

THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in International Elite Ltd., you should at once hand this Composite Document and the accompanying Form of Acceptance and Transfer to the purchaser(s) or the 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 the 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 and Transfer, 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 and Transfer.

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



HONY GOLD HOLDINGS, L.P.

(Established in the Cayman Islands with limited liability)

INTERNATIONAL ELITE LTD.

精英國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1328)

**COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO
UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY**



SOMERLEY CAPITAL LIMITED

**FOR AND ON BEHALF OF HONY GOLD HOLDINGS, L.P. TO
ACQUIRE ALL THE ISSUED SHARES OF INTERNATIONAL ELITE LTD.
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY HONY GOLD HOLDINGS, L.P. AND
PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



SOMERLEY CAPITAL LIMITED

Financial adviser to the Company



**中國銀河國際
CHINA GALAXY INTERNATIONAL**

Independent Financial Adviser to the Independent Board Committee



**Lego Corporate
Finance Limited**

力高企業融資有限公司

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Somerley Capital Limited containing, among other things, principal terms of the Offer is set out on pages 11 to 21 of this Composite Document. A letter from the Board is set out on pages 22 to 26 of this Composite Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Offer is set out on pages 27 to 28 of this Composite Document. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee in respect of the Offer and the principal factors considered by it in arriving at its recommendation is set out on pages 29 to 50 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer. Acceptance of the Offer should be received by the Registrar as soon as possible and in any event not later than 4:00 p.m. on Thursday, 27 December 2018 (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).

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 and Transfer to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" in the "Letter from Somerley Capital Limited" of this Composite Document before taking any action. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). Overseas Shareholders should consult their professional advisers if in doubt.

The Composite Document will remain on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at <http://www.iel.hk> as long as the Offer remains open.

6 December 2018

CONTENTS

	<i>Page</i>
Expected Timetable	1
Important Notices	3
Definitions	4
Letter from Somerley Capital Limited	11
Letter from the Board	22
Letter from the Independent Board Committee	27
Letter from the Independent Financial Adviser	29
Appendix I – Further Terms of Acceptance of the Offer	I-1
Appendix II – Financial Information of the Group	II-1
Appendix III – Valuation report on Goldstream Capital	III-1
Appendix IV – Report from the Independent Financial Adviser on the valuer	IV-1
Appendix V – General Information of the Offeror	V-1
Appendix VI – General Information of the Group	VI-1
Accompanying document – Form of Acceptance and Transfer	

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

Despatch date of this Composite Document and the accompanying Form of Acceptance and Transfer and commencement date of the Offer (*Note 1*) Thursday, 6 December 2018

Latest time and date for acceptance of the Offer (*Note 2*) 4:00 p.m. on Thursday, 27 December 2018

Closing Date (*Note 2*) Thursday, 27 December 2018

Announcement of the results of the Offer (or its extension or revision, if any), to be posted on the website of the Stock Exchange and the Company (*Note 2*) No later than 7:00 p.m. on Thursday, 27 December 2018

Latest date for posting of remittances in respect of valid acceptances received under the Offer (*Note 3*) Tuesday, 8 January 2019

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.
2. 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 latest time and date for acceptance of the Offer will be at 4:00 p.m. on Thursday, 27 December 2018 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued on the website of the Stock Exchange no later than 7:00 p.m. on the Closing Date in respect of the result of the Offer or stating whether the Offer has been extended, revised or has expired. In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Shareholders who have not accepted the Offer. In the event that the Offeror decides to revise the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to all Independent Shareholders whether or not they have already accepted the Offer.

If there is a tropical cyclone warning signal number 8 or above 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 Day 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 the same, i.e. at 4:00 p.m. on the Closing Date.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days after the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 4 headed "Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

EXPECTED TIMETABLE

All references to dates and time contained in this Composite Document refer to Hong Kong dates and time.

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

IMPORTANT NOTICES

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 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 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 of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror and parties acting in concert with it, the Company, Somerley Capital Limited, China Galaxy International Securities (Hong Kong) Co., Limited, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, agents 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 refer to the paragraph headed "Overseas Shareholders" in the "Letter from Somerley Capital Limited".

DEFINITIONS

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

“Acquisition”	the acquisition of the Capital Sale Shares and the Securities Sale Shares by the Company pursuant to the Acquisition Agreement;
“Acquisition Agreement”	the sale and purchase agreement entered into between the Company, HCG and Expand Ocean Limited on 30 July 2018 (after trading hours) in relation to the Acquisition;
“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code;
“Announcement Date”	30 July 2018, being the date of the Joint Announcement;
“associate(s)”	has the same meaning as ascribed to it under the Takeovers Code;
“Board”	the board of Directors;
“Business Day(s)”	means a day on which the Stock Exchange is open for the transaction of business;
“Capital Sale Shares”	323 ordinary shares of Goldstream Capital representing all the issued share capital of Goldstream Capital;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“Closing Date”	Thursday, 27 December 2018, being the closing date of the Offer, or if the Offer is extended, any subsequent closing date as may be determined by the Offeror and announced with the consent of the Executive in accordance with the Takeovers Code;
“Company”	International Elite Ltd. (stock code: 1328), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange;

DEFINITIONS

“Composite Document”	this composite offer and response document in respect of the Offer jointly issued by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code;
“connected person”	has the same meaning ascribed to it in the Listing Rules;
“Consideration Share(s)”	2,263,012,321 new Shares allotted and issued by the Company to the Offeror at the issue price of HK\$0.11931 to satisfy the consideration under the Acquisition Agreement;
“CRM”	customer relationship management;
“Director(s)”	the existing director(s) of the Company (excluding any new directors to be appointed to the Board after the posting of this Composite Document);
“Disposal Agreement”	the sale and purchase agreement entered into between the Company and Mr. Li on 30 July 2018 (after trading hours) in relation to the disposal of the Disposal Shares by the Company;
“Disposal Shares”	two ordinary shares of Sunward Telecom Limited representing all the issued share capital of Sunward Telecom Limited, and one ordinary share of MZone Network Limited representing all the issued share capital of MZone Network Limited;
“Encumbrance(s)”	any mortgage, pledge, lien, sale option, rights of pre-emption or any forms of security interests, or any other claims against rights to an asset;
“Ever Prosper”	Ever Prosper International Limited, a limited liability company incorporated under the laws of British Virgin Islands, which is owned by Mr. Li, Ms. Kwok and Ms. Li Yin (sister of Mr. Li and an executive Director) as to 50.0%, 46.5% and 3.5%, respectively;
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission and any delegate of the Executive Director;

DEFINITIONS

“Form of Acceptance and Transfer”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document;
“Goldstream Capital”	Goldstream Capital Management Limited, incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to engage in Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined under the SFO;
“Goldstream Securities”	Goldstream Securities Limited, incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to engage in Type 1 (dealing in securities) regulated activity as defined under the SFO;
“Goldstream Sellers”	sellers to the Acquisition Agreement, being HCG and Expand Ocean Limited;
“Group”	the Company and its subsidiaries;
“HCG”	Hony Capital Group, L.P., an exempted limited partnership established under the laws of the Cayman Islands;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hony Managing Partners”	Hony Managing Partners Limited, a limited liability company incorporated in the Cayman Islands;
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chen Xue Dao, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, which has been established by the Company to make recommendations to the Independent Shareholders regarding the Offer;

DEFINITIONS

“Independent Financial Adviser” or “Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO and the independent financial adviser to the Independent Board Committee in respect of the Offer;
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it;
“Independent Third Party (Parties)”	independent third party (parties) who is (are) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules);
“Irrevocable Undertaking”	the irrevocable undertaking dated 30 July 2018 given by Ms. Kwok to the Offeror and the Company in relation to the Offer;
“Joint Announcement”	the joint announcement dated 30 July 2018 issued by the Offeror and the Company in relation to, among other things, the SPA, the Disposal Agreement, the Acquisition Agreement and the Offer;
“Last Trading Day”	30 July 2018, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of the Joint Announcement;
“Latest Practicable Date”	3 December 2018, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Li”	Mr. Li Kin Shing, the chairman, executive Director and chief executive officer of the Company, and a director and controlling shareholder of Ever Prosper;
“Ms. Kwok”	Ms. Kwok King Wa, the spouse of Mr. Li and a controlling shareholder of Ever Prosper;
“New Investor(s)”	Wang Shuang Yin (王雙寅) and Sun Xiao Hong (孫曉紅), being the Independent Third Party(ies), who acquired the Sell Down Shares pursuant to the Sell Down Agreements;

DEFINITIONS

“New Investor Irrevocable Undertakings”	the irrevocable undertakings dated 30 July 2018 given by each of the New Investors to the Offeror and the Company in relation to the Offer;
“Offer”	the unconditional mandatory cash general offer made by Somerley Capital Limited on behalf of the Offeror to acquire all the Shares not beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code;
“Offer Period”	the period from 30 July 2018, being the Announcement Date, to the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code;
“Offer Price”	the price at which the Offer is made, being HK\$0.11931 per Offer Share;
“Offer Share(s)”	the issued Share(s) other than those already owned by the Offeror and parties acting in concert with it;
“Offeror”	Hony Gold Holdings, L.P., a limited partnership formed under the laws of the Cayman Islands;
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) as shown on the registers of members of the Company at the close of business on the Record Date is/are outside Hong Kong;
“PRC”	The People’s Republic of China (for the purpose of this Composite Document, but does not include Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC);
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, with its registered office at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Relevant Period”	the period beginning from 30 January 2018, being the date of six months before the Announcement Date, up to and including the Latest Practicable Date;

DEFINITIONS

“Remaining Shares”	Shares held by Ms. Kwok subsequent to the completion of the SPA and the Sell Down;
“Sale Shares”	4,610,000,000 Shares, legally and beneficially owned by the Sellers as at the date of the SPA;
“Securities Sale Shares”	8,000,001 ordinary shares of Goldstream Securities representing all the issued share capital of Goldstream Securities;
“Sell Down”	the shareholding reduction made by Ms. Kwok through selling of the Sell Down Shares;
“Sell Down Agreements”	the sale and purchase agreements entered into between Ms. Kwok and the New Investors on 30 July 2018 in relation to the purchase of the Sell Down Shares by the New Investors;
“Sell Down Shares”	1,030,000,000 Shares sold by Ms. Kwok pursuant to the Sell Down Agreements;
“Sellers”	Ever Prosper, Mr. Li and Ms. Kwok;
“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)”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of (a) Share(s);
“SPA”	the sale and purchase agreement entered into between the Offeror and the Sellers on 30 July 2018 (after trading hours) in relation to the purchase of Sale Shares;
“SPA Completion”	the completion of the transactions contemplated under the SPA;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules;

DEFINITIONS

“Takeovers Code”	The Code on Takeovers and Mergers published by the SFC and administered by the Executive;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

Certain figures set out in this Composite Document have been subject to rounding adjustments. Accordingly, figures shown as the percentage equivalents may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this Composite Document is due to rounding.

LETTER FROM SOMERLEY CAPITAL LIMITED



SOMERLEY CAPITAL LIMITED
20th Floor, China Building
29 Queen's Road Central
Hong Kong

6 December 2018

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY



SOMERLEY CAPITAL LIMITED

**FOR AND ON BEHALF OF HONY GOLD HOLDINGS, L.P. TO
ACQUIRE ALL THE ISSUED SHARES OF INTERNATIONAL ELITE LTD.
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY HONY GOLD HOLDINGS, L.P. AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement, on 30 July 2018, the Sellers entered into the SPA with the Offeror in relation to the sale and purchase of the Sale Shares, being an aggregate of 4,610,000,000 Shares at an aggregate consideration of HK\$550,000,000, equivalent to approximately HK\$0.11931 per Sale Share.

On 30 July 2018, the Company and the Goldstream Sellers have entered into the Acquisition Agreement for the sale and purchase of the Capital Sale Shares and the Securities Sale Shares at a consideration of HK\$270 million, which shall be settled by the allotment and issuance of the Consideration Shares (being 2,263,012,321 Shares) by the Company at the issue price of HK\$0.11931 per Consideration Share.

The SPA Completion and completion of the Acquisition took place contemporaneously with, among other things, the completion of the Sell Down on 29 November 2018. Immediately before the SPA Completion and completion of the Acquisition, the Offeror and parties acting in concert with it owned 900,000,000 Shares, representing approximately 9.91% of the total issued share capital of the Company (based on the number of issued Shares as at the Announcement Date). Immediately after the SPA Completion and completion of the Acquisition and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own 7,773,012,321 Shares, representing approximately 68.50% of the issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash general offer for the Offer Shares, being all the issued Shares which are not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it.

LETTER FROM SOMERLEY CAPITAL LIMITED

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as contained in this Composite Document.

THE OFFER

Principal terms of the Offer

We are making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code to acquire the Offer Shares on the following basis:

For each Offer Share HK\$0.11931 in cash

The Offer Price of HK\$0.11931 per Offer Share is approximately equal to but not lower than the purchase price per Sale Share as stipulated in the SPA. The Offer extends to all Offer Shares in issue on the date on which the Offer is made, other than those already owned by the Offeror and parties acting in concert with it.

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

Comparison of value

The offer price of HK\$0.11931 per Offer Share represents:

- (a) a discount of approximately 22.5% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 33.3% to the closing price of HK\$0.179 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 23.0% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of HK\$0.155 per Share;
- (d) a discount of approximately 18.8% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of HK\$0.147 per Share;
- (e) a discount of approximately 13.5% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of HK\$0.138 per Share; and

LETTER FROM SOMERLEY CAPITAL LIMITED

- (f) a premium of approximately 127.7% over the unaudited condensed consolidated net asset value attributable to the owners of the Company of approximately HK\$0.0524 per Share (based on the number of issued Shares as at the Latest Practicable Date) as at 30 June 2018, the date to which the latest unaudited condensed consolidated financial results of the Group were made up.

Market prices of the Shares

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (a) the last Business Day of each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
31 January 2018	0.178
28 February 2018	0.150
29 March 2018	0.160
30 April 2018	0.140
31 May 2018	0.150
29 June 2018	0.131
30 July 2018 (being the Last Trading Day)	0.179
31 July 2018	0.170
31 August 2018	0.179
28 September 2018	0.171
31 October 2018	0.134
30 November 2018	0.154
3 December 2018 (the Latest Practicable Date)	0.154

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period was HK\$0.189 per Share on 30 August 2018 and HK\$0.110 per Share on 11 July 2018 respectively.

The Irrevocable Undertaking and New Investor Irrevocable Undertakings

Pursuant to the Irrevocable Undertaking, Ms. Kwok has, among other things, irrevocably undertaken to the Offeror and the Company that (i) she will not accept the Offer in respect of the Remaining Shares; (ii) she will not take other action to make the Remaining Shares available for acceptance of the Offer; and (iii) until close of the Offer, she will continue to hold the Remaining Shares, and will not sell, transfer, dispose of any Remaining Shares to the Offeror or any other third party or create encumbrance on the Remaining Shares.

LETTER FROM SOMERLEY CAPITAL LIMITED

Pursuant to the New Investor Irrevocable Undertakings, each New Investor has irrevocably undertaken to the Offeror and the Company that (i) it will not accept the Offer in respect of any of the Sell Down Shares; (ii) it will continue to hold the Sell Down Shares, and will not take other action to make the Sell Down Shares available for acceptance of the Offer; and (iii) until close of the Offer, it will not sell, transfer, dispose of the Sell Down Shares to the Offeror or any other third party or create encumbrance on the Sell Down Shares.

