

19 April 2024

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED AND
RED SUN CAPITAL LIMITED
FOR AND ON BEHALF OF
SPLENDOR INVESTMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
INDIGO STAR HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY SPLENDOR INVESTMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to (i) the Joint Announcement in relation to, among other things, the Offer; and (ii) the Completion Announcement.

On 26 January 2024, after the trading hours, the Offeror, the Vendor, Mr. Goh, Astrum and Red Sun entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, an aggregate of 204,800,000 Sale Shares, representing 51.20% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement. The Consideration for the Sale Shares is HK\$13,312,000, which is equivalent to HK\$0.065 per Sale Share. Completion took place on 28 March 2024.

Immediately prior to the Completion, save for the Sale Shares held by the Vendor (which is presumed to be a party acting in concert with the Offeror under class (9) of the definition of “acting in concert” under the Takeovers Code until full repayment of the Promissory Note), the Offeror and parties acting in concert with it are not interested in any Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Upon Completion, the Offeror and parties acting in concert with it are interested in a total of 204,800,000 Shares, representing approximately 51.20% of the total issued share capital of the Company.

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

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offer, information on the Offeror and the intention of the Offeror regarding the Group following the close of the Offer. The terms and procedures of acceptance of the Offer is set out in this letter, Appendix I to this Composite Document, and the accompanying Form of Acceptance.

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

THE OFFER

(1) Principal terms of the Offer

Astrum and Red Sun (being the Joint Financial Advisers), on behalf of the Offeror, are making the Offer to acquire all the Offer Shares in compliance with the Takeovers Code and on the terms to be set out in this Composite Document issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.065 in cash

The Offer Price of HK\$0.065 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

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 free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company did not have any declared and unpaid dividend and did not have any intention to make, declare or pay any future dividend or make other distributions or any return of capital until the close of the Offer.

Comparisons of value

The Offer Price of HK\$0.065 per Offer Share represents:

- (i) a discount of approximately 3.0% to the closing price of HK\$0.0670 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 11.7% to the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the Last Trading Day;
- (iii) a discount of approximately 10.6% to the average closing price of HK\$0.0727 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to but excluding the Last Trading Day;
- (iv) a discount of approximately 59.6% to the closing price of HK\$0.1610 per Share as quoted on the Stock Exchange on the last trading day prior to the date of publication of the Rule 3.7 Announcement (i.e. 12 October 2023);
- (v) a premium of approximately 12.1% over the lowest trading price (instead of the closing price per Share) of HK\$0.0580 per Share on the Stock Exchange during the twelve-month period preceding the Last Trading Day;
- (vi) a discount of approximately 27.8% to the closing price of HK\$0.0900 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a discount of approximately 69.1% to the audited consolidated net asset value of approximately HK\$0.2104 per Share as at 31 December 2023 (based on (a) the Group's audited consolidated net assets value of approximately HK\$84,169,000 (equivalent to approximately S\$14,388,000) as at 31 December 2023; and (b) a total of 400,000,000 issued Shares as at 31 December 2023); and

(viii) a discount of approximately 73.6% to the adjusted audited consolidated net asset value of approximately HK\$0.2460 per Share as at 31 December 2023, the calculation of which is set out under the paragraph headed “1. FINANCIAL SUMMARY OF THE GROUP” on pages II-2 and II-3 in Appendix II to this Composite Document.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares was HK\$0.202 per Share as quoted on the Stock Exchange on 13 April 2023 and the lowest closing price of the Shares was HK\$0.063 per Share as quoted on the Stock Exchange on 22 February 2024.

(2) Value of the Offer

As at the Latest Practicable Date, the number of Shares subject to the Offer is 195,200,000 (representing the Shares not already owned or agreed to be acquired by the Offeror). Based on the Offer Price of HK\$0.065 per Offer Share for 195,200,000 Offer Shares, the Offer is valued at HK\$12,688,000, assuming that there will be no change in the share capital of the Company before the close of the Offer.

(3) Confirmation of financial resources

The Offeror intends to finance and satisfy the consideration payable under the Offer by the Loan Facilities in the aggregate amount of up to HK\$12,688,000 granted by the Lenders.

