599)	(11,332)	(9,945)
Professional fee in relation to the transfer of listing	-	(5,149)	(2,365)	-
Profit for the year/period	27,234	22,735	18,735	4,447

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 March		As at 30 September	
	2019	2020	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Current assets	140,663	152,532	261,496	204,510
- Trade and bills receivables	23,268	23,079	147,229	116,966
- Bank and cash balances	77,688	99,503	71,079	34,788
Current liabilities	31,977	30,243	142,904	78,405
- Trade and other payables	29,014	27,308	135,422	75,615
Net current assets	108,686	122,289	118,592	126,105
Net assets	111,913	126,530	122,516	131,001

Source: Annual report of the Company for the year ended 31 March 2020, interim reports of the Company for the six months ended 30 September 2019 and 2020 respectively

Business and financial results

As aforementioned, the Group's revenue is derived solely from the sale of garments, predominantly generated from sales to the Japan and U.S. markets.

Revenue

The Group recorded increase in revenue of approximately 24.1% during the year ended 31 March 2020 as compared to the year ended 31 March 2019. As advised by the Management, the increase in revenue was primarily attributable to (i) the increase in purchase orders by approximately 66.0% from a major customer headquartered in the U.S. from which the Group commenced generating revenue since August 2018, who contributed approximately 31.1% and 41.7% of the Group's revenue for the years ended 31 March 2019 and 2020 respectively; and (ii) the increase in purchase orders from customers based in Japan.

The Group recorded revenue of approximately HK\$206.3 million for the six months ended 30 September 2020, representing a decrease of approximately 31.8% as compared to approximately HK\$302.7 million for the six months ended 30 September 2019. As advised by the Management, the decrease in revenue primarily resulted from a substantial decrease in purchase orders by approximately 35.8% from the abovementioned major customer headquartered in the U.S., who contributed approximately 50.7% and 47.8% of the Group's revenue for the six months ended 30

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

September 2019 and 2020 respectively, as well as lower orders from customers in Japan, both due to weak consumer sentiment caused by the COVID-19 pandemic, which materially and adversely affected the retail markets for apparel and is expected to linger so long as the COVID-19 pandemic continues to be prevalent in many parts of the world. As a result, the Group's revenue generated from the Japan market decreased by approximately 28.1% from approximately HK\$142.0 million for the six months ended 30 September 2019 to approximately HK\$102.0 million for the six months ended 30 September 2020; while the Group's revenue generated from the U.S. market decreased by approximately 33.5% from approximately HK\$97.5 million for the six months ended 30 September 2019 to approximately HK\$64.9 million for the six months ended 30 September 2020.

Gross profit

With the decreasing revenue mentioned above, the Group's gross profit decreased by approximately 49.9% from approximately HK\$53.6 million for the six months ended 30 September 2019 to approximately HK\$26.8 million for the six months ended 30 September 2020. The corresponding gross profit margins decreased from approximately 17.7% for the six months ended 30 September 2019 to approximately 13.0% for the six months ended 30 September 2020. Such decrease in gross profit margin was mainly due to the competitive pricing offered by the Group to the abovementioned major customer headquartered in the U.S.

The above represents deterioration on both gross profit level and gross profit margin since the previous financial year-end of 31 March 2020. For the year ended 31 March 2020, the Group recorded gross profit increase of approximately 10.5% from that of the previous financial year, while gross profit margins of the years ended 31 March 2020 and 31 March 2019 were approximately 17.2% and 19.3% respectively.

Profit for the year/period

The Group's profit for the period decreased significantly by approximately 76.3% from approximately HK\$18.7 million for the six months ended 30 September 2019 to approximately HK\$4.4 million for the six months ended 30 September 2020. The drop in profit mainly resulted from the decrease in revenue and gross profit as discussed above.

For the year ended 31 March 2020, despite the increase in revenue and gross profit as mentioned above, the Group recorded a decrease in profit for the year by approximately 16.6% from approximately HK\$27.2 million for the year ended 31 March 2019 to approximately HK\$22.7 million for the year ended 31 March 2020. We noted however that this was due to the non-recurring professional fees in relation to the Group's transfer of listing from GEM to Main Board. If such one-off expenses were excluded, the Group would have recorded a profit of approximately HK\$27.9 million for the year ended 31 March 2020, which is of similar level as compared to the previous financial year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Trade and bills receivables

The Group's trade and bills receivables increased significantly from approximately HK\$23.1 million as at 31 March 2020 to approximately HK\$117.0 million as at 30 September 2020. We understand from the Management that such increase was mainly due to seasonality impact where it is the peak season for apparel industry and more sales will be generated at a time close to the end of third quarter every year, thus leading to a higher balance of trade and bills receivables as at 30 September every year. It is also noted that approximately 96.7% of such trade and bills receivables balance as at 30 September 2020 remained within the Group's credit period of 30 to 90 days. As advised by the Management, the trade and bills receivables of approximately HK\$117.0 million as at 30 September 2020 had been fully settled as at the Latest Practicable Date.

Bank and cash balances

The Group's bank and cash balances decreased significantly from approximately HK\$99.5 million as at 31 March 2020 to approximately HK\$34.8 million as at 30 September 2020. This was mainly due to the significant cash outflow from its operating activities amounted to approximately HK\$63.4 million for the six months ended 30 September 2020, as compared to approximately HK\$4.7 million of cash outflow from operating activities in the same period of the previous financial year. This was in line with the Group's deteriorating financial performance during the six months ended 30 September 2020 as compared to the same period in 2019 and increase in trade and bills receivables as discussed above. It is also in line with the lower trade and other payables as at 30 September 2020 compared with 30 September 2019 as cash has been used to settle some of the payables.

Net asset

The net asset of the Group increased from approximately HK\$111.9 million as at 31 March 2019 to approximately HK\$126.5 million as at 31 March 2020, then further increased to approximately HK\$131.0 million as at 30 September 2020. Such increases were primarily due to the profit recorded during the respective financial year/period as discussed above.

Gearing

As at the respective financial year/period ends, the Group did not have any interest-bearing loans or borrowings and accordingly had no gearing.

1.3 Outlook

As noted in the interim report of the Company for the six months ended 30 September 2020, the COVID-19 pandemic has caused severe disruptions to economic activities worldwide and has been materially and adversely affecting the retail markets for apparel including U.S. and Japan, where the major customers of the Group are located at. The Directors expect demand on the Group's products, including orders from its major customers such as the one headquartered in the U.S., may further decrease as the effects of the COVID-19 pandemic will continue to be felt as the pandemic is still ongoing in many parts of the world. As such, the financial performance and financial position of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Group may inevitably be adversely affected to a certain extent. In this regard, we noted from *The State of Fashion 2021*, a report jointly issued by Business of Fashion and Mckinsey & Company in December 2020, that the tough trading conditions of the global apparel market is expected to persist in the year of 2021. In particular, the sales of U.S. apparel market may decrease seven to 12 percent in 2021 compared to 2019; while the sales of Europe apparel market may decrease two to seven percent in 2021 as compared to 2019, seeing that (i) demand for fashion is unlikely to bounce back as global economic growth will remain diminished in 2021 relative to pre-pandemic levels resulting in restrained spending power; and (ii) the pandemic will continue to put supply chains under pressure. Having considered that (i) Business of Fashion is a recognised publication in the global fashion industry serving members in more than 125 countries, with a stated emphasis on editorial independence and to be free from investor influence, commercial pressure or personal bias; and (ii) Mckinsey & Company is a reputable global consulting firm, we believe they possess relevant experience and expertise and that reliance could fairly be placed on their work. In addition, we understand the abovementioned report is compiled with reference to surveys conducted with market practitioners. Whilst views may have evolved in line with the capricious development of the pandemic, we believe the collective sentiments serve as meaningful benchmark on the overall industry's expectations for 2021. In this regard, we believe the bases and assumptions of the report have been made with due care and objectivity, and on a reasonable basis. Based on the above, we concur with the Directors' view that the apparel industry will remain sluggish in the near to medium term as a result of the lasting impact of the COVID-19 pandemic outbreak, which is still ongoing.