As at the Latest Practicable Date, apart from the Irrevocable Undertaking and the New Investor Irrevocable Undertaking(s), neither the Offeror nor any person acting in concert with it has received any indication or irrevocable commitment from any Shareholder to accept or reject the Offer.

Value of the Offer

As at the Latest Practicable Date, the Company has 11,346,472,321 Shares in issue (of which the Offeror and parties acting in concert with it are interested in 7,773,012,321 Shares). The Company does not have any outstanding options, derivatives or warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such options, derivatives or warrants or other securities of the Company. Pursuant to the Irrevocable Undertaking and the New Investor Irrevocable Undertakings, the Remaining Shares and the Sell Down Shares (being 1,714,900,000 Shares in aggregate held by Ms. Kwok and the New Investors) will not be tendered for acceptance of the Offer. Accordingly, 1,858,560,000 Shares are subject to the Offer.

Assuming that there is no change in the total number of issued Shares from the Latest Practicable Date up to the Closing Date, based on the Offer Price of HK\$0.11931 per Offer Share and on the basis of full acceptance of the Offer (excluding the Remaining Shares held by Ms. Kwok and the Sell Down Shares held by the New Investors which will not be tendered for acceptance of the Offer), the total consideration for the Offer is approximately HK\$221.7 million.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable under the Offer through its internal resources. Somerley Capital Limited, as financial adviser to the Offeror is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer (excluding (a) the Remaining Shares held by Ms. Kwok which are subject to the Irrevocable Undertaking; and (b) the Sell Down Shares held by the New Investors which are subject to the New Investor Irrevocable Undertakings, which will not be tendered for acceptance of the Offer).

LETTER FROM SOMERLEY CAPITAL LIMITED

Effect of accepting the Offer

By validly accepting the Offer, the Shareholders will sell their tendered Shares to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code, details of which are set out in paragraph 4 headed "Right of Withdrawal" in Appendix I to this Composite Document.

Stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer (or part thereof) at a rate of 0.1% of the consideration payable in respect of the relevant acceptances by the Shareholders or if higher, the market value of the Offer Shares, will be deducted from the amount payable to the Independent Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer will be made 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 duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by 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 a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Tax advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Somerley Capital Limited, China Galaxy International Securities (Hong Kong) Co., Limited, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

LETTER FROM SOMERLEY CAPITAL LIMITED

Overseas Shareholders

As the offer to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are resident, 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 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 of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). Any acceptance 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. The Overseas Shareholders should consult their professional advisers if in doubt.

INFORMATION ON THE GROUP

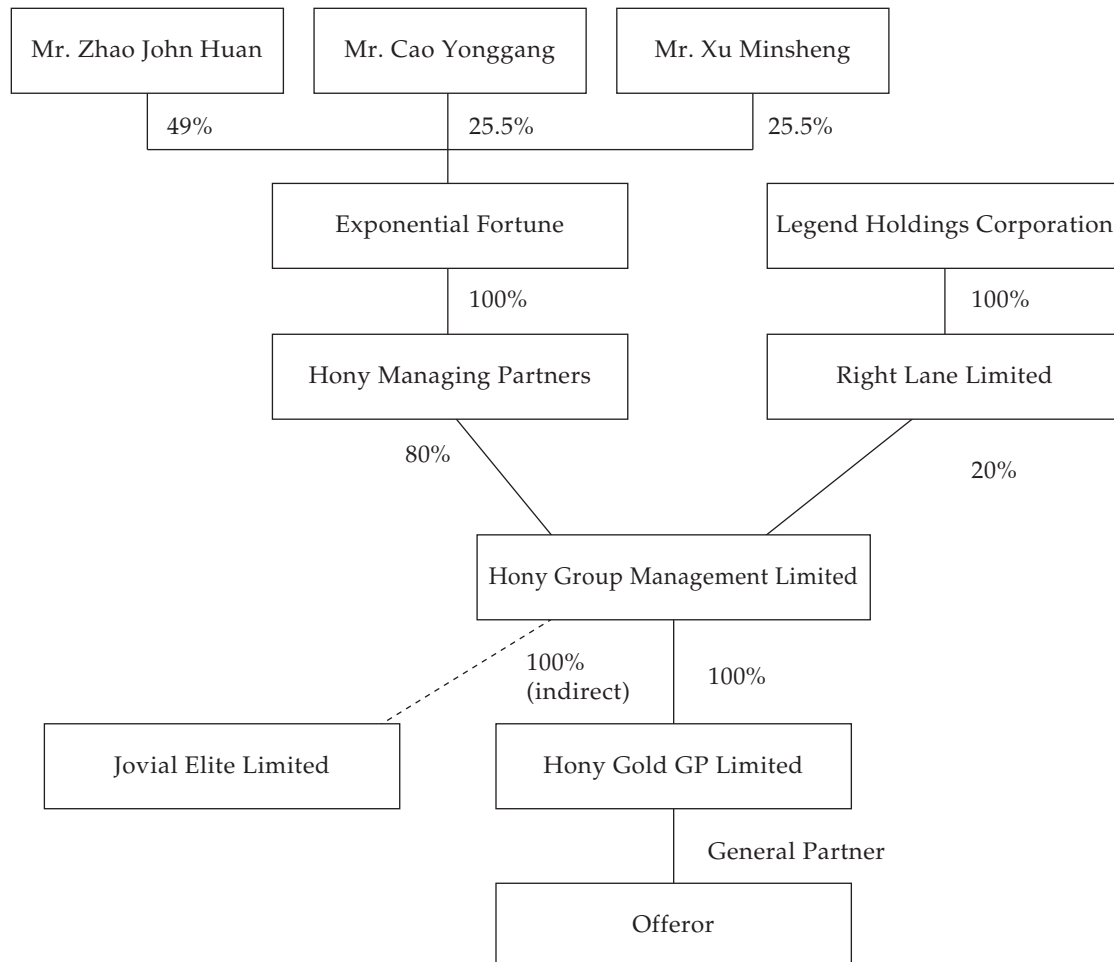
Your attention is drawn to the sections headed “Information on the Group” in the “Letter from the Board” as set out on pages 22 to 26 of this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is an exempted limited partnership established under the laws of Cayman Islands on 3 August 2017 as an investment vehicle and its sole general partner is Hony Gold GP Limited, a company with limited liability and incorporated under the laws of Cayman Islands, who is the only party responsible for investment decision making of the Offeror. The entire equity interest of Hony Gold GP Limited is held by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners, which in turn is wholly-owned by Exponential Fortune Group Limited (“**Exponential Fortune**”), and 20% equity interest of which is held by Right Lane Limited, a wholly-owned subsidiary of Legend Holdings Corporation whose H shares are listed on the Main Board of the Stock Exchange (stock code: 03396). Hony Group Management Limited indirectly holds the entire equity interest in Jovial Elite Limited, a Shareholder holding approximately 7.93% of the issued share capital of the Company as at the date of this Composite Document. As at the date of this Composite Document, Exponential Fortune was held as to 49% by Mr. Zhao John Huan, and the remaining 51% was held by Mr. Cao Yonggang and Mr. Xu Minsheng equally. The series of private equity investment funds, together with their respective management companies/general partners ultimately owned by Exponential Fortune (“**Hony Capital**”) was founded in 2003, specialises in buyout investment. Partnering with the world’s leading investors, it focuses on the development of China’s real economy with “Value creation, Price Realisation” as its investment philosophy. Hony Capital currently has over US\$10 billion assets under management, with investors from China and the world’s leading investment institutions. Hony Capital puts China as its top market, with investments in over 100 companies in areas of consumer, pharmaceutical and healthcare, media and entertainment, and

LETTER FROM SOMERLEY CAPITAL LIMITED

technology. Each of Mr. Zhao John Huan, Mr. Cao Yonggang and Mr. Xu Minsheng is a managing partner of Hony Capital. The following illustrates the structure of the Offeror and Hony Capital as at the Latest Practicable Date:



INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Business

After the close of the Offer, the Offeror intends to continue the CRM business, which is the existing principal business of the Group, and to develop the asset management and securities businesses currently engaged by Goldstream Capital and Goldstream Securities. The Offeror will conduct a review of the business operations and financial position of the Group with a view to formulating a long term strategy and business plan, together with a plan for utilisation of the Group's assets, and will explore other business opportunities for the Group. Save as above and the proposed changes to the Board as mentioned below, the Offeror has no intention to make material changes to the existing operating and management structure of the Group or to terminate the employment of any employee of the Group, or to dispose of major assets of the Group.

LETTER FROM SOMERLEY CAPITAL LIMITED

Based on the current plan, the Offeror intends to continue the development of the existing CRM business of the Remaining Group in three ways, namely (i) improvement of infrastructure for existing CRM business; (ii) development of business with existing customers; and (iii) possible development of CRM business with new customers introduced by the Offeror. In particular, the Offeror plans to facilitate the Group in securing new customers for the CRM business in different industries, which may include (i) food and beverage; (ii) healthcare; (iii) media; (iv) tourism; (v) insurance; and (vi) retail. However, the detailed business plan will only be formulated after the review of the business operations and financial position of the Group and any actual developments will be subject to negotiations between the relevant parties. As at the Latest Practicable Date, the Offeror has not entered into any agreements, arrangements, understandings or negotiations in relation to (i) any disposal, termination or scaling-down of the Group's existing CRM business; and (ii) any disposal, restructuring or re-deployment of the Group's assets resulting in the scaling-down of the Group's existing CRM business.

Proposed change of Board composition

The Board is currently made up of seven Directors, comprising four executive Directors and three independent non-executive Directors. It is expected that all executive Directors (except for Ms. Li Yin) will resign from the Board with effect from the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code, i.e. the day immediately after the first closing date of the Offer. Ms. Li Yin is currently responsible for the Group's overall management, corporate planning and business development, especially the CRM business. Ms. Li has joined the Group since 2000 and has accumulated over 18 years of experience in the CRM industry. After close of the Offer, Ms. Li will continue to act as the general manager and manage the day-to-day operation of the CRM business.

It is intended that the Offeror will nominate four new executive Directors to the Board with effect from a date no earlier than the date of this Composite Document or at a date as permitted under the Takeovers Code. The biographies of the four new Directors to be nominated are set out below:

Mr. Zhao John Huan ("Mr. Zhao")

Mr. Zhao, aged 55, is the founder, chairman and chief executive officer of Hony Capital which is a private equity firm in China. Mr. Zhao has extensive experience in senior management positions at several companies in the United States and the PRC. Mr. Zhao is currently an executive director and an executive vice president of Legend Holdings Corporation (Stock Code: 3396), a company listed on the Main Board of the Stock Exchange carrying out strategic investments and financial investments in different business segments. He is also a non-executive director of Lenovo Group Limited (Stock Code: 0992), the chairman and a non-executive director of Hospital Corporation of China Limited (Stock Code: 3869), the non-executive director of China Glass Holdings Limited (Stock Code: 3300), an executive director, the chairman of the board and the chief executive officer of Best Food Holding Company Limited (Stock Code: 1488) and a non-executive director of Zoomlion Heavy Industry Science and Technology Co., Ltd. (Stock Code: 1157), which are listed on the Stock Exchange, and a director of Shanghai Jin Jiang International Hotels Development Co., Ltd. (上海錦江國際酒店發展股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600754 (A shares) and 900934 (B shares)).

LETTER FROM SOMERLEY CAPITAL LIMITED

Mr. Lu Yan (“Mr. Lu”)

Mr. Lu, aged 54, has over 20 years of experience in working as senior management of Lenovo Group Limited (Stock Code: 0992), including working as the head of Think Products Group and senior vice president of Lenovo Mobile Communication Technology Co., and he previously also held senior positions in desktop, motherboard, handheld device and information product businesses. He has extensive experience in sales and marketing, customer service, business development and operations. He holds a Master’s degree in automatic control from Beijing Institute of Technology and holds an EMBA from China-Europe International Business School.

Mr. Lin Tun (“Dr. Lin”)

Dr. Lin, aged 44, is the general manager of Goldstream Capital Management Limited and managing director of Hony Capital. He joined Hony Capital in 2013. Prior to that, Dr. Lin worked at China International Capital Corporation as an executive director. Dr. Lin had more than ten years’ experience in project investment, market analysis and policy research at different banks and educational institutes, including the Asia Development Bank, the World Bank and the University of Cambridge. He published extensively in areas of environmental economics and development economics. Dr. Lin obtained his doctoral degree in philosophy and master in philosophy in economics with finance degree from the University of Cambridge. He also received a master of science degree from the University of Vermont, and a bachelor degree in International Trade and Economics from Renmin University of China. Dr. Lin was a director of Hospital Corporation of China Limited (Stock Code: 3869) from June 2015 to May 2017.

Mr. Yuan Bing (“Mr. Yuan”)

Mr. Yuan, aged 50, is a managing director of Hony Capital, and a member of Hony Capital’s Executive Committee, responsible for its equity investment operations. Mr. Yuan is currently a non-executive director of Haichang Ocean Park Holdings Ltd. (Stock Code: 2255) and a non-executive director of Hydoo International Holding Limited (Stock Code: 1396). Mr. Yuan joined Hony Capital in April 2009 and has served as a managing director of private equity department since January 2010. Prior to joining Hony Capital, Mr. Yuan served as a managing director of the fixed income division of Morgan Stanley Asia Limited from October 2006 to 2009. Before that, Mr. Yuan worked at Morgan Stanley Asia Limited from April 2004 to June 2006. Mr. Yuan also served as a vice president of the investment banking division of Credit Suisse First Boston (Hong Kong) Limited from September 2001 to March 2004. During his investment banking time, Mr. Yuan has assisted numerous prominent Chinese State-Owned Enterprises and private sector companies in completing their IPO, corporate finance and M&A transactions. Mr. Yuan was a director of Hospital Corporation of China Limited (Stock Code: 3869) from December 2015 to May 2017. Mr. Yuan received a Bachelor of Arts degree in English from Nanjing University in July 1990. He also obtained a Master’s degree in International Relations in June 1993 and a Juris Doctorate’s degree in October 1998 from Yale University.

LETTER FROM SOMERLEY CAPITAL LIMITED

Save as disclosed above, each of the new Directors has not held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date and save for Mr. Zhao, each of the new Directors did not have any interest in the Shares (within the meaning of Part XV of the SFO). For details of Mr. Zhao's interests as a substantial shareholder in the Shares, please refer to the section headed "Disclosure of Interests" in Appendix VI of this Composite Document.

Any change to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

The Offeror considers that the new Board will continue the business development of the Group and develop an appropriate development plan after the close of the Offer, which is expected to preserve and generate value of the Company in the long run.

COMPULSORY ACQUISITION

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

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the Company to remain listed on the Stock Exchange following the close of the Offer.

The directors of the Offeror's general partner and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange that they will take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, upon 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, it will consider exercising its discretion to suspend dealings in the Shares.

GENERAL

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

LETTER FROM SOMERLEY CAPITAL LIMITED

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or in case of joint holders, to the Independent Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with the Offeror, the Company, Somerley Capital Limited, China Galaxy International Securities (Hong Kong) Co., Limited, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial Owners, directors, officers, advisers, associates, agents or any persons involved in the Offer will be responsible for any loss or delay in the transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

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

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

LETTER FROM THE BOARD



INTERNATIONAL ELITE LTD.