The Loan Facilities are secured by, among others, the share charges of (i) the Pledged Shares (i.e. all the Sale Shares held by the Offeror upon Completion and all the Offer Shares to be acquired and owned by the Offeror under the Offer); and (ii) the entire issued share capital of the Offeror to be given by Mr. Chan in favour of the Lenders.

The Offeror confirms that the payment of interest on, and the repayment of, the Loan Facilities will not depend on any significant extent on the business of the Company.

Astrum and Red Sun, being the Joint Financial Advisers to the Offeror in respect of the Offer, are satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptances of the Offer.

(4) Effect of accepting the Offer

The Offer is made on the basis that valid acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that the Offer Shares sold by such person under the Offer are free from all Encumbrances and together with all rights attaching thereto, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distribution.

(5) Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, no later than seven (7) Business Days after the date 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 in accordance with Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

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

(6) Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(7) Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Astrum, Red Sun, Nuada, and their respective ultimate beneficial owners, directors, officers, 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.

(8) Overseas Shareholders

As at the Latest Practicable Date, the Company confirmed that there was no Shareholder with a registered address situated outside Hong Kong, but it does not exclude the possibility that there may be Shareholders in an overseas jurisdiction during the period when the Offer is made.

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are in overseas jurisdiction(s).

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such person to the Offeror that all applicable local laws and requirements have been complied with and that the Offer can be accepted by such Overseas Shareholder lawfully under the laws of the relevant jurisdiction. Overseas Shareholders should consult their professional advisers if in doubt.

INFORMATION ON THE OFFEROR AND MR. CHAN

The Offeror is a company incorporated in Hong Kong with limited liability. The Offeror was incorporated on 2 May 2018 and has not engaged in any business activities save and except the entering into of the Sale and Purchase Agreement. As at the Latest Practicable Date, the entire issued share capital of the Offeror is beneficially and wholly owned by Mr. Chan and Mr. Chan is the sole director of the Offeror.

Mr. Chan, aged 62, has worked for the Customs and Excise Department of Hong Kong SAR Government (“CED”) for over 33 years (1983-2017) and possessed high quality professional and managerial skills (including but not limited to general cargoes examination, passengers processing at entry points, anti-smuggling, combats intellectual property right infringements and investigations). During his service with the CED, Mr. Chan received several individual awards which praised his working attitude and professional achievements, and gave recognition to his outstanding performance and contribution to Hong Kong. Mr. Chan has also served as the committee member, vice-chairman, chairman (1993-2017) and honorable consultant (2017-2024) of the H.K. Customs Officers – Union. In addition, Mr. Chan was the director and vice general manager of China Global Financial Technology Limited (the principal activities of which include the provision of cross-boundary settlement and remittance services) from 2018 to 2021 and was responsible for the development of the financial technology business. Mr. Chan has no relevant experience in the principal business of the Group, being the provision of reinforced concrete works including steel reinforcement works, formwork erection, concrete works, trading in ceramic tiles and as contractors for building related to ceramic tiles in Singapore.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

It is the intention of the Offeror that the existing business of the Group shall continue unaffected by the Offer, with no major changes planned after the close of the Offer. The Group will remain in the construction industry in Singapore, and will continue to identify main contractor works and subcontracting works to capture more potential business opportunities in Singapore. As at the Latest Practicable Date, save for the proposed change(s) to the composition of the Board as mentioned below, the Offeror has no intention to discontinue the employment of any employees of the Group and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any existing business or assets of the Group.

The Offeror will, following the close of the Offer, conduct a review of the operations of the Group in order to formulate a long-term strategy for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base. Subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. As at the Latest Practicable Date, the Offeror had not identified any such investment or business opportunities.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of six Directors, comprising three executive Directors, namely, Mr. Goh, Ms. Tan and Mr. Ng Sai Cheong (“Mr. Ng”) and three independent non-executive Directors, namely, Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Khu Chee Hua.

It is intended that Mr. Ng and all independent non-executive Directors will resign from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the close of the Offer).