1.4 Dividends

We understand the Company does not have a fixed dividend policy and may declare dividends by way of cash or by other means that the Directors consider appropriate. Since its listing on the GEM in May 2017 and subsequent transfer to the Main Board in December 2019 and up to the Latest Practicable Date, the Group has distributed dividends of HK\$1.6 cents and HK\$1.5 cents per Share for the years ended 31 March 2019 and 2018 respectively, representing relatively lower level of dividend yields of approximately 1.62% and 1.52% respectively, based on the Offer Price, as compared to relevant Comparables as detailed in the paragraph headed "4.3 Comparable analysis" below. The Company did not distribute any dividend for the year ended 31 March 2020.

2. Background information of the Offeror

2.1 The Offeror

The Offeror is a company incorporated in Japan on 30 May 1991 with limited liability, the shares of which are listed on the Tokyo Stock Exchange (stock code: 4282.T).

The Offeror's principal business include the provision of contract research organisation (CRO), site management organisation (SMO), contract sales organisation (CSO), and other related services for pharmaceutical and medical device development in Japan and Asia. As at the date of this Composite Document, the directors of the Offeror are Mr. Hao Yan, Mr. Tatsuma Nagaoka, Mr. Kazuki Sekitani, Mr. Shuzo Orihashi, Mr. Toshihiro Jike, Mr. Kenichi Yamamoto, Ms. Kaori Takeda, Mr. Haruo Funabashi, Mr. Yoshinori Ando and Mr. Junichi Taguchi.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the information disclosed in the Composite Document, the Offeror is planning to combine smart clothing with healthcare technologies to open up new business opportunities. We understand the JV Agreement had been entered into between the Company and the JV Partner on 5 May 2021. For further details, please refer to the paragraph headed "5. Formation of Joint Venture" below. The Offeror considered that the integration of the Group's expertise in the area of apparel product design and logistics with the Offeror's expertise in application of healthcare technologies will be beneficial to foster the Offeror's expansion into this new business area.

2.2 The Offeror's intention in relation to the Company

The Offeror has no intention to introduce major changes to the existing business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. The intention of the Offeror is that the Company's existing principal activities will be maintained, and at the same time after completion of the Offer, the Offeror will assist the Company in reviewing its business and operations and seek for new investment opportunities, including but not limited to the proposed formation of the Joint Venture. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. The Offeror has no intention to (i) discontinue the employment of any employees of the Group (other than the potential change(s) to the composition of the Board as mentioned below); or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Notwithstanding the above, we noted the existing Directors have tendered their resignations from their respective positions as discussed below, with only the Guarantor, Mr. Chan Wing Kai, will be a director of the Company's seven subsidiaries, which contributed all of the revenue for the Group as at the Latest Practicable Date, to continue to provide his expertise to support the Group's operations in the garment business. It is not clear at this moment if the new Directors to be nominated by the Offeror have experience to run the garment business in the medium to long term beyond the Profit Guarantee Period.

2.3 Change to the composition of the Board

As at the Latest Practicable Date, the Board comprises Mr. Chan Wing Kai and Mr. Ng Ming Ho as executive Directors; and Ms. Chan Siu Lai, Mr. Kwok Chi Shing and Mr. Ma Kwok Fai, Edwin as independent non-executive Directors. All of the Directors have tendered their resignation from their respective position and the resignation will take effect from the earliest time permissible under Rule 7 of the Takeovers Code, being the date of close of the Offer or 30 June 2021, whichever is later.

As at the Latest Practicable Date, the Company directly or indirectly wholly-owns nine subsidiaries. The Guarantor will be a director of the seven subsidiaries, which contributed all of the revenue for the Group as at the Latest Practicable Date, and that his roles and responsibilities in the seven subsidiaries will remain the same after the S&P Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror intends to nominate new Directors with effect from a date which is no earlier than such date as permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate. As at the Latest Practicable Date, the Offeror had not identified any candidates to be appointed as new Director(s). Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

2.4 Maintaining the listing status of the Company

The Offeror intends the issued Shares to remain listed on the Main Board after the close of the Offer.

Pursuant to the Listing Rules, if, at the closing of the Offer, less than 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 Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

The Offeror will take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer. Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

3. Basic terms of the Offer

The Offer Price of HK\$0.988 per Offer Share represents:

	Price per Share at approximately	Discount/Premium of approximately
	<i>HK\$</i>	<i>%</i>
(i) the price per Share based on the closing price of the Share as quoted on the Stock Exchange on the Latest Practicable Date	1.960	a discount of approximately 49.6%
(ii) the price per Share based on the closing price as quoted on the Stock Exchange on 26 April 2021, being the Last Trading Day	1.800	a discount of approximately 45.1%
(iii) the price per Share based on the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day	1.558	a discount of approximately 36.6%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

		Price per Share at approximately <i>HK\$</i>	Discount/Premium of approximately %
(iv)	the price per Share based on the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day	1.549	a discount of approximately 36.2%
(v)	the price per Share based on the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day	1.168	a discount of approximately 15.4%
(vi)	the price per Share based on the closing price of the Shares as quoted on the Stock Exchange on 25 March 2021, being the trading day preceding to the commencement of the Offer Period	1.040	a discount of approximately 5.0%
(vii)	the Group's audited consolidated net asset value per Share as at 31 March 2020 (based on net asset value of approximately HK\$126,530,000 and 500,000,000 Shares in issue as at 31 March 2020)	0.253	a premium of approximately 290.5%
(viii)	the Group's unaudited consolidated net asset value per Share as at 30 September 2020 (based on net asset value of approximately HK\$131,001,000 and 500,000,000 Shares in issue as at 30 September 2020)	0.262	a premium of approximately 277.1%

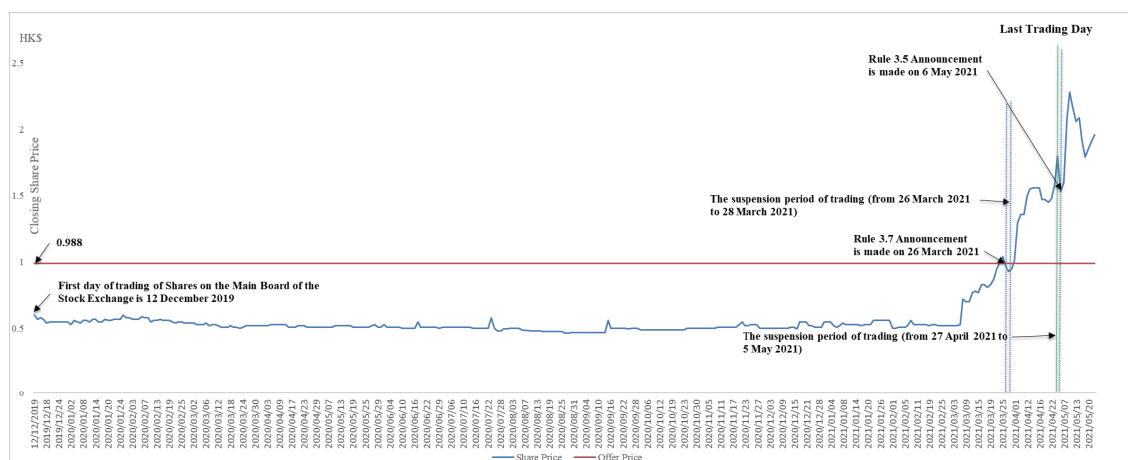
Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the "Letter from Merdeka Securities" of and "Further terms and procedures of acceptance of the Offer" in Appendix I to the Composite Document.

4. Evaluation of the Offer price

4.1 *Historical price performance of the Shares*

The chart below depicts the closing prices of the Shares traded on the Stock Exchange from 12 December 2019, being the date of the Group's listing transferred to the Main Board of the Stock Exchange from GEM, up to and including the Latest Practicable Date (the "**Review Period**").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the highest and lowest closing price of the Shares were HK\$2.28 per Share recorded on 11 May 2021 and HK\$0.47 per Share recorded on 26 August 2020 and 27 August 2020 respectively, where the Offer Price, being HK\$0.988 per Share, is within the aforesaid range of the closing price of the Shares. The average daily closing price per Share over the Review Period was approximately HK\$0.62 per Share.