精英國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1328)

Executive Directors:

Mr. Li Kin Shing
(Chairman and Chief Executive Officer)
Ms. Li Yin
Mr. Wong Kin Wa
Mr. Li Wen

Registered office:

The Grand Pavilion Commercial Centre
Oleander Way, 802 West Bay Road
Grand Cayman, KY1-1208
Cayman Islands

Independent Non-executive Directors:

Mr. Chen Xue Dao
Mr. Cheung Sai Ming
Mr. Liu Chun Bao

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

Room 3809-3810
Hong Kong Plaza
188 Connaught Road West
Hong Kong

6 December 2018

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY



**FOR AND ON BEHALF OF HONY GOLD HOLDINGS, L.P. TO
ACQUIRE ALL THE ISSUED SHARES OF INTERNATIONAL ELITE LTD.
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY HONY GOLD HOLDINGS, L.P. AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement, on 30 July 2018, the Sellers entered into the SPA with the Offeror in relation to the sale and purchase of the Sale Shares, being an aggregate of 4,610,000,000 Shares at an aggregate consideration of HK\$550,000,000, equivalent to approximately HK\$0.11931 per Sale Share.

LETTER FROM THE BOARD

On 30 July 2018, the Company and the Goldstream Sellers have entered into the Acquisition Agreement for the sale and purchase of the Capital Sale Shares and the Securities Sale Shares at a consideration of HK\$270,000,000, which shall be settled by the allotment and issuance of the Consideration Shares (being 2,263,012,321 Shares) by the Company at the issue price of HK\$0.11931 per Consideration Share.

The SPA Completion and completion of the Acquisition took place contemporaneously with, among other things, the completion of the Sell Down on 29 November 2018. Immediately before the SPA Completion and completion of the Acquisition, the Offeror and parties acting in concert with it owned 900,000,000 Shares, representing approximately 9.91% of the total issued share capital of the Company (based on the number of issued Shares as at the Announcement Date). Immediately after the SPA Completion and completion of the Acquisition and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own 7,773,012,321 Shares, representing approximately 68.50% of the issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash general offer for the Offer Shares, being all the issued Shares which are not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it.

As at the Latest Practicable Date, there were 11,346,472,321 Shares in issue. There were no options, warrants, derivatives or other securities convertible into Shares as at the Latest Practicable Date and the Company had not entered into any agreement for the issue of any Shares or options, warrants, derivatives or other securities which may confer to the holder(s) thereof any right to subscribe for, convert or exchange into Shares.

The purpose of this Composite Document is to provide you with, amongst other things, (i) the details of the Offer (including the expected timetable and the terms and conditions of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer; and (iv) information relating to the Offeror and the Group, together with the Form of Acceptance and Transfer.

THE OFFER

Principal terms of the Offer

As set out in the “Letter from Somerley Capital Limited” contained in this Composite Document, Somerley Capital Limited, as the financial adviser to the Offeror, is making the Offer, for and on behalf of the Offeror, in accordance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.11931 in cash

The Offer Price of HK\$0.11931 per Offer Share is approximately equal to but not lower than the purchase price per Sale Share as stipulated in the SPA.

LETTER FROM THE BOARD

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be free from all encumbrances and with all rights and benefits at any time accruing and attaching to the Shares (including the rights to receive all dividends, distributions or any return of capital declared, made or paid on or after the posting of this Composite Document).

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

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer, are set out in the “Letter from Somerley Capital Limited” contained in this Composite Document and “Further Terms of Acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Company, through its subsidiaries, is a CRM outsourcing service provider which principally engages in the provision of inbound services and outbound services to companies in various service-oriented industries. The Company is also engaged in the asset management and securities businesses.

Your attention is drawn to the “Financial Information of the Group” and “General Information of the Group” as set out in Appendices II and VI respectively, to this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:

	<i>Number of Shares</i>	<i>%</i>
Ms. Kwok (One of the Sellers)	684,900,000	6.04
Mr. Li Wen	36,900,000	0.33
Mr. Wong Kin Wa	15,000,000	0.13
The Offeror and parties acting in concert with it	7,773,012,321	68.50
New Investors	1,030,000,000	9.08
Other Shareholders	1,806,660,000	15.92
Total	<u>11,346,472,321</u>	<u>100.00</u>

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR AND INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the sections headed “Information on the Offeror” and “Intentions of the Offeror regarding the Group” in the “Letter from Somerley Capital Limited” as set out on pages 17 to 18 of this Composite Document.

The Board takes note of the intention of the Offeror in respect of the Company as disclosed and is willing to render reasonable co-operation to the Offeror which is in the interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE OF BOARD COMPOSITION

Your attention is drawn to the section headed “Proposed Change of Board Composition” in the “Letter from Somerley Capital Limited” as set out on pages 18 to 20 of this Composite Document.

It is expected that all executive Directors (except for Ms. Li Yin) will resign from the Board with effect from the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code, i.e. the day immediately after the first closing date of the Offer. After close of the Offer, Ms. Li Yin will continue to act as the general manager and manage the day-to-day operation of the CRM business.

It is noted that the Offeror has no intention to make material changes to the existing operating and management structure of the Group or to terminate the employment of any employee of the Group, or to dispose of major assets of the Group (save for in the ordinary course of business and the proposed changes of the composition of the Board as detailed in the “Letter from Somerley Capital Limited” contained in this Composite Documents). The Board is pleased to note that the Offeror has no intention to make significant changes to the employment of the employees of the Group.

Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the Listing Rules. Further announcements will be made as soon as practicable for any appointment of new directors and resignation of existing Directors.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

Your attention is drawn to the section headed “Public Float and Maintaining the Listing Status of the Company” in the “Letter from Somerley Capital Limited” as set out on page 20 of this Composite Document.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors was established for the purpose of making a recommendation to the Independent Shareholders in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 27 to 28 of this Composite Document and the “Letter from the Independent Financial Adviser” as set out on pages 29 to 50 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendations.

The Independent Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully “Further Terms of Acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer 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 also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

By order of the Board
International Elite Ltd.
Li Kin Shing
*Chairman, Chief Executive Officer
and Executive Director*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer which has been prepared for the purpose of inclusion in this Composite Document.



INTERNATIONAL ELITE LTD.

精英國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1328)

6 December 2018

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY



SOMERLEY CAPITAL LIMITED

FOR AND ON BEHALF OF HONY GOLD HOLDINGS, L.P. TO ACQUIRE ALL THE ISSUED SHARES OF INTERNATIONAL ELITE LTD. (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY HONY GOLD HOLDINGS, L.P. AND PARTIES ACTING IN CONCERT WITH IT)

We refer to the Composite Document jointly issued by the Offeror and the Company dated 6 December 2018 of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and to make a recommendation as to acceptance of the Offer. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise us in respect of the above.

We draw your attention to the “Letter from the Board” and the “Letter from the Independent Financial Adviser” as set out in the Composite Document. Having considered the terms of the Offer, taking into account the information contained in the Composite Document and the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter which has been incorporated in the Composite Document, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The Independent Shareholders are recommended to read the full text of the letter from Lego Corporate Finance Limited on pages 29 to 50 of this Composite Document. Notwithstanding our recommendation, Independent Shareholders are strongly advised that the decision to realise or to hold their investment in the Shares is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Offer.

Yours Faithfully,
For and on behalf of

Independent Board Committee

Mr. Chen Xue Dao
*Independent Non-executive
Director*

Mr. Cheung Sai Ming
*Independent Non-executive
Director*

Mr. Liu Chun Bao
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Lego Corporate Finance, the Independent Financial Adviser to the Independent Board Committee, which has been prepared for the purpose of incorporation in this Composite Document, setting out its advice to the Independent Board Committee in respect of the Offer.



6 December 2018

To the Independent Board Committee

Dear Sirs or Madams,

UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY



FOR AND ON BEHALF OF HONY GOLD HOLDINGS, L.P. TO ACQUIRE ALL THE ISSUED SHARES OF INTERNATIONAL ELITE LTD. (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY HONY GOLD HOLDINGS, L.P. AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, details of which are set out in this Composite Document dated 6 December 2018 jointly issued by the Offeror and the Company to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

On 30 July 2018 (after trading hours), the Sellers have entered into the SPA with the Offeror, pursuant to which the Sellers have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, being an aggregate of 4,610,000,000 Shares, at an aggregate cash consideration of HK\$550,000,000, equivalent to approximately HK\$0.11931 per Sale Share. The SPA Completion and completion of the Acquisition took place contemporaneously with, among other things, the completion of the Sell Down on 29 November 2018. As at the Latest Practicable Date, the Offeror and parties acting in concert with it own 7,773,012,321 Shares, representing approximately 68.50% of the issued share capital of the Company. As such, Somerley Capital Limited is, on behalf of the Offeror and pursuant to Rule 26.1 of the Takeovers Code, making the Offer to acquire all the issued Shares which are not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chen Xue Dao, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, has been formed to advise the Independent Shareholders on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee in this respect and our appointment has been approved by the Independent Board Committee.

As at the Latest Practicable Date, Lego Corporate Finance did not have any relationships or interests with the Company and the Offeror that could reasonably be regarded as relevant to the independence of Lego Corporate Finance. We are not associated or connected with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them. In the last two years, Lego Corporate Finance has acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to (i) the distribution in specie of the 873,683,120 shares (the “**Global Link Shares**”) of Global Link Communications Holdings Limited (“**Global Link**”, together with its subsidiaries, “**Global Link Group**”) owned by the Company to the then qualifying Shareholders on the record date (the “**Distribution in Specie**”); (ii) the disposal of the Disposal Shares by the Company pursuant to the Disposal Agreement (the “**Disposal**”); (iii) the Acquisition; and (iv) the continuing connected transactions relating to investment management agreements (details of which were set out in the circular of the Company dated 31 August 2018 (the “**August Circular**”). Apart from normal professional fees paid or payable to us in connection with such appointment and this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties to the transactions, therefore we consider such relationship would not affect our independence. Accordingly, we are qualified to give independent advice in respect of the Offer and the transactions contemplated under.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information and facts supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all material respects at the time they were made and up to the Latest Practicable Date and may be relied upon. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and opinions expressed to us by them and that all information or representations regarding the Group and the Offer provided to us by the Group, the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and up to the Latest Practicable Date. The Company will notify the Shareholders of any material changes during the Offer Period as soon as possible. The Shareholders will also be informed by us as soon as practicable should there be any material changes to our opinion after the Latest Practicable Date throughout the Offer Period. We have also relied on the responsibility

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

statements made by the Directors and the Offeror contained in the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, the advisers of the Company and/or the Offeror (where applicable).

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Group or the Offeror or any of their respective subsidiaries or associates.

PRINCIPAL TERMS OF THE OFFER

Somerley Capital Limited, on behalf of the Offeror, is making the Offer in accordance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.11931 in cash

The Offer Price of HK\$0.11931 per Offer Share is approximately equal to but not lower than the purchase price per Sale Share as stipulated in the SPA. The Offer extends to all Offer Shares in issue on the date on which the Offer is made, other than those already owned by the Offeror and parties acting in concert with it.

Further details of the Offer including, among others, the expected timetable and the terms and procedures of acceptance of the Offer, are set out in the sections headed “Expected Timetable”, “Letter from Somerley Capital Limited” (“**Letter from Somerley Capital Limited**”) and Appendix I to the Composite Document and the Form of Acceptance and Transfer.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

1. Information and historical financial performance of the Group

1.1 Principal business of the Group

The Company is an investment holding company incorporated in the Cayman Islands and after completion of the Distribution in Specie, the Disposal and the Acquisition, the Group shall comprise (i) the CRM business on the provision of inbound services and outbound services to companies in various service-oriented industries; (ii) the asset management business; and (iii) provision of advisory services on securities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Financial performance of the Group

The following table is a summary of the consolidated financial information of the Company for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018, as extracted from the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2018 (the “**2018 Interim Report**”).

	For the six months ended		For the year ended	
	30 June		31 December	
	2018	2017	2017	2016
	(unaudited)	(unaudited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	197,501	133,271	328,670	295,489
– CRM business	134,769	121,599	258,697	237,455
– Radio-frequency subscriber identity module (“RF-SIM”) business	2,353	4,766	8,798	6,103
– Passenger information management system (“PIMS”) business (Note)	60,379	6,906	61,175	51,931
Gross profit/(loss)	29,447	(11,751)	16,173	27,321
(Loss) for the year/period attributable to the owners of the Company	(12,775)	(40,322)	(49,200)	(33,166)
	As at		As at 31 December	
	30 June		2017	2016
	2018		2017	2016
	(unaudited)		(audited)	(audited)
	HK\$'000		HK\$'000	HK\$'000
Cash and cash equivalents	372,933		383,856	443,071
Net assets	657,151		673,470	716,523

Note: PIMS business segment is resulted from the consolidation of Global Link Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the above table, the revenue of the Group increased by approximately 11.2% from approximately HK\$295.5 million for the year ended 31 December 2016 to approximately HK\$328.7 million for the year ended 31 December 2017. Such increase was mainly due to increase in revenue generated from the CRM business, as the Group has broadened its customer base and successfully entered into a number of CRM agreements with customers in 2017. According to the 2017 Annual Report, the Group continued to seek further cooperation with customers in the telecommunications industry and at the same time broaden its non-telecommunications customer base through active negotiation with potential customers in various industries and has successfully acquired service contracts from new customers. In 2017, the Group continued to provide internet CRM services to established telecommunications service providers as well as customers in non-telecommunication industries. Furthermore, the Group has integrated internet and mobile phone applications to develop an artificial intelligence system and be able to redirect customers by using intelligent robots. Going forward, the Directors anticipate that there will be a growing demand for quality intelligent CRM outsourcing solution from various industries in local and overseas markets and the Directors are confident that the Group can capture the lucrative opportunities provided by these future growth drivers. On the other hand, the sales volume increment of RF-SIM products in the RF-SIM business segment was far below the Directors' expectation due to factors including the limited deployment of RF-SIM and CA-SIM products by the choice of mobile network operators, strong competition from alternative or newer technologies and solutions, and the more widely adopted Quick Response (QR) code technology. For the year ended 31 December 2017, the Group recorded a significant decrease in gross profit of approximately 40.8%, which was mainly due to the combined effect of the decrease in gross profit from CRM business as well as the gross loss from RF-SIM business. As a result of the above and the consolidation of the loss-making results of Global Link Group, together with the significant unallocated head office and administrative, other gains and other operating expenses and unallocated research and development expenses, the Group recorded a loss attributable to the owners of the Company of approximately HK\$49.2 million for the year ended 31 December 2017. Due to the limited synergy effect with the business of Global Link Group and as one of the conditions precedent to the SPA, the Group carried on the Distribution in Specie and the Company no longer has any interest in Global Link following completion of the Distribution in Specie. Similar to the Distribution in Specie, the Disposal is one of the conditions precedent to the SPA and the Group has no longer engaged in the RF-SIM business following completion of the Disposal.

Due to the dissatisfactory financial performance as stipulated in the above, the Group recorded net cash used in operating activities of approximately HK\$71.5 million for the year ended 31 December 2017. Accordingly, cash and cash equivalents of the Group decreased from approximately HK\$443.1 million as at 31 December 2016 to approximately HK\$383.9 million as at 31 December 2017, and the net asset value correspondingly decreased from approximately HK\$716.5 million to approximately HK\$673.5 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Revenue of the Group increased by approximately 48.2% from approximately HK\$133.3 million for the six months ended 30 June 2017 to approximately HK\$197.5 million for the six months ended 30 June 2018. Such increase was mainly due to increase in revenue generated from the PIMS business as large amount of PIMS products were delivered to the depot by Global Link Group during the period, as well as the increase in revenue generated from CRM business as the Group continued to seek further cooperation with customers in the telecommunication industry and develop its non-telecommunications customer base in various industries. As a result of the increase in revenue, the Group recorded gross profit of approximately HK\$29.4 million for the six months ended 30 June 2018 as compared to gross loss of approximately HK\$11.8 million for the six months ended 30 June 2017. The loss attributable to owners of the Company for the six months ended 30 June 2018 was approximately HK\$12.8 million, representing a decrease of approximately 68.3% as compared to that for the six months ended 30 June 2017. According to the 2018 Interim Report, the decrease in loss attributable to owners of the Company for the six months ended 30 June 2018 was mainly attributable to (i) the increase in revenue of PIMS business as mentioned above; and (ii) provisions for slow moving inventories of the RF-SIM business was made for the six months ended 30 June 2017. Nevertheless, the Group has no longer engaged in the PIMS business and the RF-SIM business following completion of the Distribution in Specie and the Disposal respectively.