The Offeror has nominated Dato’ Koh Yee Keng, Mr. Chan Francis Ping Kuen, and Mr. Clay Huen as the new independent non-executive Directors of the Board. Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules. The biographies of the new Directors to be nominated are set out below:

Dato’ KOH Yee Keng

Dato’ Koh Yee Keng (“Dato’ Koh”), aged 41, has about 20 years of experience in the business of wholesale and retail. Dato’ Koh was the group managing director of 98 Group Leisure Sdn Bhd. He is Darjah Sultan Ahmad Shah Pahang (D.S.A.P) in Malaysia, the Honourable Advisor for Johor Old Temple Association in Malaysia and the Honourable Advisor to Teochew Eight District Association Johor Bahru Johor Malaysia.

Mr. CHAN Francis Ping Kuen

Mr. Chan Francis Ping Kuen (“Mr. Francis Chan”), aged 65, has over 30 years of experience in auditing, accounting and financial management. Mr. Francis Chan has held senior finance positions in a number of listed companies and multinational corporations. He was also the director of an investment and business consultancy firm and has extensive experience in corporate finance and investment in the PRC and Hong Kong. He also possesses substantial working experience in public accountancy practice with an international accounting firm. Mr. Francis Chan holds a bachelor’s degree in economics from the University of Sydney in Australia. He is a member of the Chartered Accountants Australia and New Zealand and the Hong Kong Institute of Certified Public Accountants. Mr. Francis Chan is currently an executive director of Carrianna Group Holdings Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 126), and an independent non-executive director of Ev Dynamics (Holdings) Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 476).

Mr. Clay HUEN

Mr. Clay Huen (“Mr. Huen”), aged 52, obtained his bachelor’s degree of environmental science and master’s degree in environmental management from The University of Hong Kong in 1995 and 1998 respectively. He subsequently obtained a Postgraduate Certificate in Laws from City University of Hong Kong in 2007 and was admitted as a barrister in Hong Kong in 2009.

From 1995 to 2009, Mr. Huen acted as project consultant for several companies in Hong Kong, the PRC, the United Kingdom and Africa. After being admitted as a barrister in Hong Kong, Mr. Huen has served at Million Hope Industries Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1897), MOS House Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1653) and Innovax Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2680) as their legal counsel as to certain aspects of Hong Kong laws, and providing legal advices in initial public offering projects. In addition, Mr. Huen was a part-time lecturer at The Hong Kong University of Science and Technology from 2011 to 2017. Mr. Huen is currently practising as a barrister at Capital Chambers.

Mr. Huen was appointed as an independent non-executive director of China Oil Gangran Energy Group Holdings Limited ("**China Oil**") (currently known as Century Energy International Holdings Limited), the shares of which are listed on GEM (stock code: 8132) from May 2019 to December 2019. This appointment served to strengthen the internal control and corporate governance of China Oil subsequent to a petition filed in the High Court of Hong Kong (the "**Hong Kong High Court**") under Companies Winding-up Proceedings No.120 of 2019 against China Oil in April 2019 (the "**Hong Kong Petition**") by Glory Sun Securities Limited (the "**Hong Kong Petitioner**") on the ground that China Oil was insolvent and unable to pay its debt in the amount of HK\$23,654,900.30, plus further daily interest of HK\$20,726.03. As at the Latest Practicable Date, to the best knowledge, information and belief of Mr. Huen, the Hong Kong Petition was dismissed by the Hong Kong High Court at the hearing on 26 May 2021.

On 22 October 2019 (Cayman Islands time), in view that China Oil was unable to pay its debts when they fall due and it would be insolvent within the meaning of section 93 of the Companies Act, China Oil filed at the Grand Court of the Cayman Islands (the "**Grand Court**") a winding up petition (the "**Cayman Petition**") under section 94 of the Companies Act. China Oil received the sealed court orders dated 5 November 2019 and 4 December 2019 of the Grand Court in which it was ordered that, among other things, the proposed liquidators be appointed as the provisional liquidators of China Oil with the power to act jointly and severally; and the Grand Court would issue a letter of request to the Hong Kong High Court for its assistance in the provisional liquidation of China Oil. As at the Latest Practicable Date, to the best knowledge, information and belief of Mr. Huen, the Cayman Petition was withdrawn.

Mr. Huen resigned as the independent non-executive director of China Oil on 13 December 2019. Mr. Huen has also confirmed that (i) he was not involved in any day-to-day operation of China Oil during his period of directorship as an independent non-executive director; (ii) he was not involved in any circumstances or events which gave rise to the petitions for winding up of China Oil; and (iii) there was no wrongful act on his part leading to the winding up proceedings of China Oil. As at the Latest Practicable Date, Mr. Huen is not aware of any actual or potential claim that has been or will be made against him as a result of the winding up proceedings of China Oil.