As illustrated in the graph above, the closing price of the Shares was well below the Offer Price throughout substantial period of the Review Period, ranging from HK\$0.47 to HK\$0.60 since 12 December 2019 to 5 March 2021. The closing price of the Shares started to ascend since then and exceeded the Offer Price on 24 March 2021, prior to the Company's issuance of announcement pursuant to Rule 3.7 of the Takeovers Code (the "**Rule 3.7 Announcement**"), and reached HK\$1.00. Following the resumption of trading of Shares on 29 March 2021, the closing price of the Shares fluctuated and dropped slightly below the Offer Price to HK\$0.93 and HK\$0.95 on 30 March 2021 and 31 March 2021 respectively. The closing price of the Shares then increased and closed at HK\$1.8 on the Last Trading Day. Subsequent to the Company's issuance of announcement pursuant to Rule 3.5 of the Takeovers Code, the closing price of the Share dropped to HK\$1.53 on 6 May 2021. Since then and up to the Latest Practicable Date, the closing price of the Shares increased to HK\$1.96 on 24 May 2021.

The Offer Price represents a discount of approximately 36.6%, 36.2% and 15.4% over the average of the closing prices of the Shares for the five, ten and 30 consecutive trading days up to and including the Last Trading Day respectively. However, the Offer Price represents a premium of approximately 59.4% over the average of closing prices of the Shares during the Review Period. We noted that the closing price of the Shares increased beyond the Offer Price on 24 March 2021, two days before the issuance of Rule 3.7 Announcement, resulting in the premiums of more recent prices of Shares to the Offer Price as elaborated above. Notwithstanding this, we believe the average price during the Review Period still serves as meaningful benchmark to the Offer Price as it provides a longer period of observation of the market trend of the price of Shares, which may be less speculative versus solely referencing to recent closing prices of the Share which may be driven by specific events that may or may not be sustainable. Based on the above and taking into consideration the rise in the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Share price shortly before and after the issuance of Rule 3.7 Announcement which was likely associated with market speculation and response to the Offer, we are of the view that the Offer Price is fair and reasonable from the point of view of the historical trading price of the Shares.

Shareholders should note that the information set out above is not an indication of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing prices as at the Latest Practicable Date.

4.2 *Historical liquidity of the Shares*

The average daily number of Shares traded per month, and the respective percentages of the Shares' monthly trading volume during the Review Period as compared to (i) the total number of issued Shares held by the public as at the respective month end or where applicable as at the Last Trading Day and the Latest Practicable Date; and (ii) the total number of issued Shares as at the respective month end or where applicable as at the Last Trading Day and the Latest Practicable Date, are tabulated as follows:

	Total monthly trading volume of the Shares <i>(number of shares)</i>	Average trading volume of the Shares per trading day during the month <i>(number of shares)</i>	Approximate percentage of average daily trading volume of the Shares to the total issued Shares <i>(Note 1) (%)</i>	Approximate percentage of average daily trading volume of the Shares to the total number of Shares held by the public <i>(Note 2) (%)</i>	Number of trading days in each month
2019					
December	29,355,000	2,446,250	0.489%	1.957%	12
2020					
January	6,240,000	312,000	0.062%	0.250%	20
February	4,605,000	230,250	0.046%	0.184%	20
March	2,005,000	91,136	0.018%	0.073%	22
April	785,000	41,316	0.008%	0.033%	19
May	810,000	40,500	0.008%	0.032%	20
June	350,000	16,667	0.003%	0.013%	21
July	1,590,000	72,273	0.014%	0.058%	22
August	5,710,000	271,905	0.054%	0.218%	21
September	4,770,000	216,818	0.043%	0.173%	22
October	1,485,000	82,500	0.017%	0.066%	18
November	2,490,000	118,571	0.024%	0.095%	21

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	Total monthly trading volume of the Shares <i>(number of shares)</i>	Average trading volume of the Shares per trading day during the month <i>(number of shares)</i>	Approximate percentage of average daily trading volume of the Shares to the total issued Shares <i>(Note 1)</i> <i>(%)</i>	Approximate percentage of average daily trading volume of the Shares to the total number of Shares held by the public <i>(Note 2)</i> <i>(%)</i>	Number of trading days in each month
December	9,280,000	421,818	0.084%	0.337%	22
2021					
January	6,030,000	301,500	0.060%	0.241%	20
February	4,845,000	269,167	0.054%	0.215%	18
March <i>(Note 3)</i>	26,689,400	1,213,155	0.243%	0.971%	22
April (up to and including the Last Trading Day) <i>(Note 4)</i>	19,240,000	1,282,667	0.257%	1.026%	15
May (up to 24 May 2021) <i>(Note 4)</i>	45,775,000	3,814,583	0.763%	3.052%	12

Source: The website of HKEx (www.hkex.com.hk)

Notes:

1. Based on the total number of issued Shares as at each month end or as at the Last Trading Day (for April 2021) or as at the Latest Practicable Date.
2. Based on the total number of issued Shares held by the public Shareholders of the Company as at each month end or as at the Last Trading Day (for April 2021) or as at the Latest Practicable Date.
3. The suspension period of trading (from 26 March 2021 to 28 March 2021) is excluded for the calculation of the average daily trading volume of the Shares.
4. The suspension period of trading (from 27 April 2021 to 5 May 2021) is excluded for the calculation of the average daily trading volume of the Shares.

As illustrated in the above table, during the Review Period, the percentage of the average daily trading volume to the total number of issued Shares ranged from approximately 0.003% to 0.763%. When compared to the total number of Shares held by public Shareholders, the percentage ranged from approximately 0.013% to 3.052% over the Review Period. The average daily trading volume of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Shares during the Review Period was approximately 495,834 Shares, representing approximately 0.099% of the total number of issued Shares as at the Latest Practicable Date and approximately 0.397% of the total number of Shares held by public Shareholders as at the Latest Practicable Day.

The statistics in the above table show that the trading volume of the Shares was relatively thin during the Review Period, in particular, the average daily trading volume as a percentage of the total number of issued Shares held by the public ranged from approximately 0.215% to 0.337% from December 2020 to February 2021, which is the period leading up to the Rule 3.7 Announcement. Subsequent to the Rule 3.7 Announcement in March 2021, the average daily trading volume of the Shares was above 1% of the total number of issued Shares held by the public Shareholders from April 2021 and up to the Latest Practicable Date. We noted the liquidity of the Shares improved only after the Rule 3.7 Announcement, indicating that, without the Offer, or a possibility of one, the Shares were generally illiquid in the open market.

In view of the above, the Offer presents an opportunity for Independent Shareholders to dispose of all or part of their holdings in Shares at the Offer Price without exerting downward pressure on the market price of the Shares which will affect their remaining holdings in Shares, where applicable.

4.3 Comparable analysis

The Group is an apparel supply chain management services provider and is principally engaged in the sale of garments. The Group provides services ranging from fashion trend analysis, product design and development, sourcing and procurement of materials, production management, quality control and logistics services. According to the annual report of the Company for the year ended 31 March 2020, the Group's historical revenue had been derived solely from the sale of garments.

In assessing the fairness and reasonableness of the Offer Price, we have performed analysis on the price-to-earnings ratio (the "**P/E Ratio(s)**"), being a common parameter in assessing a company's value, of companies which are listed on the Main Board and GEM and are engaged in similar businesses to those of the Group for comparison purposes ("**Comparables**"). While we noted the nature of the Company is relatively asset-light, we have also compiled the price-to-book ratio (the "**P/B Ratio(s)**") of the Comparables to provide additional reference for analysis.

We have set the following selection criteria for the purpose of identifying Comparables (i) the shares of which are listed on the Main Board and GEM of the Stock Exchange and of comparable size to the Company with closing market capitalisation as at the Last Trading Day of no more than HK\$1.0 billion (the Company's market capitalisation being HK\$494.0 million based on the Offer Price and closing market capitalisation being HK\$900.0 million as at the Last Trading Day); and (ii) revenue generated from the sale of garments representing at least 50% of its total revenue for the latest financial year. Based on such criteria, we identified ten Comparables. Whilst there exists no listed company which is of exactly the same business model, scale of operation, trading prospect, target markets, product mix and capital structure as the Company and we have not conducted any in-depth investigation into the business and operations of the Comparables save for the aforesaid selection criteria, we believe the Comparables selected based on the aforesaid criteria is appropriate to serve as a benchmark reference for our comparable analysis purpose. We have conducted our research

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and the Comparables are exhaustive based on the selection criteria set out above and would serve as a fair and representative sample for the purpose of drawing a meaningful comparison to the Offer Price. Our relevant findings are summarised in the following table:

Stock code	Company name	Principal activities	Market capitalisation (HK\$) (Note 1)	Net profit/ (loss) (HK\$) (Note 2)	Net asset value (HK\$) (Note 2)	P/E Ratio (times) (Note 3)	P/B Ratio (times) (Note 4)	Dividend yield (%) (Note 5)
608	High Fashion International Limited	Manufacturing and trading of garments, brand business and property investment and development	443,142,359	124,518,000	2,901,777,000	3.56	0.15	2%
844	Greatime International Holdings Limited	Manufacturing and sale of and provision of processing services on innerwear, garments and knitted fabrics	224,922,575	16,684,140	557,684,490	13.48	0.40	N/A
891	Trinity Limited	Retailing and wholesale of premium menswear in Greater China and Europe, as well as licensing its fully owned brands globally	151,129,561	50,353,000	3,820,444,000	3.00	0.04	N/A
918	State Energy Group International Assets Holdings Limited	Sales of garments to both local and overseas customers, investing and letting of properties and provision of marketing services	79,373,960	9,376,000	37,672,000	8.47	2.11	N/A
1346	Lever Style Corporation	Trading and sales of garment products	252,444,500	837,327	243,449,723	301.49	1.04	N/A
1425	Justin Allen Holdings Limited	Manufacturing and sales of products, which include sleepwear products, loungewear products, greige fabric and processing services	581,250,000	105,609,000	403,810,000	5.50	1.44	8%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Stock code	Company name	Principal activities	Market capitalisation (HK\$) (Note 1)	Net profit/ (loss) (HK\$) (Note 2)	Net asset value (HK\$) (Note 2)	P/E Ratio (times) (Note 3)	P/B Ratio (times) (Note 4)	Dividend yield (%) (Note 5)
1657	SG Group Holdings Limited	Supply of apparel products and provision of consultation services	176,000,000	22,282,000 (Note 6)	125,750,000	7.90 (Note 6)	1.40	N/A
1906	Bonny International Holding Limited	Sale of original design manufacturer products and intimate wear products under its own brands through its nationwide retail network in the PRC	558,000,000	58,420,010 (Note 7)	418,329,670	9.55 (Note 7)	1.33	N/A
1957	MBV International Limited	Wholesaling of imprintable apparel and gift products and manufacturing of imprintable apparel	254,340,000	14,503,720 (Note 7)	273,437,010	17.54 (Note 7)	0.93	N/A
3398	China Ting Group Holdings Limited	Original equipment manufacturer business, fashion retail business and property investment business	650,943,580	146,044,000	2,843,346,000	4.46	0.23	N/A
					Maximum	301.49	2.11	
					Mean	37.49	0.91	
					Median	8.18	0.98	
					Minimum	3.00	0.04	

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Stock code	Company name	Principal activities	Market capitalisation (HK\$) (Note 1)	Net profit/ (loss) (HK\$) (Note 2)	Net asset value (HK\$) (Note 2)	P/E Ratio (times) (Note 3)	P/B Ratio (times) (Note 4)	Dividend yield (%) (Note 5)
3860	The Company	Provision of apparel supply chain management services and solutions ranging from fashion trend analysis, product design and development, sourcing and procurement of materials, production management, quality control and logistics services	494,000,000 (Note 8)	22,735,000	131,001,000	21.73 (Note 8)	3.77 (Note 8)	N/A
				27,884,000 (Note 9)		17.72 (Note 9)		

Source: The website of HKEx (www.hkex.com.hk)

Notes:

1. Calculated based on the closing share price and number of Shares in issue as at the Latest Practicable Date sourced from the website of the Stock Exchange. For Trinity Limited, as its trading of shares has been suspended since 1 April 2021, closing price as at 31 March 2021 has been adopted. Where applicable, for illustrative purpose, U.S. dollars (“US\$”), Malaysia Ringgit (“RM”) and Renminbi (“RMB”) have been translated into HK\$ with exchange rates of US\$1 to HK\$7.76, RM1 to HK\$1.87 and RMB1 to HK\$1.21 respectively as quoted from The Hong Kong Association of Banks as at the Latest Practicable Date.
2. The net asset values attributable to owners of the Comparables are extracted from their respective latest published annual/interim reports prior to the Latest Practicable Date. The net profit of the Comparables are extracted from their respective latest published annual reports prior to the Latest Practicable Date. Where applicable, for illustrative purpose, US\$, RM and RMB have been translated into HK\$ with exchange rates of US\$1 to HK\$7.76, RM1 to HK\$1.87 and RMB1 to HK\$1.21 respectively as quoted from The Hong Kong Association of Banks as at the Latest Practicable Date.
3. P/E Ratios of the Comparables are calculated based on their respective market capitalisation as at the Latest Practicable Date (calculated based on their respective closing prices multiplied by the total number of issued shares as at the Latest Practicable Date), divided by the net profit extracted from their respective latest published annual reports prior to the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. P/B Ratios of the Comparables are calculated based on their respective market capitalisation as at the Latest Practicable Date (calculated based on their respective closing prices multiplied by the total number of issued shares as at the Latest Practicable Date), divided by the net asset values attributable to owners of the Comparables extracted from their respective latest published annual/interim reports prior to the Latest Practicable Date.
5. Dividend yield is calculated based on the total dividend per share paid out in the financial year indicated from their respective latest published annual reports prior to the Latest Practicable Date and divided by their respective closing share prices as at the Latest Practicable Date.
6. The net profit of SG Group Holdings Limited (stock code: 1657) represents the adjusted net profit after adding back its non-recurring professional fees in relation to its transfer from GEM to Main Board of approximately HK\$6.4 million to the net profit for the year ended 30 April 2020. The P/E Ratio is calculated based on the adjusted net profit.
7. The net profit of MBV International Limited (stock code: 1957) represents the adjusted net profit after adding back its non-recurring listing expenses incurred in relation to its listing on Main Board of approximately RM7.4 million (equivalent to approximately HK\$13.9 million) to the net profit for the year ended 31 December 2020. The P/E Ratio is calculated based on the adjusted net profit.
8. The implied market capitalisation, P/E Ratio and P/B Ratio of the Company are calculated based on the Offer Price.
9. The net profit represents the adjusted net profit after adding back its expenses in relation to its transfer from GEM to Main Board of approximately HK\$5.1 million to the net profit for the year ended 31 March 2020. The implied P/E Ratio is calculated based on the adjusted net profit and the Offer Price.

4.3.1 P/E Ratio

As illustrated in the table above, the historical P/E Ratios of the Comparables ranged from approximately 3.00 times to 301.49 times. The average and median P/E Ratios of the Comparables are approximately 37.49 times and 8.18 times respectively. We noted there is a material outlier among the Comparables, being Lever Style Corporation (stock code: 1346), where its P/E Ratio is extremely high at approximately 301.49 times, which is distorted by its nominal net profit level of less than HK\$1 million in its latest financial year. We noted such nominal net profit level was primarily resulted from an one-off redundancy exercise undertaken by Lever Style Corporation as well as the COVID-19 impact. As P/E Ratio is calculated using earnings (i.e. net profit) as the denominator, a very low figure will give rise to an extremely high P/E Ratio, which will render this valuation yardstick not meaningful. Excluding the aforesaid outlier from the comparable analysis, the adjusted mean and median P/E Ratios of the Comparables would be approximately 8.16 times and 7.90 times respectively.

We noted the implied P/E Ratio of the Company, based on the Offer Price of HK\$0.988 per Offer Share, is approximately 21.73 times. Should the Company's expenses in relation to its transfer from GEM to Main Board be added back to the net profit, the adjusted implied P/E Ratio would be approximately 17.72 times. We also noted that the profitability of the Company has deteriorated during the six month period ended 30 September 2020 as discussed in the paragraph headed "1.2 Historical financial performance of the Group" above. For

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

illustrative purpose only, the implied P/E Ratio, if calculated based on the Company's annualised profit for the six months ended 30 September 2020 and the Offer Price, would be even higher at approximately 55.54 times.

In summary, excluding the outlier, the implied P/E Ratios and the adjusted implied P/E Ratio of the Company as aforementioned are all above the adjusted mean and median of those recorded by the Comparables.