1.3 Prospects and industry overview of the CRM business of the Group

According to the 2018 Interim Report, China strives its main efforts to cultivate services outsourcing industry and the CRM services provided by the Group is one of the essential expressions of that. According to the domestic services outsourcing industry situation announcement posted by Guangdong Service Outsourcing Industry Association for the six months ended 30 June 2018, the executive contract amount of services outsourcing industry has reached RMB378.13 billion, increased by approximately 9.58% compared to RMB345.07 billion for the six months ended 30 June 2017. The structure of the services outsourcing industry in China continue to optimise throughout the first half of the year 2018, the proportion of high value-added business is increasing. With the government's "Internet Plus" strategy, innovative integration between Internet and service industry has come along. Under such innovative services outsourcing industry environment in China, the management of the Group believes that the Group can increase its penetration in the China market and explore the possibility of developing non-telecommunications markets. In addition, the Group has been constantly seeking business improvement and working out plans on launching new services, new programs and entering into new markets. Based on the above, the Directors anticipate that there will be a growing demand for quality intelligent CRM outsourcing solution from various industries in local and overseas markets.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that the Group has been loss making due to significant unallocated head office and administrative, other gains and other operating expenses and unallocated research and development expenses for the two years ended 31 December 2017 which might not be mitigated by the Distribution in Specie and the Disposal, and the risks in implementing the business strategies as discussed above, the financial performance of the CRM business in future is uncertain.

1.4 *Financial performance of Goldstream Capital Management Limited (“Goldstream Capital”) and Goldstream Securities Limited (“Goldstream Securities”)*

Following completion of the Acquisition, Goldstream Capital and Goldstream Securities (the “**Acquisition Group**”) became wholly-owned subsidiaries of the Company and their results will be consolidated to the Group.

Goldstream Capital is incorporated in Hong Kong with limited liability and is a licensed corporation under the SFO to engage in Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined under the SFO. It is principally engaged in provision of advisory services on securities and the asset management business of portfolio management and maintenance. Set out below is the financial summary of Goldstream Capital for the years ended 31 December 2016 and 2017 prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”):

	For the year ended 31 December	
	2017	2016
	(audited)	(audited)
	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	34,446	6,958
Profit/(loss) before taxation	7,449	(6,755)
Profit/(loss) after taxation	7,449	(6,755)

As illustrated in the table above, Goldstream Capital recorded a profit of approximately HK\$7.4 million for the year ended 31 December 2017 as compared to a loss of approximately HK\$6.8 million for the year ended 31 December 2016. As advised by the Directors, we understand that Goldstream Capital has only commenced its fund management business in late 2015 with one fund under its management during the start-up stage. In 2017, as Goldstream Capital expanded its fund portfolio from one to four funds under management, Goldstream Capital recorded significant increase in revenue generated from management fee and performance fee paid by the funds. In 2018, Goldstream Capital had further expanded its fund portfolio and acted as fund manager for five funds with various investment strategies and market focus with the aggregate amount of asset under management (the “**AUM**”) of Goldstream Capital amounted to approximately US\$365 million (equivalent to approximately HK\$2,853 million) as at 30 September 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Goldstream Securities is incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to engage, subject to certain conditions, in Type 1 (dealing in securities) regulated activity as defined under the SFO. It is principally engaged in securities trading. Set out below is the financial summary of Goldstream Securities for the period from 3 July 2015 (date of incorporation) to 31 December 2016 and the year ended 31 December 2017 prepared in accordance with HKFRSs:

	For the year ended 31 December 2017 (audited) HK\$'000	For the period from 3 July 2015 (date of incorporation) to 31 December 2016 (audited) HK\$'000
Loss before taxation	(78)	(129)
Loss after taxation	(78)	(129)

Goldstream Securities has been dormant since its incorporation before Goldstream Securities obtained the licence to carry on Type 1 (dealing in securities) regulated activity from the SFC on 6 March 2017. As at the Latest Practicable Date, Goldstream Securities has yet to commence its business. Accordingly, no turnover has been generated by Goldstream Securities during the years ended 31 December 2016 and 2017.

1.5 Prospects and industry overview of the business of Goldstream Capital and Goldstream Securities

According to statistics published by the SFC, as at the end of June 2018, the Stock Exchange was ranked seven worldwide and third in Asia in terms of market capitalisation. The market size of the Stock Exchange has also been growing over the past years. As at the end of 2015, there were a total of 1,866 companies listed on the Stock Exchange, with total market capitalisation of approximately HK\$24,683.5 billion. The number of companies listed on the Stock Exchange increased to 1,973 with market capitalisation of approximately HK\$24,761.3 billion as at the end of 2016, and further increased to 2,179 with total market capitalisation of approximately HK\$32,855.9 billion as at the end of the second quarter of 2018.

With reference to the “Asset and Wealth Management Activities Survey 2017” published by the SFC in July 2018, the asset management and fund advisory business exhibited a growing trend in the past five years. The total market size of the fund management business recorded a year-on-year increase of 23% and reached approximately HK\$17,511 billion in 2017, among which approximately HK\$15,354 billion were asset management and fund advisory business (excluding REITs) carried out by licensed corporations. Over the past five years, over 50% of the asset management business were managed in Hong Kong. With well-established investment platform and new initiatives such as Stock Connect and Bond Connect, Hong Kong attracted both international and Mainland companies to operate asset management business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the August Circular, the series of private equity investment funds, together with their respective management companies/general partners ultimately owned by Exponential Fortune Group Limited (“**Hony Capital**”) was founded in 2003 and sponsored by Legend Holdings Corporation (Stock Code: 3396), specialises in buyout investment. Partnering with the world’s leading investors, it focuses on the development of China’s real economy with “Value creation, Price Realisation” as its investment philosophy. Hon y Capital currently has over US\$10 billion assets under management, with investors from China and the world’s leading investment institutions. Hon y Capital puts China as its top market, with investments in over 100 companies in areas of consumer, pharmaceutical and healthcare, media and entertainment, and technology. As further noted from the website of Hon y Capital, Hon y Capital’s portfolio companies include, among others, China Shijiazhuang Pharmaceutical Group Limited, Zoomlion Heavy Industry Science and Technology Co., Ltd., China International Marine Containers (CIMC), COFCO Capital Corporation, etc. The total assets value of these companies amounted to approximately RMB2.9 trillion. After completion of the Acquisition, the Directors consider that the Group will be able to leverage on Hon y Capital’s expertise, experience, resources and business network to develop comprehensive asset management and financial services business.

2. Information on the Offeror and its intentions regarding the Group

2.1 Information on the Offeror

The Offeror is an exempted limited partnership established under the laws of Cayman Islands on 3 August 2017 as an investment vehicle and its sole general partner is Hon y Gold GP Limited, a company with limited liability and incorporated under the laws of Cayman Islands, who is the only party responsible for investment decision making of the Offeror. The entire equity interest of Hon y Gold GP Limited is held by Hon y Group Management Limited, 80% equity interest of which is held by Hon y Managing Partners, which in turn is wholly-owned by Exponential Fortune Group Limited (“**Exponential Fortune**”), and 20% equity interest of which is held by Right Lane Limited, a wholly-owned subsidiary of Legend Holdings Corporation whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 3396). Hon y Group Management Limited indirectly holds entire equity interest in Jovial Elite Limited, a Shareholder holding approximately 7.93% of the issued share capital of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Exponential Fortune was held as to 49% by Mr. Zhao John Huan, and the remaining 51% was held by Mr. Cao Yonggang and Mr. Xu Minsheng equally. Please refer to the paragraph headed “Prospects and industry overview of the business of Goldstream Capital and Goldstream Securities” for information of Hon y Capital. Each of Mr. Zhao John Huan, Mr. Cao Yonggang and Mr. Xu Minsheng is a managing partner of Hon y Capital. Please refer to the paragraph headed “Information on the Offeror” in the Letter from Somerley Capital Limited for the detailed structure of the Offeror and Hon y Capital as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.2 *Intention of the Offeror regarding the Group*

(a) Business

As set out in the Letter from Somerley Capital Limited, after the close of the Offer, the Offeror intends to continue the CRM business, which is the existing principal business of the Group, and to develop the asset management and securities businesses currently engaged by Goldstream Capital and Goldstream Securities. The Offeror will conduct a review of the business operations and financial position of the Group with a view to formulating a long term strategy and business plan, together with a plan for utilisation of the Group's assets, and will explore other business opportunities for the Group. Save as above and the proposed changes to the Board as mentioned below, the Offeror has no intention to make material changes to the existing operating and management structure of the Group or to terminate the employment of any employee of the Group, or to dispose of major assets of the Group.

Based on the current plan, the Offeror intends to continue the development of the existing CRM business of the Group in three ways, namely (i) improvement of infrastructure for existing CRM business; (ii) development of business with existing customers; and (iii) possible development of CRM business with new customers introduced by the Offeror. In particular, the Offeror plans to facilitate the Group in securing new customers for the CRM business in different industries, which may include (i) food and beverage; (ii) healthcare; (iii) media; (iv) tourism; (v) insurance; and (vi) retail. However, the detailed business plan will only be formulated after the review of the business operations and financial position of the Group and any actual developments will be subject to negotiations between the relevant parties. As at the Latest Practicable Date, the Offeror has not entered into any agreements, arrangements, understandings or negotiations in relation to (i) any disposal, termination or scaling-down of the Group's existing CRM business; and (ii) any disposal, restructuring or re-deployment of the Group's assets resulting in the scaling-down of the Group's existing CRM business.

In addition, as disclosed in the August Circular, the Offeror has undertaken that, up to 31 December 2020, it will procure the Company to monitor the actual transaction amounts of the asset management business with connected persons such that revenue generated from the asset management business with connected persons will not exceed 50% of the total revenue of the Group for the respective financial year as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Proposed change of Board composition of the Company

As at the Latest Practicable Date, the Board was made up of seven Directors, comprising four executive Directors, namely Mr. Li Kin Shing, Ms. Li Yin, Mr. Wong Kin Wa and Mr. Li Wen; and three independent non-executive Directors, namely Mr. Chen Xue Dao, Mr. Cheung Sai Ming and Mr. Liu Chun Bao. It is expected that all executive Directors (except for Ms. Li Yin) will resign from the Board with effect from the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code, i.e. the day immediately after the first closing date of the Offer. Ms. Li Yin is currently responsible for the Group's overall management, corporate planning and business development, especially the CRM business. Ms. Li Yin has joined the Group since 2000 and has accumulated over 18 years of experience in the CRM industry. After close of the Offer, Ms. Li Yin will continue to act as the general manager and manage the day-to-day operation of the CRM business.

It is intended that the Offeror will nominate four new executive Directors to the Board representing half of the Board, with effect from a date no earlier than the date of this Composite Document or at a date as permitted under the Takeovers Code. Please refer to the paragraph headed "Proposed change of Board composition" in the Letter from Somerley Capital Limited for the biographies of the four new Directors to be nominated. While it is noted that the proposed new executive Directors have relevant experiences in information technology and asset management sectors, the new Board may or may not be able to improve the operation and financial performance of the Group and hence the Group's future performance is uncertain.

(c) Maintain listing of the Company

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Offeror does not intend to exercise any right or power which may be available to it to compulsorily acquire any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

In the event that after the close of the Offer, the public float of the Company falls below 25%, the directors of the Offeror's general position and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange that they will take appropriate steps to ensure that sufficient public float exists for the Shares. The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of, among other things, the Offeror will conduct a review of the business operations and financial position of the Group, explore other business opportunities for the Group and intends to change half of the Board composition, we are of the view that the future prospects of the Group are uncertain given the significant changes in the management of the Group and the risks in implementing the business strategies of the Group. Shareholders should form their own judgment as to the commercial attractiveness of the effect of the new management on the Group.

3. The Offer Price

Comparison of value

The Offer Price of HK\$0.11931 is approximately equal to but not lower than the purchase price per Sale Share pursuant to the SPA and equals to the issue price per Consideration Share under the Acquisition Agreement, which represents:

- (i) a discount of approximately 22.5% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 33.3% to the closing price of HK\$0.179 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 23.0% to the average of closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of HK\$0.155 per Share;
- (iv) a discount of approximately 18.8% to the average of closing price of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days immediately up to and including the Last Trading Day of HK\$0.147 per Share;
- (v) a discount of approximately 13.5% to the average of the closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of HK\$0.138 per Share; and
- (vi) a premium of approximately 127.7% over the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$0.0524 per Share (based on the number of issued Shares as at the Latest Practicable Date) as at 30 June 2018, the date to which the latest unaudited consolidated financial results of the Group were made up.

Given that the Offer is conducted following completion of the Distribution in Specie, the Offer Price does not include the value of Global Link Group. As the Global Link Shares are listed on the Stock Exchange and holders of the Global Link Shares have an efficient mean to dispose of the Global Link Shares, we have further conducted an analysis on the Offer Price with the value of the Company after excluding the approximate 41.83% interest in Global Link Group by adjusting the

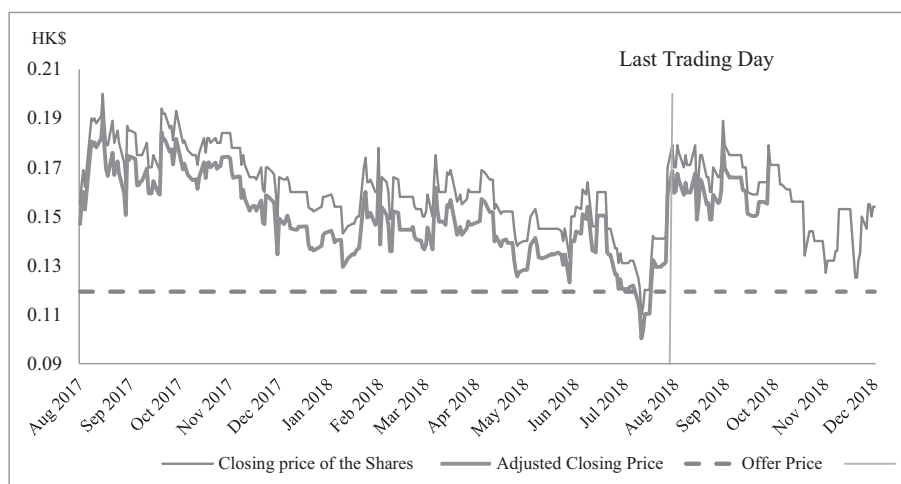
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

closing price of the Shares with the proportional closing price of the Global Link Shares deducted based on the ratio of the Distribution in Specie (i.e. being the closing price of the Global Link Shares multiplied by 961 and divided by 10,000) (the “**Adjusted Closing Price**”) for the period prior to ex-date of the Distribution in Specie on 28 September 2018. The Offer Price represents:

- (i) a discount of approximately 29.2% to the Adjusted Closing Price of approximately HK\$0.169 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 17.1% to the average of the Adjusted Closing Price as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.144 per Share;
- (iii) a discount of approximately 12.6% to the average of the Adjusted Closing Price as quoted on the Stock Exchange for the last ten consecutive trading days immediately up to and including the Last Trading Day of approximately HK\$0.101 per Share; and
- (iv) a discount of approximately 6.4% to the average of the Adjusted Closing Price as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.127 per Share.