Mr. Huen was appointed as an independent non-executive director of Gold Finance Holdings Limited, the shares of which were previously listed on the Main Board of the Stock Exchange (stock code: 1462) and was delisted on 16 March 2021, from November 2020 to March 2021. Mr. Huen was appointed as the independent non-executive Director of the Company from 23 April 2020 to 26 January 2022.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUES OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the GEM after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Company's total number of issued Shares, are held by the public, or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the close of the Offer, there will be not less than 25% of the Company's total number of issued Shares held by the public. Pursuant to Rule 19.81(3) of the GEM Listing Rules, the sole director of the Offeror, the new directors to be nominated by the Offeror and appointed to the Board and the Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Shares.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after the close of the Offer.

GENERAL

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the registers of the members of the Company and in the case of joint holders, to such holder whose name appears first in the relevant register. The Offeror and parties acting in concert with it, the Company, Astrum, Red Sun, Nuada and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.



19 April 2024

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED AND
RED SUN CAPITAL LIMITED
FOR AND ON BEHALF OF
SPLENDOR INVESTMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
INDIGO STAR HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY SPLENDOR INVESTMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to (i) the Joint Announcement in relation to, among other things, the Offer; and (ii) the Completion Announcement.

On 26 January 2024, after the trading hours, the Offeror, the Vendor, Mr. Goh, Astrum and Red Sun entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, an aggregate of 204,800,000 Sale Shares, representing 51.20% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement. The Consideration for the Sale Shares is HK\$13,312,000, which is equivalent to HK\$0.065 per Sale Share. Completion took place on 28 March 2024.

Immediately prior to the Completion, save for the Sale Shares held by the Vendor (which is presumed to be a party acting in concert with the Offeror under class (9) of the definition of “acting in concert” under the Takeovers Code until full repayment of the Promissory Note), the Offeror and parties acting in concert with it are not interested in any Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Upon Completion, the Offeror and parties acting in concert with it are interested in a total of 204,800,000 Shares, representing approximately 51.20% of the total issued share capital of the Company.

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

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offer, information on the Offeror and the intention of the Offeror regarding the Group following the close of the Offer. The terms and procedures of acceptance of the Offer is set out in this letter, Appendix I to this Composite Document, and the accompanying Form of Acceptance.

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

THE OFFER

(1) Principal terms of the Offer

Astrum and Red Sun (being the Joint Financial Advisers), on behalf of the Offeror, are making the Offer to acquire all the Offer Shares in compliance with the Takeovers Code and on the terms to be set out in this Composite Document issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.065 in cash

The Offer Price of HK\$0.065 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

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 free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company did not have any declared and unpaid dividend and did not have any intention to make, declare or pay any future dividend or make other distributions or any return of capital until the close of the Offer.

Comparisons of value

The Offer Price of HK\$0.065 per Offer Share represents:

- (i) a discount of approximately 3.0% to the closing price of HK\$0.0670 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 11.7% to the average closing price of HK\$0.0736 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the Last Trading Day;
- (iii) a discount of approximately 10.6% to the average closing price of HK\$0.0727 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to but excluding the Last Trading Day;
- (iv) a discount of approximately 59.6% to the closing price of HK\$0.1610 per Share as quoted on the Stock Exchange on the last trading day prior to the date of publication of the Rule 3.7 Announcement (i.e. 12 October 2023);
- (v) a premium of approximately 12.1% over the lowest trading price (instead of the closing price per Share) of HK\$0.0580 per Share on the Stock Exchange during the twelve-month period preceding the Last Trading Day;
- (vi) a discount of approximately 27.8% to the closing price of HK\$0.0900 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a discount of approximately 69.1% to the audited consolidated net asset value of approximately HK\$0.2104 per Share as at 31 December 2023 (based on (a) the Group's audited consolidated net assets value of approximately HK\$84,169,000 (equivalent to approximately S\$14,388,000) as at 31 December 2023; and (b) a total of 400,000,000 issued Shares as at 31 December 2023); and

(viii) a discount of approximately 73.6% to the adjusted audited consolidated net asset value of approximately HK\$0.2460 per Share as at 31 December 2023, the calculation of which is set out under the paragraph headed “1. FINANCIAL SUMMARY OF THE GROUP” on pages II-2 and II-3 in Appendix II to this Composite Document.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares was HK\$0.202 per Share as quoted on the Stock Exchange on 13 April 2023 and the lowest closing price of the Shares was HK\$0.063 per Share as quoted on the Stock Exchange on 22 February 2024.