4.3.2 P/B Ratio

As illustrated in the table above, the historical P/B Ratios of the Comparables ranged from approximately 0.04 times to 2.11 times. We noted the implied P/B Ratio of the Company, based on the Offer Price of HK\$0.988 per Offer Share, is approximately 3.77 times, which is higher than the high-end range of the Comparables and significantly above the mean of approximately 0.91 times and median of approximately 0.98 times of the Comparables. We noted the Comparables consist of certain companies that are relatively asset-heavy as compared to the Group, which would result in their P/B Ratios inherently lower. To compare those Comparables that are similar to Company, being asset-light and do not own manufacturing plants, we have considered State Energy Group International Assets Holdings Limited, Lever Style Corporation and SG Group Holdings Limited (the "**adjusted Comparables**"). The P/B Ratios of adjusted Comparables ranged from 1.04 times to 2.11 times, with mean and median of approximately 1.52 times and 1.40 times. In this regard, the implied P/B Ratio of the Company is still higher than the mean and median P/B Ratios of the adjusted Comparables, rendering the Offer Price attractive from the P/B Ratio analysis perspective.

In view of the above, we conclude that the Offer Price, from a comparable analysis perspective, is fair and reasonable.

5. Formation of Joint Venture

We noted from the Composite Document, the Company entered into the JV Agreement on 5 May 2021 with the JV Partner, Mr. Tai Hei, an independent third party not connected with the Company and its connected persons and concert parties and not acting in concert with the Offeror and its concert parties, to form the Joint Venture to be owned as to 51% by the Company and 49% by the JV Partner. The Joint Venture will be principally engaged in a screening business in Japan and Mainland China on drugs for Parkinson's disease and brown adipose cell relating to weight loss and screening of functional food business, and business relating to the application of autologous brown adipose cell in the treatment of weight loss cells. The capital contribution of the Company and the JV Partner will be HK\$2,142,000 and HK\$2,058,000 respectively.

We have obtained and reviewed the JV Agreement and noted it consists of terms in the formation of Joint Venture as well as area of cooperation as intended by the Company and the JV Partner as described above and in the Composite Document. We understand from the Management that as at the Latest Practicable Date, there has yet to be any concrete business plan nor feasibility study conducted on the intended business of the Joint Venture, save for certain scientific reports published by, amongst others, Mr. Tai Hei, the JV Partner. From the aforesaid scientific reports, the published results have been limited to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

studies on cell cultures and there have not been published studies on whole organs or animals, not to mention clinical studies on human being. We are of the view it is currently unclear that the technology published in the scientific reports can indeed be effective for the various businesses intended to be undertaken by the Joint Venture.

Whilst we noted the JV Partner is a professor with several theoretical scientific reports published, and the Offeror is involved in the biotechnology related industry, considering the Joint Venture's business is still at conceptual stage that has yet to be proven, and at present has no plans of substance, we believe any assessment on its potential business and/or financial prospects would be highly speculative as there is no assurance as to how or whether the plans of the Joint Venture will materialise and be successful. In light of (i) the fact that committed capital contribution from the Company, amounted to HK\$2,142,000, which only accounted for approximately 1.6% of the Group's net asset value as at 30 September 2020, is not material to the Company's business at this point in time; and (ii) the time frame and amount of financial resources needed for commercialisation is currently unknown due to the preliminary nature of the Joint Venture, we are of the view that the focus shall be on the Group's existing sale of garments business, and the formation of Joint Venture is not material and relevant to our assessment on the fairness and reasonableness of the Offer, which is expected to take place in May to June 2021.

6. Profit Guarantee

With reference to the Composite Document, each of the Vendor and the Guarantor, pursuant to the S&P Agreement, irrevocably warrants, guarantees and undertakes that (i) the audited consolidated net profit after taxation (excluding any extraordinary items) (the "**Net Profit**") of the Existing Group shall not be less than HK\$10,000,000 (the "**Guaranteed Profit**"); and (ii) the audited consolidated revenue (the "**Revenue**") of the Existing Group shall not be less than HK\$240,000,000 (the "**Guaranteed Revenue**") for each of the three financial years ending 31 March 2024. For further details of the Profit Guarantee, please refer to the paragraphs headed "Profit Guarantee" and "Notes and Revolving Facility" under the section headed "Mandatory Unconditional Cash Offer" in the "Letter from the Board" in the Composite Document.

We noted that the Guaranteed Profit is approximately 56.0% lower than the Group's net profit recorded for the year ended 31 March 2020; while the Guaranteed Revenue is approximately 55.3% lower than the Group's revenue recorded for the year ended 31 March 2020. Pursuant to the S&P Agreement, in the event the Net Profit or the Revenue for any of the three years ending 31 March 2024 shall be less than the relevant Guaranteed Profit or the Guaranteed Revenue, the Vendor and the Guarantor shall compensate the Company by waiving certain amount of the principal of the Notes under the three scenarios elaborated in the paragraph headed "Profit Guarantee" under the section headed "Mandatory Unconditional Cash Offer" in the "Letter from the Board" in the Composite Document. It should be borne in mind that albeit the compensation arrangement may result in an increase in the Group's net asset value by an amount equivalent to the corresponding amount of principal of the Notes waived by the Vendor, it will only take place on the premise that the Group's future business and financial performance deteriorate significantly. Further, the implied P/E Ratio, calculated based on the Offer Price and the Guaranteed Profit, will be approximately 49.4 times, which is significantly above the adjusted mean and median P/E Ratios of the Comparables as discussed in the paragraph headed "4.3 Comparable analysis" above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the above, we consider the Profit Guarantee only provides nominal comfort to Shareholders who do not accept the Offer and does not alter our overall recommendations to the Independent Board Committee and Independent Shareholders as to the acceptance of Offer below.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular,

- (i) the Company recorded increase in revenue during the year ended 31 March 2020 as compared to the year ended 31 March 2019, before experiencing deteriorating financial performance for the six months ended 30 September 2020 and recorded net profit of approximately HK\$4.4 million during the period. The Company's business is expected to continue to be adversely affected by the impact of the COVID-19 pandemic which is still ongoing. In this regard, we noted the Guaranteed Profit is approximately 56.0% lower than the Group's net profit recorded for the year ended 31 March 2020 ;
- (ii) although the closing price of the Shares increased beyond the Offer Price shortly before and after the issuance of Rule 3.7 Announcement, as discussed in the paragraph headed "4.1 Historical price performance of the Shares" above, such movement may or may not be able to sustain during and/or after the Offer Period, whilst the Offer Price represents a premium to the closing price of the Shares for a substantial period during the Review Period;
- (iii) the trading volume of the Shares during the Review Period had generally been thin and the historical liquidity of the Shares was low, and Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without exerting downward pressure and thus adversely affecting the market price of the Shares;
- (iv) the Offer Price represents an (i) implied P/E Ratio of approximately 21.73 times; (ii) adjusted implied P/E Ratio of approximately 17.72 times; and (iii) implied P/E Ratio, for illustration, of approximately 55.54 times (annualising the Company's net profit for the six months ended 30 September 2020), which are all above the adjusted mean and median of the P/E Ratios of the Comparables;
- (v) the Offer Price represents an implied P/B Ratio of approximately 3.77 times, which is higher than the P/B Ratio of each of the adjusted Comparables;
- (vi) the existing Directors have tendered their resignations from their respective positions and it is currently unclear if the new Directors to be nominated by the Offeror have experience to run the garment business in the medium to long term beyond the Profit Guarantee Period;
- (vii) since the Company's listing on the GEM in May 2017 and subsequent transfer to the Main Board in December 2019 and up to the Latest Practicable Date, the Group has distributed dividends of HK\$1.6 cents and HK\$1.5 cents per Share for the years ended 31 March 2019 and 2018 respectively, representing relatively lower level of dividend yields of approximately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.62% and 1.52% respectively, based on the Office Price as compared to relevant Comparables as detailed in the paragraph headed “4.3 Comparable analysis” above, while the Company did not distribute any dividend for the year ended 31 March 2020; and

- (viii) the implied P/E Ratio, calculated based on the Offer Price and the Guaranteed Profit, will be approximately 49.4 times and is significantly above the adjusted mean and median P/E Ratios of the Comparables, which means the Offer Price is attractive even with the Guaranteed Profit in place,

we consider the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

The Independent Shareholders, in particular those who intend to accept the Offer, are reminded to note the recent fluctuations in the price of the Shares. There is no guarantee that the current market price will or will not sustain, and will or will not be higher than the Offer Price, during and after the close of the Offer Period. The Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period for acceptance and shall, having regard to their own circumstances and investment objectives, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer.

The Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices and the form of acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Sean Pey Chang
Executive Director

Charlotte Khoo
Executive Director

Mr. Chang Sean Pey (“Mr. Chang”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 20 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

Ms. Charlotte Khoo (“Ms. Khoo”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. Ms. Khoo has around 10 years of experience in corporate finance and advisory in Hong Kong,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Ms. Khoo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the 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 Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Speed Apparel Holding Limited – Offer" on the envelope, as soon as possible and in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive as a result of a revision or an extension of the Offer in accordance with the Takeovers Code, if any.

- (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 Offer in respect of your holding of Shares (whether in full or in part), 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) in respect of your Shares with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/

APPENDIX I FURTHER TERMS AND PROCEDURES OF ACCEPTANCE OF THE OFFER

custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (c) 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 Shares is/ are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of 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) in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/ they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Merdeka Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code) and the Registrar has recorded that the Form of Acceptance and any relevant documents as 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) in respect of your Shares and, if that/those share certificate(s) and/or

transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) The address of the Registrar, Tricor Investor Services Limited, is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. SETTLEMENT OF THE OFFER

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

APPENDIX I FURTHER TERMS AND PROCEDURES OF ACCEPTANCE OF THE OFFER

- (c) No fraction of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offer is made on 26 May 2021, being the date of despatch of this Composite Document, and are capable of acceptance on and from this date until 4:00 p.m. on the Closing Date.
- (b) In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive.
- (c) The Offeror reserves the right to revise the terms of the Offer after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (d) The Offeror will publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (e) If the Offer is extended or revised, the Offeror will issue an announcement in relation to such extension or revision of the Offer, which will state the next closing date or the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given, before the Offer is closed, to the Independent Shareholders who have not accepted the Offer. The revised Offer will be kept open for at least fourteen (14) days following the date on which the revised Offer document is posted.
- (f) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

4. NOMINEE REGISTRATION

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

5. ANNOUNCEMENTS

- (a) As required by Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision,

APPENDIX I FURTHER TERMS AND PROCEDURES OF ACCEPTANCE OF THE OFFER

extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised, extended, or have expired. The announcement will state the following:

- (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and/or its concert party(ies) before the Offer Period;
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and/or its concert party(ies);
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and its concert party(ies) have borrowed or lent, save for any borrowed shares which have been either on-lent or sold; and
 - (v) the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances as of the Closing Date, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (b) below.
- (b) In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed "5. Announcements" above), the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met. In such case, when the Independent Shareholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other

APPENDIX I FURTHER TERMS AND PROCEDURES OF ACCEPTANCE OF THE OFFER

document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s) at their own risks.

7. STAMP DUTY

Sellers' Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance (rounded up to nearest dollar) as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be deducted from the amount payable by the Offeror to the Independent Shareholders who accept the Offer. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty at a rate of 0.1% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

8. OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. As the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions, the Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions. The Offeror, its concert party(ies), the Company, Red Sun Capital Limited, Merdeka Corporate Finance, Merdeka Securities, the Independent Financial Adviser, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay. Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with and such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. The Overseas Shareholders should consult their professional advisers if in doubt.

9. TAXATION ADVICE

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, the Company, Red Sun Capital Limited, Merdeka Corporate Finance, Merdeka Securities, the Independent Financial Adviser (as the case may be) and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

10. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, its concert party(ies), Red Sun Capital Limited, Merdeka Corporate Finance, Merdeka Securities, the Independent Financial Adviser and any of their respective directors nor the Registrar or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Merdeka Corporate Finance, Merdeka Securities 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 Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (f) By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror that are (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights of any nature; and (c) together with all rights, benefits and entitlements attaching to them as at the despatch date of this Composite Document or subsequently becoming attached to them, including, without limitation, the right to receive and retain in full all dividends and other distributions (as applicable) which may be recommended, declared, made or paid by reference to a record date on or after the despatch

date of this Composite Document. As at the Latest Practicable Date, the Company has no intention to make, declare or pay any future dividend/make other distributions until after the close of the Offer. The Offer is made available to all Independent Shareholders, including those who are residents outside Hong Kong. The availability of the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibilities, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdictions. Any acceptance by the Independent Shareholders and the beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders should consult their respective professional advisers if in doubt. Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (h) Unless otherwise expressly stated in this Composite Document and/or the Form of Acceptance, no person other than the Offeror and the accepting Independent Shareholders may enforce any terms of the Offer that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (i) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.
- (k) In making their decisions, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, its concert party(ies), the Company, Red Sun Capital Limited, Merdeka Corporate Finance, Merdeka Securities, the Independent Financial

APPENDIX I FURTHER TERMS AND PROCEDURES OF ACCEPTANCE OF THE OFFER

Adviser and the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advice.

- (l) The Offer is made in accordance with the Takeovers Code.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for each of the financial years ended 31 March 2018, 2019 and 2020 and for the six months ended 30 September 2020 as extracted from the annual reports of the Company for the financial years ended 31 March 2019 and 2020 and the interim report of the Company for the six months ended 30 September 2020.

The auditors of the Company for the three (3) years ended 31 March 2018, 2019 and 2020 were ZHONGHUI ANDA CPA Limited, Certified Public Accountants. No modified or qualified opinion, emphasis of matter or material uncertainty related to going concern had been issued by ZHONGHUI ANDA CPA Limited in respect of the consolidated financial statements of the Group for each of the three (3) years ended 31 March 2018, 2019 and 2020.

Summary consolidated income statement and statement of comprehensive income

	Six months ended			
	30 September	Year ended 31 March		
	2020	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(audited)	(audited)
Revenue	206,332	537,408	433,004	390,423
Cost of sales	(179,487)	(445,207)	(349,535)	(325,955)
Gross profit	26,845	92,201	83,469	64,468
Interest income	170	195	486	258
Other income	1,049	1,009	655	1,941
Selling and distribution expenses	(13,074)	(36,710)	(27,789)	(23,497)
Administrative expenses	(9,945)	(23,599)	(23,987)	(23,130)
Professional fee in relation to the transfer of listing	-	(5,149)	-	-
Listing expenses	-	-	-	(2,580)
Finance costs	(68)	(147)	(111)	(151)
Profit before taxation	4,977	27,800	32,723	17,309
Income tax expense	(530)	(5,065)	(5,489)	(3,225)
Profit for the period/year	4,447	22,735	27,234	14,084
Profit for the period/year attributable to:				
Owners of the Company	4,447	22,735	27,234	14,084
Non-controlling interests	-	-	-	-
Other comprehensive (expense) income:				
<i>Item that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	24	(118)	(112)	149
Total comprehensive income for the period/year attributable to:				
Owners of the Company	4,447	22,617	27,122	14,233
Non-controlling interests	-	-	-	-
Earnings per share				
Basic and diluted (HK cents)	0.9	4.5	5.4	2.9

Summary consolidated statement of financial position

	As at 30 September 2020 (unaudited) <i>HK\$'000</i>	As at 31 March		
	2020 (audited) <i>HK\$'000</i>	2019 (audited) <i>HK\$'000</i>	2018 (audited) <i>HK\$'000</i>	2018 (audited) <i>HK\$'000</i>
Total asset	210,270	158,379	144,200	120,377
Total liabilities	79,269	31,849	32,287	28,086
	<u>131,001</u>	<u>126,530</u>	<u>111,913</u>	<u>92,291</u>
Equity attributable to owners of the Company				
Share capital	5,000	5,000	5,000	5,000
Reserves	126,001	121,530	106,913	87,291
	<u>131,001</u>	<u>126,530</u>	<u>111,913</u>	<u>92,291</u>

Summary consolidated statement of cash flows

	For the year ended 31 March	
	2020 (audited) <i>HK\$'000</i>	2019 (audited) <i>HK\$'000</i>
Net cash generated from operating activities	24,649	3,952
Net cash generated from (used in) investing activities	6,688	(1,645)
Net cash used in financing activities	(9,389)	(7,733)
Net increase/(decrease) in cash and cash equivalents	21,948	(5,426)

On 19 June 2018, the Board declared a dividend of 1.5 HK cents per share amounting to HK\$7.5 million and was paid on 18 September 2018. On 10 June 2019, the Board declared a dividend of 1.6 HK cents per share amounting to HK\$8.0 million and was paid on 11 September 2019. For the financial year ended 31 March 2020 and for the six months ended 30 September 2020, no dividend has been declared by the Group, and there were no exceptional items because of size, nature or incidence in respect of the consolidated financial statements of the Group during each of the financial years ended 31 March 2018, 2019 or 2020. As at the Latest Practicable Date, Company has no intention to make, declare or pay any future dividend/distribution until after the close of the Offer.