Historical performance of Share price

We have reviewed the daily closing price during the period commencing from 1 August 2017 up to and including the Latest Practicable Date (the “**Review Period**”), being the approximate one-year period before the date of the SPA. The Adjusted Closing Price was reviewed since the commencement of the Review Period up to the date immediately before the ex-date of Distribution in Specie (i.e. 28 September 2018) whereas the closing price of the Shares thereafter have already adjusted for the effect of the Distribution in Specie. The comparison of the closing price and the Adjusted Closing Price of the Shares during the Review Period and the Offer Price are illustrated as follows:



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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the Review Period, the daily closing price and Adjusted Closing Price of the Shares as quoted on the Stock Exchange ranged from HK\$0.11 to HK\$0.20 and from approximately HK\$0.10 to HK\$0.19 respectively, and demonstrated a general sliding trend up to July 2018. It was noted that the closing price of the Shares increased significantly since the day immediately before the Last Trading Day and continued up to early October, and continued a sliding trend up to the Latest Practicable Date. As confirmed by the Directors, save for the pending release of the Joint Announcement, they were not aware of any circumstances that led to the surge in the price of the Shares during the period. We are of the view that the surge in the Share price may likely be driven by the market speculation on the Offer rather than fundamentals of the Company. The Offer Price represents a premium of approximately 8.5% over the lowest closing price and a discount of approximately 40.3% to the highest closing price of the Shares during the Review Period. After taken into consideration the Distribution in Specie, the Offer Price represents a premium of approximately 19.0% over the lowest Adjusted Closing Price and a discount of approximately 37.3% to the highest Adjusted Closing Price during the Review Period. Based on the chart above, it is also noted that the Offer Price lies below the closing prices of the Shares for most of the trading days within the Review Period up to and including the Last Trading Day (i.e. 243 trading days out of 245 trading days). However, Shareholders should note that the price of the Shares may or may not drop after the end of the Offer Period with no further market speculation on the Offer, and hence there are no guarantees that the trading price of the Shares will sustain at a level higher than the Offer Price, or would continue the sliding trend to a level lower than the Offer Price, during and after the Offer Period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical trading volume and liquidity of the Shares

In assessing the fairness of the Offer Price, we have further assessed the average daily trading volume of the Shares (the “**Average Volume**”) in each month during the Review Period, and the respective percentages of the Average Volume as compared to (i) the total number of issued Shares held by the public as at the Latest Practicable Date and (ii) the total number of issued Shares as at the Latest Practicable Date as shown in the below:

	Number of trading days	Average Volume <i>Shares</i>	% of the Average Volume to total number of issued Shares held by the public as at the Latest Practicable Date <i>(Note 1)</i> %	% of the Average Volume to total number of issued Shares as at the Latest Practicable Date <i>(Note 2)</i> %
2017				
August	22	666,455	0.023	0.006
September	21	700,000	0.025	0.006
October	20	1,402,300	0.049	0.012
November	22	365,455	0.013	0.003
December	19	126,737	0.004	0.001
2018				
January	22	589,000	0.021	0.005
February	18	115,556	0.004	0.001
March	21	499,524	0.018	0.004
April	19	183,158	0.006	0.002
May	21	222,381	0.008	0.002
June	20	96,500	0.003	0.001
July	21	921,238	0.032	0.008
August	23	152,174	0.005	0.001
September	19	214,842	0.008	0.002
October	21	110,000	0.004	0.001
November	22	185,000	0.007	0.002
3 December (<i>the Latest Practicable Date</i>)	1	0	0.000	0.000

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

Notes:

1. Based on 2,836,660,000 Shares held by the public as at the Latest Practicable Date.
2. Based on 11,346,472,321 Shares in issue as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

From the above table, we noted that trading in the Shares had been inactive during the Review Period. The monthly Average Volume during the Review Period were all below 0.05% of the total number of issued Shares held by the public as at the Latest Practicable Date.

Having regard that the overall trading liquidity of the Shares was low during the Review Period, the Independent Shareholders should note that if they wish to realise their investments in the Company, especially those with bulk quantities of Shares, they might not be able to dispose the Shares in the market without exerting a downward pressure on the market price of the Shares in short term. Therefore, we anticipate that the Independent Shareholders may have difficulties in selling a significant number of Shares in the open market within a short period of time if the same trading pattern of the Shares persists during and shortly after the Offer Period. In such circumstance, the Offer represents an exit for the Independent Shareholders to realise their investment in the Company at the Offer Price, should they wish to do so.

Nonetheless, if any Independent Shareholders who would like to realise their investments in the Shares are able to dispose of their Shares in the open market and/or identify potential purchaser(s) to acquire their Shares at a price higher than the Offer Price, those Independent Shareholders may consider not accepting the Offer but selling their Shares in the open market and/or to such potential purchaser(s), as they wish to do so and as they think fit having regard to their own circumstances, in case the net proceeds from the sale of their Shares would exceed the net amount receivable under the Offer.

Furthermore, those Independent Shareholders who, after reading through the 2017 Annual Report, the 2018 Interim Report and the Composite Document, are optimistic about the future prospects and financial performance of the Group after the Offer, may, having regard to their own circumstances together with the relevant risks and uncertainties based on their individual risk preference and tolerance level, consider retaining all or any part of their Shares.

Accordingly, the Independent Shareholders should closely monitor the market price and liquidity of the Shares during the Offer Period and carefully consider the relevant risks and uncertainties based on their individual risk preference and tolerance level. Those Independent Shareholders who decide to retain part or all of their investments in the Shares should also carefully monitor the financial performance of the Group as well as the intentions of the Offeror in relation to the Company in the future, and the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparison with comparable companies

The businesses of the Group comprises (i) the CRM business on the provision of inbound services and outbound services to companies in various service-oriented industries; (ii) the asset management business; and (iii) provision of advisory services on securities after completion of the Distribution in Specie, the Disposal and the Acquisition. As the Acquisition was satisfied by the issue of Consideration Shares, the value of the Offer on the Company based on the number of Consideration Shares shall represent the value of the Acquisition Group, while the value of the Offer on the Company based on the number of Shares prior to the issue of Consideration Shares shall represent the value of the remaining business of the Group. Accordingly, we have carried out the comparable analysis as to (i) the CRM business of the Group based on the theoretical market capitalisation of the Company before the completion of the Acquisition and issue of Consideration Shares and the Offer Price; and (ii) the asset management business of the Acquisition Group based on the Consideration Shares and the Offer Price, to further assess the fairness and reasonableness of the Offer Price.

Price-to-earnings ratio (“P/E”) and price-to-book ratio (“P/B”) are the most commonly used benchmarks. However, as the Group was loss making during the latest financial year, P/E is therefore not applicable. Since the Group shall no longer conduct the RF-SIM business and the PIMS business following completion of the Distribution in Specie and the Disposal, we have deducted the net asset value of the Group as at 30 June 2018 by the consolidated net asset value of Global Link as at 30 September 2018 of approximately HK\$109.8 million based on its latest unaudited results and added the estimated gain on Disposal of approximately HK\$86.5 million which is estimated to be recognised in the pro forma statement of financial position as if the Disposal had taken place on 31 December 2017 (the “Adjusted NAV”) for P/B analysis.

We have tried to identify companies listed on the Stock Exchange that (i) are principally engaged in similar line of CRM business to the Group and generate a majority (i.e. over 50%) of their revenue from the customer relations and marketing services business in their respective latest financial year; and (ii) have positive net asset value based on their latest published financial statements. To the best of our knowledge and as far as we are aware of, we have identified three companies that were engaged in similar line of business to the Group and with positive net asset value (the “CRM Comparables”), which represented an exhaustive list. The table below illustrates the details of the CRM Comparables:

Company name	Stock Code	Principal business	P/B (times) (Note 1)
UTS Marketing Solutions Holdings Ltd.	6113	Provision of telemarketing services of financial products, which include insurance, credit cards, personal loans and balance transfers. The Company’s main product includes in-house customer relation management system (CRM)	2.9

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock Code	Principal business	P/B (times) <i>(Note 1)</i>
ETS Group Limited	8031	Provision of multimedia contact services through five business segments: outsourcing inbound contact service segment, outsourcing outbound contact service segment, staff insourcing service segment, contact service centre facilities management service segment and others segment	1.9
Guru Online (Holdings) Limited	8121	The company is a digital marketing service provider. The company utilise digital media to plan and implement marketing strategies and launch marketing campaigns.	1.1
		Maximum	2.9
		Minimum	1.1
		Average	2.0
The Company (CRM business)	1328		1.7 <i>(Note 2)</i>

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

Notes:

1. The P/Bs of the CRM Comparables are calculated based on their respective market capitalisations as at the Latest Practicable Date and net asset value from their latest published financial results or reports.
2. The implied P/B of the Offer Price on the CRM business of the Company is calculated based on the Offer Price of HK\$0.11931 and the number of Shares in issue immediately before completion of the Acquisition, divided by the Adjusted NAV of approximately HK\$633.9 million.

As shown above, the CRM Comparables were trading at P/Bs ranging from approximately 1.1 times to approximately 2.9 times (the “CRM Market Range”). The implied P/B of the Offer Price on the CRM business of the Group of approximately 1.7 times is within the CRM Market Range and generally in line with the average of the P/Bs of the CRM Comparables.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As to the asset management business engaged by the Acquisition Group, as disclosed in the August Circular, the profitability of Goldstream Capital is not accurately reflected in its results for the year ended 31 December 2017 since the majority of the fund contracts of Goldstream Capital were entered in 2017. Given the above and that Goldstream Securities was loss-making for the year ended 31 December 2017, P/E analysis is not a meaningful method to be used in the comparison. In view of the business nature of Goldstream Capital, being asset management whereas its management fee income depends on its AUM, we have adopted the price-to-AUM ratio (“P/AUM”) for our analysis. We have searched and identified two companies listed on the Stock Exchange that were principally engaged in asset management business with their AUM disclosed in their latest financial reports. Given the limited number of comparables and that the funding source of Goldstream Capital is mainly from the PRC, we have extended our searches to companies listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and we identified one additional company that met the aforesaid criteria (collectively, the “AUM Comparables”), which represented an exhaustive list. Based on the above, we are of the opinion that the AUM Comparables are fair and representative samples. The table below illustrates the details of the AUM Comparables:

Company name	Stock Code	Principal activities	AUM (HK\$' million)	P/AUM (times) <i>(Note 1)</i>
Value Partner Group Limited	806	Provides investment management services to investment funds and managed accounts, and small loan businesses	115,072	0.10
Sheng Yuan Holdings Limited	851	Trading of products, brokerage and financial services, asset management services and proprietary trading	10,800	0.07
Kunwu Jiuding Investment Holdings Co., Ltd	600053 (Shanghai Stock Exchange)	Private equity investment management business and development and operation of real estate business	39,037	0.26
		Maximum		0.26
		Minimum		0.07
		Average		0.14
The Acquisition Group			2,853	0.09 <i>(Note 2)</i>

Source: The website of the Stock Exchange (www.hkex.com.hk) and the website of the Shanghai Stock Exchange (www.sse.com.cn)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The P/AUMs of the AUM Comparables are calculated based on their respective market capitalisations as at Latest Practicable Date and the AUM as disclosed in their latest published financial results or reports.
2. The implied P/AUM of the Offer Price on the Acquisition Group is derived using the total consideration under the Acquisition Agreement, which is based on the Offer Price of HK\$0.11931 and the number of Consideration Shares, divided by the AUM of Goldstream Capital of approximately US\$365 million (equivalent to approximately HK\$2,853.4 million) as at 30 September 2018.

As shown from the table above, the P/AUMs of the AUM Comparables ranged from approximately 0.07 times to 0.26 times and their average is approximately 0.14 times. The implied P/AUM of the Offer Price on the Acquisition Group of approximately 0.09 time is lower than the average but still within the range of the P/AUMs of the AUM Comparables.

Based on the above tables, we noted that (i) the implied P/B of the Offer Price on the CRM business of the Group is within the CRM Market Range and generally in line with the average of the P/Bs of the CRM Comparables; and (ii) the implied P/AUM of the Offer Price on the Acquisition Group is lower than the average but still within the range of the P/AUMs of the AUM Comparables. Given the current market valuation of the CRM Comparables and the AUM Comparables, we therefore are of the view that the Offer Price is fair and reasonable to the Independent Shareholders in this regard.

RECOMMENDATION

We have considered the principal factors discussed above and, in particular, the following in arriving at our opinion:

- (a) the unsatisfactory financial performance and financial position of the Group despite the decrease in loss attributable to owners of the Company for the six months ended 30 June 2018, since such decrease in loss was mainly attributable to the increase in revenue generated from the PIMS business which the Group has no longer engaged in following completion of the Distribution in Specie;
- (b) the Offeror will explore other business opportunities for the Group and intends to change half of the Board composition and the new Board may or may not be able to improve the operation and financial performance of the Group, and hence the future prospects of the Group are uncertain;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) although the Offer Price lies below the closing prices of the Shares for most of the trading days within the Review Period, the closing price of the Shares demonstrated a general sliding trend up to July 2018 and the surge in the Share price immediately before the Last Trading Day may likely be driven by the market speculation on the Offer rather than fundamentals of the Company, it is uncertain whether the trading price of the Shares could be sustained at a level higher than the Offer Price, or would continue the sliding trend to a level lower than the Offer Price, during and after the Offer Period following completion of the Distribution of Specie, the Acquisition and the Disposal;
- (d) the Offer Price represents a premium of approximately 127.7% over the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$0.0524 per Share as at 30 June 2018;
- (e) the trading liquidity of the Shares was low during the Review Period and the disposal of large block of Shares held by the Independent Shareholders in the open market may trigger price slump of the Shares as a result of the extremely thin trading volume of the Shares; and
- (f) the results of the market comparison as set forth under the sub-section headed “Comparison with comparable companies” of this letter,

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

Independent Shareholders should note that the closing prices of Shares are at premium over the Offer Price in a range of between HK\$0.125 and HK\$0.189 following the publication of the Joint Announcement up to the Latest Practicable Date. The Offer Price represented a discount of approximately 22.5% to the closing price of HK\$0.154 per Share on the Latest Practicable Date. The Independent Shareholders are reminded to carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market instead of accepting the Offer, if the net proceeds from such sale after deducting all transaction costs exceed the net amount to be received under the Offer.

Independent Shareholders who believe that they will be unable to sell the Shares in the open market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as a fall back exit route for their investment in the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For those Independent Shareholders who are attracted by and confident in the future prospects of the Group, given the background and future intention of the Offeror as detailed in the Letter from Somerley Capital Limited in this Composite Document and notwithstanding that no detailed business plan has been laid down by the Offeror, they may consider to retain their Shares in full or in part based on their individual risk preference and tolerance level. We would also like to remind the Independent Board Committee to remind the Independent Shareholders that and there is no guarantee that the prevailing trading prices of Shares will sustain during and after the Offer Period and they should closely monitor the market price and liquidity of the Shares during the Offer Period.

The Independent Shareholders are strongly advised that the decisions to accept the Offer or to hold their investment in the Shares is subject to individual circumstances and investment objectives. The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the Form of Acceptance and Transfer, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

Mr. Stanley Ng is a licensed person registered with the SFC and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 14 years of experience in the investment banking and auditing.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions 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 Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "**International Elite Ltd. General Offer**" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as may be determined by the Offeror and announced with the consent of the Executive in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "**International Elite Ltd. General Offer**" the duly completed Form of Acceptance and Transfer 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; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**International Elite Ltd. General Offer**" the duly completed Form of Acceptance and Transfer 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; 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/custodian bank for the timing on 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, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance and Transfer should nevertheless be completed and delivered in an envelope marked "**International Elite Ltd. General Offer**" 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 other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (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 the Form of Acceptance and Transfer and deliver it in an envelope marked "**International Elite Ltd. General Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Somerley Capital Limited and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance and Transfer.

- (e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance and Transfer is/are received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as may be determined by the Offeror and announced with the consent of the Executive in accordance to the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub- paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance and Transfer is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) No acknowledgement of receipt of any Form of Acceptance and Transfer, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive in accordance with the Takeovers Code, the Form of Acceptance and Transfer must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance and Transfer, and the Offer will be closed on the Closing Date.
- (b) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.

- (c) 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. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted. The execution by or on behalf of any Independent Shareholder who has previously accepted the Offer shall be deemed to constitute acceptance of the revised Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.
- (d) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance and Transfer to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

3. ANNOUNCEMENT

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement by 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.

Such announcement must state the followings:

- (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 parties acting in concert with it before the Offer Period;
- (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period;
- (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any party acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and
- (v) the percentages of the relevant classes of 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 for which acceptances of the Offer have been received, only valid acceptances in complete and good order, fulfilling the acceptance conditions under paragraph 1 above, which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in paragraph 3 headed "Announcement" in this appendix, the Executive may, pursuant to Rule 19.2 of the Takeovers Code, require that the Independent Shareholders who have tendered acceptance to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code can be met.

5. SETTLEMENT OF THE OFFER

- (a) Provided that the accompanying Form of Acceptance and Transfer for the Shares, together with 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) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each accepting Independent Shareholders in respect of the Shares tendered under the Offer, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to the accepting Independent Shareholder by ordinary post at his/her/it own risk as soon as possible but in any event within seven (7) Business Days following the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.
- (b) Settlement of the consideration to which any accepting Independent Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders.

No fraction of a cent will be payable and the amount of consideration payable to an accepting Shareholder will be rounded up to the nearest cent.

6. OVERSEAS SHAREHOLDERS

As the offer to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are resident, 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 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 of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). Any acceptance 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. The Overseas Shareholders should consult their professional advisers if in doubt.

7. STAMP DUTY

The seller's ad valorem stamp duty for transfer of Shares registered in the seller's name by the Company through the Registrar arising in connection with acceptance of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of the amount payable in respect of the relevant acceptances of the Offer, or (if higher) the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) and will be deducted from the amount payable to the Independent Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

8. TAX ADVICE

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Somerley Capital Limited, China Galaxy International Securities (Hong Kong) Co., Limited, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, Form of Acceptance and Transfer, 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 accepting 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 Offeror, parties acting in concert with the Offeror, the Company, Somerley Capital Limited, China Galaxy International Securities (Hong Kong) Co., Limited, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares tendered under the Offer are fully paid and sold by such person or persons free from all Encumbrances together with all rights and benefits at any time accruing and attaching to them, including, without limitation, the rights to receive all dividends, distributions or any return of capital declared, made or paid on the posting of the Composite Document.
- (c) 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 it is indicated in the Form of Acceptance and Transfer is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.
- (d) The provisions set out in the accompanying Form of Acceptance and Transfer form part of the terms of the Offer.
- (e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance and Transfer or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (g) Due execution of the Form of Acceptance and Transfer will constitute an authority to the Offeror, Somerley Capital Limited or such person or persons as either of them may direct to complete and execute any document on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.

- (h) The Offer is made in accordance with the Takeovers Code.
- (i) References to the Offer in this Composite Document and in the Form of Acceptance and Transfer shall include any extension and/or revision thereof.
- (j) In making their decision as to whether to accept the Offer, the Independent Shareholders must rely on their own assessment of the Offeror, the Company 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, and the Form of Acceptance and Transfer are not to be construed as any legal or business advice. The Independent Shareholders should consult their own professional advisers for advice.
- (k) The English text of this Composite Document and the accompanying Form of Acceptance and Transfer shall prevail over their respective Chinese text in case of inconsistencies.

I. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the consolidated financial results of the Group for each of the three years ended 31 December 2015, 2016 and 2017 as extracted from the annual reports of the Company for the years ended 31 December 2016 and 2017, and for the six months ended 30 June 2018 as extracted from the 2018 interim report of the Company.

	For the six months ended		For the year ended 31 December	
	30 June 2018 (unaudited) (HK\$'000)	2017 (audited) (HK\$'000)	2016 (audited) (HK\$'000)	2015 (audited) (HK\$'000)
Revenue	197,501	328,670	295,489	272,320
Cost of Sales	(168,054)	(312,497)	(268,168)	(202,363)
Gross Profit	29,447	16,173	27,321	69,957
Other income	7,274	15,718	16,045	15,321
Other gain	–	–	4,736	–
Research and development expenses	(5,226)	(12,138)	(12,020)	(9,731)
Administrative and other operation expenses	(46,021)	(85,757)	(73,894)	(47,930)
(Loss)/profit before income tax	(14,526)	(66,004)	(37,812)	27,617
Income tax credit	440	5,182	938	677
(Loss)/profit for the period/year	(14,086)	(60,822)	(36,874)	28,294
(Loss)/profit attributable to:				
– Owners of the Company	(12,775)	(49,200)	(33,166)	28,294
– Non-controlling interests	(1,311)	(11,622)	(3,708)	–
	(14,086)	(60,822)	(36,874)	28,294
(Loss)/earnings per share attributable to owners of the Company				
– Basic (HK cents)	(0.14)	(0.54)	(0.37)	0.31
– Diluted (HK cents)	(0.14)	(0.54)	(0.37)	0.31

	For the six months ended		For the year ended 31 December	
	30 June 2018 (unaudited) (HK\$'000)	2017 (audited) (HK\$'000)	2016 (audited) (HK\$'000)	2015 (audited) (HK\$'000)
(Loss)/profit for the period/year	(14,086)	(60,822)	(36,874)	28,294
Other comprehensive income/(loss)				
Item that may be reclassified to profit or loss				
– Fair value gain/(loss) on an available-for-sale financial asset	–	–	10,880	(6,784)
– Currency translation differences	(2,233)	17,769	(18,608)	(21,228)
– Reclassification of revaluation of previously held interest in GLCH	–	–	(4,736)	–
Total comprehensive (loss)/income for the period/year, net of tax	(16,319)	(43,053)	(49,338)	282
Total comprehensive (loss)/income for the period/year is attributable to:				
– Owners of the Company	(14,929)	(32,170)	(44,730)	282
– Non-controlling interests	(1,390)	(10,883)	(4,608)	–
	(16,319)	(43,053)	(49,338)	282

Note: The Company did not declare any dividend for the three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018.

For each of the three years ended 31 December 2015, 2016 and 2017 and for the six months ended 30 June 2018, 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 three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018.

The consolidated financial statements of the Group for the three years ended 31 December 2015, 2016 and 2017 were audited by PricewaterhouseCoopers, Certified Public Accountants. The auditor of the Company has not issued any qualified opinion on the Group's financial statements for each of the three years ended 31 December 2015, 2016 and 2017.

II. 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 December 2017 (the “**2017 Financial Statements**”) and (ii) the unaudited condensed interim financial statements of the Group for the six months ended 30 June 2018 (the “**2018 Interim Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2017 Financial Statements are set out on pages 45 to 103 of the annual report of the Company for the year ended 31 December 2017, which was published on 27 April 2018. The annual report of the Company for the year ended 31 December 2017 is posted on the Company’s website <http://www.iel.hk>. Please also see below a direct link:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0427/LTN201804272432.pdf>

The 2018 Interim Financial Statements are set out on pages 3 to 28 in the interim report of the Company for the six months ended 30 June 2018, which was published on 26 September 2018. The interim report of the Company for the six months ended 30 June 2018 is posted on the Company’s website <http://www.iel.hk>. Please also see below a direct link:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0926/LTN20180926892.pdf>

The 2017 Financial Statements and the 2018 Interim Financial Statements (but not any other part of the annual report of the Company for the year ended 31 December 2017 and the interim report of the Company for the six months ended 30 June 2018 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

III. INDEBTEDNESS STATEMENT

Bank borrowings

As at 30 September 2018, being the most recent practicable date for the purpose of the indebtedness statement (the “**Indebtedness Date**”), the Group had no outstanding bank borrowing.

Contingent liabilities

As at the Indebtedness Date, being the most recent practicable date for the purpose of this indebtedness statement, the Group had no material contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities, none of the companies in the Group had any material debt securities, borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or other similar indebtedness, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities at the Indebtedness Date.

IV. MATERIAL CHANGE

The Directors confirm that save as and except for disclosed below, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up and up to and including the Latest Practicable Date:

- (i) the distribution in specie of the 873,683,120 shares of Global Link Communications Holdings Limited (“**Global Link**”) owned by the Company to the then qualifying Shareholders as at 5 October 2018, and following the completion of which on 15 October 2018, the Group ceased to have any material interests in Global Link;
- (ii) the entering into of the Disposal Agreement relating to the disposal of the entire issued share capital of MZone Network Limited and Sunward Telecom Limited;
- (iii) the entering into of the Acquisition Agreement relating to the acquisition of the entire issued share capital of Goldstream Capital Management Limited and Goldstream Securities Limited;
- (iv) the entering into of the facility agreement between the Company and Mr. Li Kin Shing dated 30 July 2018 pursuant to which Mr. Li Kin Shing shall provide an unsecured non-interest bearing non-revolving term loan facility of a total principal amount of up to HK\$215 million to the Group for an initial term of two years; and
- (v) as disclosed in the interim report of the Company for the six months ended 30 June 2018, the financial performance of the Group improved as compared to corresponding period in the prior year mainly due to the improve in financial performance in the provision of passenger information management system (“**PIMS**”) segment as large amount of PIMS products were delivered to the depot by Global Link during the period.

The following is the text of a report received from RHL Appraisal Limited, an independent valuer, in connection with its valuation of Goldstream Capital as at 30 September 2018 for the purpose of inclusion in this Composite Document.



永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory
T: +852 3408 3188
F: +852 2736 9284
Room 1010, 10/F, Star House
Tsimshatsui, Hong Kong

6 December 2018

The Board of Directors
International Elite Ltd.
Room 3809-3810, Hong Kong Plaza,
188 Connaught Road West,
Hong Kong

Dear Sirs/Madams,

**RE: VALUATION OF EQUITY INTEREST OF
GOLDSTREAM CAPITAL MANAGEMENT LIMITED
AS AT 30 SEPTEMBER 2018**

In accordance with the instructions of International Elite Ltd. (the “**Client**”), we have undertaken a valuation to determine the market value of 100% equity interest (the “**Interest**”) of Goldstream Capital Management Limited (the “**Company**”) as at 30 September 2018 (the “**Valuation Date**”) regarding the proposed acquisition of the Interest of the Company.

INTRODUCTION

This report has been prepared in accordance with instructions from the Client to determine the market value of the Interest as at the Valuation Date. This report outlines our latest findings and valuation conclusion.

Background of the Company

Goldstream Capital Management Limited was registered in Hong Kong on 11 October 2011. The Company was licensed by the Securities and Futures Commission to provide Type 4 and Type 9 regulated activities in “Advising on Securities” and “Asset Management” in March 2012. It is engaged in the business of advising on securities and asset management mainly in Hong Kong and China.

PURPOSE OF VALUATION

The purpose of this valuation is to express an independent opinion on the market value of the Interest as at the Valuation Date solely for the use of the management of the Client regarding the proposed acquisition of 100% of equity interest of the Company, and we acknowledge that the report will be made available to the Client for public documentation purpose only.

BASIS OF VALUATION

Our valuation was carried out on a market value basis. Market value is defined as *“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*, according to the International Valuation Standards.

BASIS OF OPINION

The valuation procedure includes review of the financial and economic condition of the subject business, an assessment of key assumptions, estimates, and representations made by the management of the Company (the **“Management”**). All matters essential to the proper understanding of the valuation are disclosed in the valuation report.

The following factors also form a considerable part of our basis of opinion:

- The business nature of the Company;
- Consideration and analysis on the micro-economic and macro-economic factors;
- Assumptions on the market and on the subject business that are considered to be fair and reasonable;
- Assessment on the leverage and liquidity of the subject business.

In arriving at our opinion, we have assumed and relied extensively upon the accuracy and completeness of the information provided to us by the Management such as financial statements, documents, oral conversation through correspondences.

We also conducted research using various sources including governmental statistical releases and other publications to verify the information provided and we have no reason to doubt the accuracy of the data and information.

Our opinion is based upon economic, market, financial and other conditions as they exist and can be evaluated on the date of this report and we assume no responsibility to update or revise our opinion based on events or circumstances occurring after the date of this report. In reaching our opinion, we have made assumptions with respect to such economic, market, financial and other conditions and other matters, many of which are highly uncertain and beyond our control or the control of any party involved in this valuation exercise.

We have planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject business. We believe that our valuation provides a reasonable basis for our opinion.

INDUSTRY OVERVIEW

Hong Kong Economic Overview

The economy of Hong Kong maintained a healthy growth in recent years. According to the figures from the Census and Statistics Department, the Gross Domestic Product (in real terms) (the “GDP”) has increased from about HK\$2,317 billion in 2013 to HK\$2,585 billion in 2017, representing a Cumulated Average Growth Rate (the “CAGR”) of about 2.77%. It is further forecasted by the Office of the Government Economist of HK that the GDP will further grow by 3% to 4% in real terms in 2018¹.

Industry review

The stock market of Hong Kong has been boosted up in the last few years, with the support from the launch of Shanghai-Hong Kong Connect, the continuous growth of the global economy and easing of monetary policy of various countries. According to the statistics from the Hong Kong Stock Exchange (the “HKEX”)², the total trading value has increased from HK\$15,186 billion in 2013 to HK\$21,560 billion in 2017, and the CAGR is 9.16%. The market capitalization has also grown significantly from HK\$23,909 billion in 2013 to HK\$33,718 billion in 2017, and maintained at HK\$32,856 billion in Q2 2018. The detail is listed in the table 1 below:

Table 1 Trading Value and market capitalization – 2013-Q2 2018

Year	Trading Value (HK\$' B)	Market capitalization (HK\$' B)
2013	15,186	23,909
2014	16,990	24,892
2015	25,836	24,426
2016	16,280	24,450
2017	21,560	33,718
2018 Q2	15,239	32,856

¹ Census and Statistics Department: Gross Domestic Product (GDP), implicit price deflator of GDP and per capita GDP.

² Data extracted from HKEX, Daily Trading Value, Volume and Number of Deals – 2013-Q2 2018.