The auditors of the Company for the financial years ended 31 March 2018, 2019 and 2020 were ZHONGHUI ANDA CPA Limited. Their opinions on the consolidated financial statements of the Group for each of the three financial years ended 31 March 2020 were unqualified.

2. AUDITED/UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 March 2018 (the “**2018 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 March 2019 (the “**2019 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 March 2020 (the “**2020 Financial Statements**”); (iv) the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2020 (the “**2021 Interim Financial Statement**”) and, together with the notes to the relevant published financial statements and significant accounting policies which are of major relevance to the appreciation of the above financial information.

The 2020 Financial Statements are set out on pages 57 to 102 of the annual report of the Company for the year ended 31 March 2020, which was published on 24 June 2020. The annual report of the Company for the year ended 31 March 2020 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0624/2020062400843.pdf>

The 2019 Financial Statements are set out on pages 56 to 96 of the annual report of the Company for the year ended 31 March 2019, which was published on 19 June 2019. The annual report of the Company for the year ended 31 March 2019 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0619/gln20190619011.pdf>

The 2018 Financial Statements are set out on pages 49 to 86 of the annual report of the Company for the year ended 31 March 2018, which was published on 27 June 2018. The annual report of the Company for the year ended 31 March 2018 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0627/gln20180627083.pdf>

The 2021 Interim Financial Statement are set out on pages 2 to 15 of the interim report of the Company for the six months ended 30 September 2020, which was published on 25 November 2020. The interim report of the Company for the six months ended 30 September 2020 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1125/2020112500427.pdf>

The 2018 Financial Statements, the 2019 Financial Statements and the 2020 Financial Statements and the 2021 Interim Financial Statement are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS

As at the close of business on 31 March 2021, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Composite Document, the respective indebtedness of the Group is as follows:

Borrowings

As at the close of business on 31 March 2021 (being the latest practicable date for the purpose of this indebtedness statement), the Group had outstanding borrowings of approximately HK\$0.5 million.

Lease liabilities

As at the close of business on 31 March 2021, the Group had lease liabilities of approximately HK\$1.9 million related to payable by the Group for certain of its offices and leasehold lands.

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 March 2021, the Group did not have debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans, or other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or mortgages and charges, or contingent liabilities or guarantees.

4. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 March 2020, being the date to which the latest published financial statements of the Group were made up and disclosed in the annual report for the year ended 31 March 2020, and up to the Latest Practicable Date.

A. Letter from ZHONGHUI ANDA CPA Limited

26 May 2021

The Board of Directors
Speed Apparel Holding Limited
Flat A, 17/F., Gemstar Tower
23 Man Lok Street, Hung Hom
Kowloon, Hong Kong

Dear Sirs,

**Speed Apparel Holding Limited
Profit Forecast for the 3 Years Ending 31 March 2024**

We refer to the section headed “Profit Guarantee” as set out in the composite document of the Company dated 26 May 2021 in respect of the Guaranteed Profit and Guaranteed Revenue (the “**Profit Forecast**”).

Directors’ Responsibilities

The Profit Forecast has been prepared by the directors of the Company based on the historical financial information of the Company and its subsidiaries (collectively referred to as the “**Group**”) and a forecast of the consolidated results of the Group for the remaining 3 years ending 31 March 2024.

The Company’s directors are solely responsible for the Profit Forecast.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Forecast in accordance with the bases and assumptions adopted by the directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 March 2020.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Sze Lin Tang

Director

B. Letter from Red Sun Capital Limited

Set out below is the text of the letter from Red Sun Capital Limited, the financial adviser to the Company, for inclusion in this Composite Document reporting on certain financial information pursuant to Rule 10.3(b) of the Takeovers Code.

26 May 2021

The Board of Directors
Speed Apparel Holding Limited
Flat A, 17/F., Gemstar Tower
23 Man Lok Street, Hung Hom
Kowloon, Hong Kong

Dear Sir/Madam,

We refer to the composite document dated 26 May 2021 (the “**Composite Document**”) issued by Speed Apparel Holding Limited (the “**Company**”). Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless otherwise specified.

Pursuant to the Sale and Purchase Agreement, each of the Vendor and the Guarantor irrevocably warrants, guarantees and undertakes that (i) the audited consolidated net profit after taxation (excluding any extraordinary items) of the Existing Group shall not be less than HK\$10,000,000 (the “**Guaranteed Profit**”); and (ii) the audited consolidated revenue of the Existing Group shall not be less than HK\$240,000,000 (the “**Guaranteed Revenue**”) for each of the three financial years ending 31 March 2024 (the “**Profit Guaranteed Period**”). Pursuant to Rule 10 of the Takeovers Code, the above Guaranteed Profit and Guaranteed Revenue are regarded as a profit forecast (“**Profit Forecast**”). The Profit Forecast has been prepared by the directors of the Company based on the historical audited financial information of the Company and its subsidiaries (collectively referred to as the “**Group**”) and a forecast of the consolidated results of the Group for the remaining 3 years ending 31 March 2024.

We have reviewed the Profit Forecast and discussed with the Directors on the bases and assumptions, which has been set out in the section headed “Profit Guarantee” of the Composite Document of the Company dated 26 May 2021, upon which the Profit Forecast has been made. We have also considered the letter dated 26 May 2021 addressed to the board of directors of the Company from ZHONGHUI ANDA CPA Limited, the auditors of the Group, regarding to their work performed on the Profit Forecast.

On the basis of foregoing, we are satisfied that the Profit Forecast including the bases and assumptions, for which the Directors are solely responsible for, have been made after due consideration and careful enquiry, and on a reasonable basis.

The work undertaken by us is for the sole purpose of reporting to the Directors under Rule 10 of the Takeovers Code and for no other purposes. We accept no responsibility to any other person in connection with such work.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each, of which 500,000,000 Shares had been issued and were fully paid or credited as fully paid. All the existing issued Shares are fully paid up and rank pari passu in all respects including all rights as to capital, dividends and voting.

The Company has not issued any Shares since 31 March 2020, being the date to which the latest audited financial statements of the Company were made up.

As at the Latest Practicable Date, there were no convertible securities, warrants, options, derivatives or other securities issued by the Company that are convertible or exchangeable into Shares or other types of equity interest in issue.

3. DISCLOSURE OF INTERESTS**(a) Directors and chief executives' interests in securities**

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or in the Shares, underlying shares, debentures or relevant securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Takeovers Code, to be notified to the Company and the Stock Exchange.

Save for the sale of the Sale Shares pursuant to the S&P Agreement by the Vendor, none of the Directors, nor any person acting in concert with any of them has dealt for value in any Shares, convertible securities, warrants or options of the Company, any derivatives in respect of such securities in the six months prior to the commencement of the Offer Period up to and including the Latest Practicable Date.

(b) Substantial shareholders

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

Name of shareholder	Capacity	Number of Shares held (Long position)	Percentage of interests as at the Latest Practicable Date (Note)
The Offeror	Beneficial owner	375,000,000	75.00%

Note: Based on 500,000,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any person (including Directors) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO, or required to be disclosed under the Takeovers Code.

(c) Shareholdings and dealings in the Offeror

Since six months prior to the commencement of the Offer Period up to the Latest Practicable Date, none of the Company nor any of its Directors had any interest or had dealt for value in the shares, convertible securities, warrants, options, derivatives or relevant securities in respect of the shares of the Offeror.