With the increase in people’s wealth, the attractive capital market with well-developed infrastructure of Hong Kong, asset and wealth management business in Hong Kong has grown significantly in recent years. According to the data from the Securities and Futures Commission (the “SFC”), there were 889 and 950 institutions registered for carrying out advising on securities (“Type 4”) and asset management (“Type 9”) regulated activities respectively in 2013, and such number of corporations has increased to 1,291 and 1,477 respectively in 2017³, which is listed in Table 2 below:

Table 2 Number of Regulated Activities of Licensed Corporations (LC)

As at end	RA4	RA9
2013	889	950
2014	928	1,031
2015	987	1,135
2016	1,131	1,300
2017	1,291	1,477

More people participated in these business. There are 9,309 and 4,853 Licensed Representative (the “LR”) registered for carrying out Type 4 and Type 9 regulated activities respectively in 2013, and has increased to 11,834 and 6,954 respectively in 2017, representing a CAGR of 6.2% and 9.4% respectively. On the other hand, the total number of the LR for all regulated activities only grew at a CAGR of 3.1% in the same period, from 53,952 in 2013 to 61,061 in 2017⁴. The increase in the numbers of LR for Type 4 and Type 9 regulated activities were much higher in the period.

Table 3 Number of Regulated Activities of Licensed Representatives (LR)

As at end	RA4	RA9	Total number of LR for all regulated activities
2013	9,309	4,853	53,952
2014	9,603	5,228	54,787
2015	10,462	5,821	57,837
2016	11,018	6,366	58,885
2017	11,834	6,954	61,061

³ Data extracted from Table C2 – Number of regulated activities of Licensed Corporations, published by SFC

⁴ Data extracted from Table C4 – Number of regulated activities of Licenses Representatives, published by SFC

There are variety types of unit trusts and mutual funds in the market, e.g. bond funds, equity funds, diversified funds, money market funds, guaranteed funds, hedge funds, etc., to meet with the purposes of different investors. According to the statistics from the SFC, total number of authorized funds has increased from 1,964 as at the end of March 2013 to 2,215 as at the end of March 2018⁵. In terms of net asset value of authorized unit trusts and mutual funds, the total net asset value under management has increased from US\$1,289.7 billion as at the end of 2013 to US\$1,661.3 billion as at the end of 2017⁶, with a CAGR of 6.5%.

SOURCES OF INFORMATION

In conducting the valuation, we have considered, reviewed and relied upon the following key information provided by the Management and other pertinent data concerning the Company which includes but not limited to the following:

- Copy of the Investment Management Agreement entered into among Goldstream Capital Master Fund I, Goldstream Capital Management (Cayman) Limited and the Company dated 23 November 2015;
- Copy of the Investment Management Agreement entered into among Goldstream Strategic Development Fund, Goldstream Capital Management (Cayman) Limited and the Company dated 7 October 2016;
- Copy of 中誠信托 • 金涌資本港股通1號證券投資集合資金信托計劃投資顧問協議 entered into between China Credit Trust Co. Ltd. (中誠信托有限責任公司) and the Company dated 10 March 2017;
- Copy of 華潤信托 • 金涌鑫悅香江一期單一資金信托投資顧問合同 entered into between China Resources Trust Co. Ltd. (華潤深國投信托有限公司) and the Company dated 12 May 2017;
- Copy of 興業信托 • 興易金涌1號集合資金信托計劃投資顧問合同 entered into between China Industrial International Trust Limited (興業國際信托有限公司) and the Company dated 1 March 2018;
- Copy of the Sub-Advisory Agreement entered into among Prelude Opportunity Fund, LP, Prelude Capital Partners, LLC, Prelude Capital Management, LLC, Goldstream Advantage Partners LLC and the Company dated 23 August 2018;
- Copy of the Private Placement Memorandum of Goldstream Capital Segregated Portfolio Company dated 1 August 2018;

⁵ Data extracted from Table D2 – Number of authorized unit trusts and mutual funds, published by SFC

⁶ Data extracted from Table D3 – Net asset value of authorized unit trusts and mutual funds by Type, published by SFC

- Copy of the license issued to the Company by Securities and Futures Commission (Central entity no. AYU472) on 2 March 2012 provided by the Management;
- Copies of the Certificate of Incorporation, the Articles of Association, the Business Registration Certificate of the Company provided by the Management;
- Copies of audited reports of the Company for the financial year ended December 2015, the financial year ended December 2016 and the financial year ended December 2017 provided by the Management;
- Unaudited financial statements of the Company for period ended 30 September 2018 provided by the Management;
- The amount of the asset under management (the “AUM”) of the Company as at the Valuation Date, which is HK\$2,853,382,924 provided by the Management;
- Background information of the Company provided by the Management;
- Discussions with and representations made by the Management.

APPROACH AND METHODOLOGY

The market value of the Interest is conducted by one or more of the three generally accepted valuation approaches: asset approach, market approach and income approach.

Asset Approach

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

Market Approach

Market Approach considers prices recently paid for similar related to the subject company’s major business industry, with adjustments made to the indicated market prices to reflect condition and utility of the appraised business relative to the market comparatives.

In general there are two methods under the market approach, namely the guideline merged and acquired company methods and the guideline publicly traded company method. Guideline merged and acquired company method is based on acquisitions and sales of entire companies, divisions or certain equity interests of either publicly traded or private companies. Guideline publicly traded company method is based on the adoption of multiples that are drawn from companies traded in major stock exchanges to the fundamental data of the subject company. Depending on the nature of the underlying business and other company specific conditions, various multiples may be used to evaluate the business ownership interests.

Income Approach

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

Determination of the Valuation Approach

Among the three approaches, we consider that Market Approach is more appropriate for valuing the Company.

Asset Approach might not be able to capture the future economic benefits contributed by the subject assets and from the business operation easily. Income approach focuses on the economic benefits generated by the income producing capability of an enterprise. However, since a reliable financial projection of the Company is not available, we are not able to conduct the valuation using Income Approach. In this regard, we rely on Market Approach in arriving at the market value of the equity interest of the Company.

Under Market Approach, the guideline public companies method is adopted to arrive the market value of the Company. This method considers prices recently paid for similar assets relating to the subject company's major business industry, with adjustments made to the indicated market prices to reflect condition and utility of the appraised business relative to the market comparables, if appropriate and necessary.

In the construction of market comparables, we have principally based on the following selection criteria:

- Companies listed in the Hong Kong Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the New York Stock Exchange with active trading in a reasonable period of time;
- Companies principally engaged in asset management and advice of securities in operation in Hong Kong and China;

- The business of asset management contributes a major source to the total revenues to the overall business and this business operation will continue in the coming future;
- Sufficient financial information are available from the Thomson Reuters Terminal or other publicly available sources.

Based on the above selection criteria, four public comparable companies have been selected, which is stated as follows:

Stock Ticker	Name of the Comparable Company
0806.HK	Value Partners Group Ltd
0851.HK	Sheng Yuan Holdings Ltd
600053.SS	Kunwu Jiuding Investment Holdings Co Ltd
NOAH.K	Noah Holdings Ltd

To the best of our knowledge, information and belief, and on a best effort basis, the above list of comparable listed companies is fair, representative and exhaustive.

Depending on the nature of the underlying business and other company specific conditions, various multiples may be used to analyze the business ownership interests. For companies engaged in the business as that of the valuation subject, the major drivers of their value are derived almost from revenue generating source, which is represented by the amount of the AUM, valuation multiples with reference to net book value of these companies may not provide a good indication to the values of these companies, price-to-book ratio and EV-to-book ratio are thus not considered in this valuation. As sales, EBIT and earning are figures relating to the performance of the business, these figures are subject to the volatile return cycle of investment stock market. Valuation multiples based on these figures may not provide an appropriate comparison basis, and are not considered in this valuation. Price-to-AUM is less volatile of managed investments. Thus price-to-AUM multiple is adopted for this valuation.

After collecting the valuation multiples from the selected comparables, the multiples are reviewed and calculated from market capitalization of each comparables with their latest filed AUM as at the Valuation Date. An average value of each valuation multiple is then adopted in this valuation.

In this valuation, the following multiple have been adopted:

Stock Ticker of comparable companies	Price-to-AUM multiple
0806.HK	9.01%
0851.HK	7.10%
600053.SS	16.40%
NOAH.K	10.10%
Average	10.65%

Discount for Lack of Marketability

Discount for lack of marketability is normally applied to valuation of non-publicly traded company. Marketability discount reflects the ability of converting shares into immediate cash. Compared to publicly listed companies, private companies do not have a known market price and there exist no public market for trading of shares. Therefore, a privately held company is theoretically worth less than a public company with the same business, given other things being the same.

Taking account of the above, and with reference to the estimation from the result of put option under the Black Scholes Option Pricing Model, a discount for lack of marketability of 20% was applied in the valuation of the Interest.

Control Premium

Control premium arises from the concepts of legal power, rights and economic benefits. In general, control premium represents an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise that reflects the power of control.

It is generally accepted in the valuation community that the guideline publicly traded company method under the market approach represents minority interest transactions. In this valuation, the purpose of the valuation is to determine the value of 100% equity interest in the Company as at the Valuation Date, therefore control premium has been applied.

For the estimation of the control premium, we have made reference to the research result as published in the FactSet MergerStat Control Premium Study for the first half of 2018 (the “Study”). The sources of the information of the Study were from regulatory filings and public announcements for mergers and acquisitions in all markets. The Study included transactions in the first half of 2018, where the acquired target was a publicly traded company. The average control premium from those transactions was approximately 38% from the Study. It is adopted in this valuation of the Interest of the Company.

CALCULATION

Based on the parameters described above, the calculation of the value is presented below:

Applied parameter	Value
(1) AUM as at the Valuation Date (in HK\$)	2,853,382,924
(2) Price-to-AUM multiple	10.65%
(3) Implied 100% equity value before marketability discount and control premium (in HK\$)	303,988,044
= (1) x (2)	
(4) <i>Less:</i> Marketability discount (in HK\$)	60,797,609
= (3) x 20%	
(5) Implied equity value after marketability discount and before control premium (in HK\$)	243,190,435
= (3) – (4)	
(6) <i>Add:</i> Control premium (in HK\$)	92,412,365
= (5) x 38%	
(7) Implied equity value after marketability discount and control premium (in HK\$)	335,602,800
= (5) + (6)	

ASSUMPTIONS AND NOTES TO VALUATION

Assumptions considered having significant sensitivity effects in this valuation have been evaluated in arriving at our assessed values.

General Assumptions

1. We assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business.
2. In arriving at our opinion, we have assumed and relied extensively upon the accuracy and completeness of the information provided to us by the Management such as financial statements, documents, oral conversation through correspondences and interviews. We do not independently investigate nor otherwise verify the data provided and do not express an opinion or offer any form of assurance regarding its accuracy and completeness.
3. The financial information of the Company was prepared in accordance to the applicable accounting standard. We did not independently investigate nor otherwise verify the data provided and do not express an opinion or offer any form of assurance regarding its accuracy and completeness.
4. We are given the amount of the AUM as at the Valuation Date. We are confirmed by the Management that the amount of the AUM can be used as a proxy for the financial figure of the Company.

5. There will be no material changes in inflation and interest rates from those prevailing as at the Valuation Date.
6. The availability of finance will not materially constrain the forecasted growth of the Company.
7. The Company will be able to procure and retain competent key personnel and operating staffs.

VALUATION COMMENTS

As part of our analysis, we have reviewed information, documentation and other pertinent data concerning the Company as has been made available to us. Such information has been provided by the Management. We have assumed the accuracy of, and have relied on, such information to a considerable extent in arriving at our opinion of value.

We confirm that we have made relevant searches and enquiries and obtained such further information as is considered necessary for the purposes of this valuation exercise.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The assumptions made in our valuation are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Management, the Company and RHL Appraisal Limited.

RISK FACTORS

The following factors may affect the result of this valuation.

Economic and Political Risks

Political and economic policies of local government may affect the Company's operational results and may result in their inability to sustain their business growth.

Uncertainties with respect to the legal and tax system could materially and adversely affect the operational performance of the Company.

Industry Competition

There are/may be a number of competitors in the market providing similar products or services. Any future outbreak or occurrence of unpredictable events may change the demand or operating costs which may adversely affect the Company's operational results.

Risks relating to the operation

The business relies on the ability to retain competent key personnel and operating staffs. If the Company is not able to retain or recruit competent staffs for its operation, the revenue may decline and the Company may not be able to maintain the profitability. In addition, if the Company is not able to fulfill the requirements for the grant of licenses from the SFC, the business would be materially and adversely affected.

Future Performance and Profitability

If the Company is not able to continue to maintain existing customers and/or attract new customers to its business at commercially viable fee levels, the revenue may decline and the Company may not be able to maintain the profitability.

Uncertainty and adverse changes in the economy could have a material adverse impact on the business and operating results.

Information bias

Research and information from the Company or research database are subject to bias or may not meet with the actual future results.

OPINION OF VALUE

Based on the results of our investigations and analysis outlined in this report, we are of the opinion that the market value of the Interest as at the Valuation Date, free from any encumbrances, is reasonably and approximately stated as **HONG KONG DOLLARS THREE HUNDRED THIRTY FIVE MILLION SIX HUNDRED AND THREE THOUSAND ONLY (HK\$335,603,000)**.

This report is issued subject to our limiting conditions in the appendix I.

Yours faithfully,
For and on behalf of
RHL Appraisal Limited
Kenneth H. W. Lam
ACCA, FRM
Associate Director

Mr. Kenneth Lam is a Chartered Accountant and Financial Risk Manager with experience of 6 years in valuations for private and listed companies in the Asia-Pacific and America region.

Analysis and report by:
Raymond K. L. Chong, CFA
Joanne W. Y. Ng, CPA
Jeffrey K. H. Wong, MSc

Appendix I – Limiting Conditions

1. As part of our analysis, we have reviewed financial and business information from public sources together with such financial information, client representation, project documentation and other pertinent data concerning the project made available to us during the course of our valuation. We have assumed the accuracy of, and have relied on the information and client representations provided in arriving at our opinion of value.
2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial statements give a true and fair view and have been prepared in accordance with the relevant companies' ordinance.
3. RHL Appraisal Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation and with reference to the project described herein unless prior arrangements have been made.
4. No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond what is customarily employed by valuers.
5. Our conclusions assume continuation of prudent client policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.
6. We assume that there are no hidden or unexpected conditions associated with the business valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the date of this report.
7. This valuation report has been prepared solely for the use of the designated party. The valuation report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any their party without our prior written consent.
8. This report is confidential to the client for the specific purpose to which it refers. In accordance with our standard practice, we must state that this report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

The following is the text of a report from Lego Corporate Finance on the valuation report issued by RHL Appraisal Limited prepared for the sole purpose of inclusion in this Composite Document.



The Board of Directors
International Elite Ltd.
Room 3809-3810
Hong Kong Plaza
188 Connaught Road West
Hong Kong

6 December 2018

Dear Sirs,

Reference is made to a valuation report (the “**Report**”) issued by RHL Appraisal Limited (the “**Valuer**”) as contained in Appendix III to the composite offer and response document jointly issued by Hony Gold Holdings, L.P. and International Elite Ltd. (the “**Company**”) dated 6 December 2018 (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same respective meanings as those defined in the Composite Document unless the context otherwise requires.

This letter constitutes our report on qualification and experience of the Valuer to prepare the Report as required under Rule 11.1(b) of the Takeovers Code.

We have conducted reasonable checks to assess the relevant qualification, experience and expertise of the Valuer, including reviewing the supporting documents on the qualification of the Valuer and discussing with the Valuer on their qualifications and experience, and the bases and assumptions adopted by the Valuer in preparing the Report.

We have assumed that all information and representations that have been provided by the Directors to us, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the date hereof. We have also assumed that all statements of belief, opinion, expectation and intention in respect of qualification and experience of the Valuer made by the Directors to us were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts in respect of the qualification and experience of the Valuer, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

On the basis of the foregoing, we are of the opinion that the Valuer is suitably qualified and experienced with sufficient knowledge, skills and understanding necessary to prepare the Report; the personnel engaged in the Report meet the regulatory requirements which apply in the circumstances in which the Report is required; and the bases and assumptions have been made by the Valuer with due care and objectivity, and on a reasonable basis.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with respect to the Offer, the Offeror and the Group.

The directors of the Offeror's general partner jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, their respective associates and parties acting in concert with them), and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, their respective associates and parties acting in concert with them) 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 contained in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS AND DEALINGS AS REQUIRED BY THE TAKEOVERS CODE

- (a) Save for (i) 900,000,000 Shares owned by Jovial Elite Limited; (ii) 4,610,000,000 Shares acquired by the Offeror under the SPA; and (iii) the Consideration Shares (being 2,263,012,321 Shares), none of the Offeror, its directors or parties acting in concert with any of them owned, controlled or was interested in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date.
- (b) Save for the Irrevocable Undertaking and the New Investor Irrevocable Undertakings, no person who owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of any Shares had irrevocably committed himself/herself/itself to the Offeror to accept or reject the Offer as at the Latest Practicable Date. Details of the Irrevocable Undertaking and the New Investor Irrevocable Undertakings are set out in the "Letter from Somerley Capital Limited" of this Composite Document.
- (c) No member of the Offeror and parties acting in concert with it had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other person as at the Latest Practicable Date.
- (d) No member of the Offeror and parties acting in concert with it had borrowed or lent any Shares or convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date.
- (e) Save for (i) 900,000,000 Shares owned by Jovial Elite Limited; (ii) 4,610,000,000 Shares acquired by the Offeror under the SPA; and (iii) the Consideration Shares (being 2,263,012,321 Shares), none of the Offeror, its directors or parties acting in concert with any of them had dealt for value in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period.

3. OTHER DISCLOSURES AS REQUIRED BY THE TAKEOVERS CODE

- (a) As at the Latest Practicable Date, the Offeror had no intention to enter into, nor had it entered into any agreement, arrangement or understanding, to transfer, charge or pledge the Shares acquired in pursuance of the Offer to any other persons unless otherwise required by the Listing Rules or the Stock Exchange with regard to the minimum public float requirements.
- (b) No benefit had been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.
- (c) As at the Latest Practicable Date, save for the Irrevocable Undertaking and the New Investor Irrevocable Undertakings, there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Offeror and parties acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or was dependent upon the Offer. Details of the Irrevocable Undertaking and the New Investor Irrevocable Undertakings are set out in the "Letter from Somerley Capital Limited" of this Composite Document.
- (d) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror was a party which related to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

4. QUALIFICATION AND CONSENT OF FINANCIAL ADVISER

The following are the qualifications of the financial adviser to the Offeror who has given opinions or advice contained or referred to in this Composite Document:

Name	Qualification
Somerley Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Somerley Capital Limited 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 and the references to its name in the form and context in which they are included.

5. DOCUMENTS AVAILABLE FOR INSPECTION AND DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. on any Business Day at the office of the Company in Hong Kong at Room 3809-3810, Hong Kong Plaza, 188 Connaught Road West, Hong Kong; (ii) on the website of the Company (<http://www.iel.hk>); and (iii) on the website of the SFC (www.sfc.hk), from the date of this Composite Document up to and including the Closing Date:

- (a) The certificate of registration of exempted limited partnership of the Offeror;
- (b) The statement by the general partner for registration as an exempted limited partnership of the Offeror;
- (c) The initial exempted limited partnership agreement of the Offeror;
- (d) The deed of novation and substitution of the general partner of the Offeror;
- (e) The statement by the general partner of changes in registered particulars of an exempted limited partnership of the Offeror;
- (f) The letter from Somerley Capital Limited, the text of which is set out on pages 11 to 21 of this Composite Document;
- (g) the written consent referred to in paragraph 4 headed "Qualification and consent of financial adviser" in this Appendix V;
- (h) The Irrecoverable Undertaking as referred to in the section headed "The Irrecoverable Undertaking and New Investor Irrecoverable Undertakings" in the letter from Somerley Capital Limited; and
- (i) The New Investor Irrecoverable Undertakings as referred to in the section headed "The Irrecoverable Undertaking and New Investor Irrecoverable Undertakings" in the letter from Somerley Capital Limited.

6. MISCELLANEOUS

- (a) The principal members of the Offeror's concert group are Hony Gold GP Limited, Jovial Elite Limited, Hony Capital Fund 2008, L.P., Hony Capital Fund 2008 GP, L.P., Hony Capital Fund 2008 GP Limited, Hony Group Management Limited, Hony Managing Partners Limited, Exponential Fortune Group Limited and Mr. Zhao John Huan.

- (b) The registered address of the Offeror is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The correspondence address of the Offeror is Suite 2701, One Exchange Square, Central, Hong Kong.
- (c) The directors of the Offeror's general partner, Hony Gold GP Limited, are Mr. Yuan Bing and Ms. Chan Juley Lai. The entire equity interest of Hony Gold GP Limited is held by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners, which in turn is wholly-owned by Exponential Fortune.
- (d) The registered address of Hony Gold GP Limited, the Offeror's general partner, is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The correspondence address of Hony Gold GP Limited is Suite 2701, One Exchange Square, Central, Hong Kong.
- (e) The directors of Hony Group Management Limited are Mr. Zhao John Huan, Mr. Ning Min and Mr. Zhu Linan. The registered address of Hony Group Management Limited is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The correspondence address of Hony Group Management Limited is Suite 2701, One Exchange Square, Central, Hong Kong. Hony Group Management Limited is owned as to 80% by Hony Managing Partners.
- (f) The director of Hony Managing Partners is Mr. Zhao John Huan. The registered address of Hony Managing Partners is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The correspondence address of Hony Managing Partners is Suite 2701, One Exchange Square, Central, Hong Kong. Hony Managing Partners is a wholly owned subsidiary of Exponential Fortune Group Limited.
- (g) The directors of Exponential Fortune Group Limited are Mr. Zhao John Huan, Mr. Cao Yonggang and Mr. Xu Minsheng. The registered address of Exponential Fortune Group Limited is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The correspondence address of Exponential Fortune Group Limited is Suite 2701, One Exchange Square, Central, Hong Kong. Exponential Fortune Group Limited is owned by Mr. Zhao John Huan as to 49%.
- (h) The registered office of Somerley Capital Limited is 20/F, China Building, 29 Queen's Road Central, Hong Kong.
- (i) The English text of this Composite Document and the accompanying Form of Acceptance and Transfer shall prevail over their respective Chinese text in case of inconsistencies.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with respect to the Offer, the Offeror and the Group.

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, their respective associates and parties acting in concert with them), 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 Offeror, their respective associates and parties acting in concert with them) 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 contained in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date:

- (i) the authorised share capital of the Company was HK\$200,000,000 divided into 20,000,000,000 Shares; and
- (ii) the issued share capital of the Company was HK\$113,464,723.21 divided into 11,346,472,321 Shares.

All the issued Shares rank *pari passu* in all respects including the rights to dividends, voting and return of capital.

Save for the allotment and issuance of the Consideration Shares (being 2,263,012,321 Shares), no Shares have been issued since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no options, warrants or conversion rights affecting any Shares.

3. DISCLOSURE OF INTERESTS

- (i) **Directors' and chief executives' interests and short positions in securities of the Company and its associated corporations**

As at the Latest Practicable Date, interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) of the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests

and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) are as follows:

Long Positions in Underlying Shares of the Company

Name of Directors	Company/ Associated corporation	Number of shares held			Total of Interests	Percentage of Equity
		Personal Interests	Family Interests	Corporate Interests		
Mr. Li Kin Shing	Company (Note 1)	684,900,000	-	-	684,900,000	6.04%
Mr. Li Wen	Company (Note 2)	36,900,000	-	-	36,900,000	0.33%
Mr. Wong Kin Wa	Company (Note 3)	15,000,000	-	-	15,000,000	0.13%

Notes:

1. The 684,900,000 Shares are held by Ms. Kwok in person. Mr. Li is the spouse of Ms. Kwok. Accordingly, Mr. Li is deemed to be interested in the 684,900,000 Shares under the SFO.
2. The 36,900,000 Shares are held by Mr. Li Wen in person.
3. The 15,000,000 Shares are held by Mr. Wong Kin Wa in person.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, no other person had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or were deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(ii) **Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO**

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (if any) or had any options in respect of such capital:

Long Position in the Shares

Name	Capacity	Number of Shares	Approximate percentage of interests
Jovial Elite Limited	Beneficial owner	900,000,000 (<i>Note 1</i>)	7.93%
Hony Capital Fund 2008, L.P.	Interest in controlled corporation	900,000,000 (<i>Note 1</i>)	7.93%
Hony Capital Fund 2008 GP, L.P.	Interest in controlled corporation	900,000,000 (<i>Note 1</i>)	7.93%
Hony Capital Fund 2008 GP Limited	Interest in controlled corporation	900,000,000 (<i>Note 1</i>)	7.93%
Hony Gold Holdings, L.P.	Beneficial owner	6,873,012,321 (<i>Note 1</i>)	60.57%
Hony Gold GP Limited	Interest in controlled corporation	6,873,012,321 (<i>Note 1</i>)	60.57%
Hony Group Management Limited	Interest in controlled corporation	7,773,012,321 (<i>Note 1</i>)	68.50%
Hony Managing Partners Limited	Interest in controlled corporation	7,773,012,321 (<i>Note 1</i>)	68.50%
Exponential Fortune Group Limited	Interest in controlled corporation	7,773,012,321 (<i>Note 1</i>)	68.50%
Zhao John Huan	Interest in controlled corporation	7,773,012,321 (<i>Note 1</i>)	68.50%
Glory Moment Investments Ltd.	Beneficial owner	840,000,000 (<i>Note 2</i>)	7.40%
Mr. Fang Shin	Interest in controlled corporation	840,000,000 (<i>Note 2</i>)	7.40%
Ms. Kwok	Beneficial owner	684,900,000 (<i>Note 3</i>)	6.04%

Notes:

1. Jovial Elite Limited is a wholly-owned subsidiary of Hony Capital Fund 2008, L.P., which is managed by Hony Capital Fund 2008 GP, L.P. (as general partner). Hony Capital Fund 2008 GP, L.P. is, in turn, managed by Hony Capital Fund 2008 GP Limited (as general partner). Therefore, Hony Capital Fund 2008, L.P., Hony Capital Fund 2008 GP, L.P. and Hony Capital Fund 2008 GP Limited are deemed to be interested in the shares in which Jovial Elite Limited is interested under the SFO.

Hony Gold Holdings, L.P. is managed by Hony Gold GP Limited (as general partner). Therefore, Hony Gold GP Limited is deemed to be interested in the shares in which Hony Gold Holdings, L.P. is interested.

Hony Capital Fund 2008 GP Limited and Hony Gold GP Limited are wholly-owned subsidiaries of Hony Group Management Limited, which is owned as to 80% by Hony Managing Partners. Hony Managing Partners is a wholly-owned subsidiary of Exponential Fortune Group Limited, which is owned by Mr. Zhao John Huan as to 49%. As such, Mr. Zhao John Huan, Exponential Fortune Group Limited, Hony Managing Partners and Hony Group Management Limited are deemed to be interested in the shares in which Jovial Elite Limited and Hony Gold Holdings, L.P. are interested under the SFO.

2. The 840,000,000 Shares are held by Glory Moment Investments Ltd., which is wholly owned by Mr. Fang Shin.
3. The 684,900,000 Shares are held by Ms. Kwok in person.

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, 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 which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

- (a) The Company did not have any interest in the shares, convertible securities, warrants, options or derivatives of the Offeror and had not dealt for value in the shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.
- (b) The Directors did not have any interest in the shares, convertible securities, warrants, options or derivatives of the Offeror and had not dealt for value in the shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.

- (c) As at the Latest Practicable Date, save for the interests of the Directors as disclosed in the paragraph “Disclosure of Interests” above, none of the Directors had any interest in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares, and save for the sale of the Sale Shares under the SPA, none of the Directors had dealt for value in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period.
- (d) No Shares or convertible securities, warrants, options or derivatives in respect of any Shares was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by 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 or by an adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (but excluding the exempt principal traders), and no such person had dealt for value in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares during the Offer Period and up to the Latest Practicable Date.
- (e) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had dealt for value in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares during the Offer Period and up to the Latest Practicable Date.
- (f) No Shares or convertible securities, warrants, options or derivatives in respect of any Shares were 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 Shares or convertible securities, warrants, options or derivatives in respect of any Shares during the Offer Period and up to the Latest Practicable Date.
- (g) As at the Latest Practicable Date, each of Mr. Li Wen and Mr. Wong Kin Wa had indicated his intention to reject the Offer in respect of his own beneficial shareholding in the Shares.
- (h) As at the Latest Practicable Date, none of the Company nor any of its Directors has borrowed or lent any Shares or convertible securities, warrants, options or derivatives in respect of any Shares.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by members of the Group) has been entered into by the Group within the two years immediately preceding the commencement of the offer period and up to the Latest Practicable Date are of a material nature:

- (i) the Acquisition Agreement; and
- (ii) the Disposal Agreement.

7. ARRANGEMENTS AFFECTING DIRECTORS

- (a) As at the Latest Practicable Date, no benefit had been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (c) Save for the SPA, as at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

8. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing service contracts with any member of the Group or any associated company of the Group:

- (a) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the Offer Period;
- (b) which are continuous contracts with a notice period of 12 months or more; or
- (c) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

9. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualification of the experts which have given opinions or advice which are contained in this Composite Document:

Name	Qualification
Lego Corporate Finance	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
RHL Appraisal Limited	Independent valuer

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 its letter, opinion, report and references to its name in the form and context in which they are included.

10. MISCELLANEOUS

- (a) The company secretary and the qualified accountant of the Company is Ms. Chan Wai Ching, who is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The Company's registered office is at The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, Grand Cayman KY1-1208, Cayman Islands. The head office and principal place of business is at Room 3809-3810, Hong Kong Plaza, 188 Connaught Road West, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this Composite Document and the accompanying Form of Acceptance and Transfer shall prevail over their respective Chinese text in case of inconsistencies.

11. DOCUMENTS AVAILABLE FOR INSPECTION AND DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. on any Business Day at the office of the Company in Hong Kong at Room 3809-3810, Hong Kong Plaza, 188 Connaught Road West, Hong Kong; (ii) on the website of the Company (<http://www.iel.hk>); and (iii) on the website of the SFC (www.sfc.hk), from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 December 2016 and 2017;
- (c) the interim report of the Company for the six months ended 30 June 2018;
- (d) the letter from the Board dated 6 December 2018, the text of which is set out on pages 22 to 26 of this Composite Document;
- (e) the letter from the Independent Board Committee dated 6 December 2018, the text of which is set out on pages 27 to 28 of this Composite Document;
- (f) the letter from the Independent Financial Adviser dated 6 December 2018, the text of which is set out on pages 29 to 50 of this Composite Document;
- (g) the valuation report on Goldstream Capital, the text of which is set out in Appendix III to this Composite Document;
- (h) the report from the Independent Financial Adviser on the valuer, the text of which is set out in Appendix IV to this Composite Document;
- (i) the written consent referred to in paragraph 8 headed “Qualifications and Consent of Expert” in this Appendix VI; and
- (j) the material contracts as referred to in paragraph 6 headed “Material Contracts” in this Appendix VI.