(d) Shareholdings and dealings in securities of the Company

Save for the Sale Shares under the S&P Agreement, none of the Offeror, its ultimate beneficial owner or parties acting in concert with any of them has dealt in nor owned any other Share or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six months period prior to the commencement of the offer period (as defined under the Takeovers Code) (i.e. the date of publication of the Joint Announcement). During the Relevant Period,

- (a) save for the Sale Shares held by the Offeror, none of the Offeror and parties acting in concert (including but not limited to directors of the Offeror) with it holds, owns or has control or direction over any voting rights or rights over any Shares, convertible securities, warranties or options of the Company or any derivatives in respect of such securities;

- (b) there is no outstanding derivative in respect of securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (c) save for the purchase of the Sale Shares pursuant to the S&P Agreement, none of the Offeror, its ultimate beneficial owner, nor any person acting in concert with any of them has dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six months prior to the commencement of the Offer Period up to and including the Latest Practicable Date;
- (d) none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (e) save for the S&P Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offer;
- (f) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner or parties acting in concert with any of them is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (g) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has received any irrevocable commitment(s) to accept or reject the Offer;
- (h) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror, nor any person acting in concert with it;
- (i) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (j) there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, its ultimate beneficial owner or any person acting in concert with any of them and any of the Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offer;
- (k) there is no agreement or arrangement which constitutes a special deal under Rule 25 of the Takeovers Code between the Offeror, its ultimate beneficial owner and parties acting in concert with any of them on the one hand and the Vendor and parties acting in concert with it or any other Shareholders on the other hand;

- (l) save for the total consideration for the Sale Shares, no other consideration, compensation or benefit in whatever form is paid or to be paid by the Offeror, its ultimate beneficial owner or any parties acting in concert with any of them to the Vendor or any parties acting in concert with it in connection with the sale and purchase of the Sale Shares; and
 - (m) save as disclosed, there is not any understanding, arrangement or agreement or special deal between any Shareholder and the Offeror, its ultimate beneficial owner and parties acting in concert with any of them.
- (e) **Additional disclosure of interests in the Company and arrangements in connection with the Offer**

As at the Latest Practicable Date:

- (i) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code owned or controlled any shares or convertible securities, options, warrants, or derivatives of the Company, or had dealt for value in any such securities of the Company during the Relevant Period;
- (ii) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (iii) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any such securities of the Company during the Relevant Period;
- (iv) none of the Directors has any beneficial shareholdings which is subject to the Offer;
- (v) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (vi) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

- (vii) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (viii) no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the commencement of the Offer Period; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. MATERIAL CONTRACTS

The Group did not enter into any contract which was or might be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within two years immediately preceding the commencement of the Offer Period and up to and including the Latest Practicable Date.

6. LITIGATION

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

7. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualifications of the expert who has given opinion or advice which is contained or referred to in this Composite Document:

Name	Qualification
Red Sun Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Altus Capital Limited	a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
ZHONGHUI ANDA CPA Limited	Certified public accountants

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, and/or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 31 March 2020, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. GENERAL

- (i) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its head office and principal place of business in Hong Kong is situated at Flat A, 17/F., Gemstar Tower, 23 Man Lok Street, Hung Hom, Kowloon, Hong Kong.
- (ii) The registered office of the Independent Financial Adviser is situated at 21 Wing Wo Street, Central, Hong Kong.
- (iii) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese translation in the case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the websites of the SFC (<http://www.sfc.hk>) and the Company (www.speedapparel.com.hk); and (ii) at the head office and principal place of business of the Company in Hong Kong at Flat A, 17/F., Gemstar Tower, 23 Man Lok Street, Hung Hom, Kowloon, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) from the date of this Composite Document onwards for as long as the Offer remain open for acceptance:

- (i) the memorandum of association and articles of association of the Company;
- (ii) the annual reports of the Company for each of the two years ended 31 March 2019 and 31 March 2020 and the interim report of the Company for the six months ended 30 September 2020;
- (iii) the letter from the Board as set out on pages 15 to 26 of this Composite Document;
- (iv) the letter from the Independent Board Committee as set out on pages 27 to 28 of this Composite Document;
- (v) the letter from the Independent Financial Adviser as set out on pages 29 to 52 of this Composite Document;
- (vi) each of the letters from ZHONGHUI ANDA CPA Limited and Red Sun Capital Limited on the Profit Forecast of the Group;
- (vii) the written consents referred to in the paragraph headed “Expert’s qualification and consent” in this appendix; and
- (viii) this Composite Document and the accompanying Form(s) of Acceptance.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror and its intention has been supplied by the Offeror. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those in relation to the Group, the Vendor and their respective associates and parties acting in concert with them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Group and the directors of the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last trading day in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
30 September 2020	0.49
30 October 2020	0.50
30 November 2020	0.50
31 December 2020	0.55
29 January 2021	0.56
26 February 2021	0.52
31 March 2021	0.95
26 April 2021 (Last Trading Day)	1.80
30 April 2021	Trading suspended
24 May 2021 (Latest Practicable Date)	1.96

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.28 per Share on 11 May 2021 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.49 per Share on 30 September 2020, 5 October 2020, 6 October 2020, 7 October 2020, 8 October 2020, 9 October 2020, 12 October 2020, 14 October 2020, 15 October 2020, 16 October 2020, 19 October 2020, 20 October 2020, 21 October 2020, 22 October 2020 and 23 October 2020.

3. DISCLOSURE OF INTERESTS BY THE OFFEROR

As at the Latest Practicable Date, the Offeror and the parties acting in concert with it held 375,000,000 Shares, representing 75% of the issued share capital of the Company. Save for the above, as at the Latest Practicable Date, none of the Offeror, its directors and the parties acting in concert with it had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS OF THE OFFEROR IN THE COMPANY

Save for the purchase of the Sale Shares pursuant to the S&P Agreement, none of the Offeror or any parties acting in concert with him had dealt for value in any Shares, derivatives, warrants, options, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into the Shares during the Relevant Period. Save for the transactions contemplated under the S&P Agreement as disclosed in the "Letter from the Board" in this Composite Document and save for the intention of the Purchaser to earmark 40,000,000 Sale Shares (equivalent to 8% of the issued share capital of the Company) to be placed in a trust for the benefits of any persons who may contribute to the Company, as at the Latest Practicable Date:

- (i) none of the Offeror and parties acting in concert with the Offeror held, owned or had control or direction over any voting rights or rights over any Shares, convertible securities, warrants, options or derivatives of the Company;
- (ii) none of the Offeror and parties acting in concert with the Offeror had received any irrevocable commitment to accept or reject the Offer;
- (iii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror and any person acting in concert with the Offeror;
- (iv) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (v) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any parties acting in concert with the Offeror and any other person;
- (vi) there is no agreement or arrangement to which the Offeror or any parties acting in concert with the Offeror is a party to which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or condition to the Offer;
- (vii) none of the Offeror and parties acting in concert with the Offeror has borrowed or lent relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;
- (viii) save for the consideration under the S&P Agreement, none of the Offeror nor the parties acting in concert with the Offeror or associates of the Offeror has paid and/or will pay any other consideration, compensation or benefit in whatever form to the Vendor and any parties acting in concert with the Vendor in connection with the sale and purchase of the Sale Shares;
- (ix) there is no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between the Offeror or any parties acting in concert with the Offeror on the one hand, and the Vendor and any parties acting in concert with the Vendor on the other hand;

- (x) there is no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror and the parties acting in concert with the Offeror, or (b) the Company, its subsidiaries or associated companies (as defined in the Takeovers Code);
- (xi) no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror and any party acting in concert with the Offeror and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the outcome of the Offer; and
- (xii) no benefit (other than statutory compensation required under applicable laws) had been and would be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

5. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the names and qualifications of the experts whose letter or opinion are contained in this Composite Document:

Name	Qualifications
Merdeka Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Merdeka Securities Limited	a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or report and/or references to its name in the form and context in which they are respectively included.

6. GENERAL

- (i) The correspondence address of the Offeror and Mr. Hao Yan, being the principal members of the Offeror's concert group, is 6F Kagurazaka AK Building, 1-8 Tsukudo-cho, Shinjuku-ku, Tokyo, Japan.
- (ii) The principal business address of Merdeka Corporate Finance and Merdeka Securities is situated at Room 1108-1110, 11/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (iii) The English text of this Composite Document and Form of Acceptance shall prevail over the Chinese text in the case of inconsistency

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (a) at the head office and principal place of business of the Company in Hong Kong at Flat A, 17/F., Gemstar Tower, 23 Man Lok Street, Hung Hom, Kowloon, Hong Kong from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays), unless (i) a tropical cyclone warning signal number 8 or above is hoisted or is announced to be hoisted; or (ii) a black rainstorm warning signal is issued or is announced to be issued; (b) on the SFC's website at www.sfc.hk; and (c) the website of the Company at www.speedapparel.com.hk, during the period from the date of this Composite Document up to and until close of the Offer:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the letter from Merdeka Securities, the text of which is set out in the section headed "Letter from Merdeka Securities" in this Composite Document; and
- (iii) the written consents referred to under the paragraph headed "5. Consents and Qualifications of Experts" in this Appendix V.