(2) Value of the Offer

As at the Latest Practicable Date, the number of Shares subject to the Offer is 195,200,000 (representing the Shares not already owned or agreed to be acquired by the Offeror). Based on the Offer Price of HK\$0.065 per Offer Share for 195,200,000 Offer Shares, the Offer is valued at HK\$12,688,000, assuming that there will be no change in the share capital of the Company before the close of the Offer.

(3) Confirmation of financial resources

The Offeror intends to finance and satisfy the consideration payable under the Offer by the Loan Facilities in the aggregate amount of up to HK\$12,688,000 granted by the Lenders.

The Loan Facilities are secured by, among others, the share charges of (i) the Pledged Shares (i.e. all the Sale Shares held by the Offeror upon Completion and all the Offer Shares to be acquired and owned by the Offeror under the Offer); and (ii) the entire issued share capital of the Offeror to be given by Mr. Chan in favour of the Lenders.

The Offeror confirms that the payment of interest on, and the repayment of, the Loan Facilities will not depend on any significant extent on the business of the Company.

Astrum and Red Sun, being the Joint Financial Advisers to the Offeror in respect of the Offer, are satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptances of the Offer.

(4) Effect of accepting the Offer

The Offer is made on the basis that valid acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that the Offer Shares sold by such person under the Offer are free from all Encumbrances and together with all rights attaching thereto, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distribution.

(5) Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, no later than seven (7) Business Days after the date 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 in accordance with Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

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

(6) Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(7) Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Astrum, Red Sun, Nuada, and their respective ultimate beneficial owners, directors, officers, 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.

(8) Overseas Shareholders

As at the Latest Practicable Date, the Company confirmed that there was no Shareholder with a registered address situated outside Hong Kong, but it does not exclude the possibility that there may be Shareholders in an overseas jurisdiction during the period when the Offer is made.

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are in overseas jurisdiction(s).

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such person to the Offeror that all applicable local laws and requirements have been complied with and that the Offer can be accepted by such Overseas Shareholder lawfully under the laws of the relevant jurisdiction. Overseas Shareholders should consult their professional advisers if in doubt.

INFORMATION ON THE OFFEROR AND MR. CHAN

The Offeror is a company incorporated in Hong Kong with limited liability. The Offeror was incorporated on 2 May 2018 and has not engaged in any business activities save and except the entering into of the Sale and Purchase Agreement. As at the Latest Practicable Date, the entire issued share capital of the Offeror is beneficially and wholly owned by Mr. Chan and Mr. Chan is the sole director of the Offeror.

Mr. Chan, aged 62, has worked for the Customs and Excise Department of Hong Kong SAR Government (“CED”) for over 33 years (1983-2017) and possessed high quality professional and managerial skills (including but not limited to general cargoes examination, passengers processing at entry points, anti-smuggling, combats intellectual property right infringements and investigations). During his service with the CED, Mr. Chan received several individual awards which praised his working attitude and professional achievements, and gave recognition to his outstanding performance and contribution to Hong Kong. Mr. Chan has also served as the committee member, vice-chairman, chairman (1993-2017) and honorable consultant (2017-2024) of the H.K. Customs Officers – Union. In addition, Mr. Chan was the director and vice general manager of China Global Financial Technology Limited (the principal activities of which include the provision of cross-boundary settlement and remittance services) from 2018 to 2021 and was responsible for the development of the financial technology business. Mr. Chan has no relevant experience in the principal business of the Group, being the provision of reinforced concrete works including steel reinforcement works, formwork erection, concrete works, trading in ceramic tiles and as contractors for building related to ceramic tiles in Singapore.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

It is the intention of the Offeror that the existing business of the Group shall continue unaffected by the Offer, with no major changes planned after the close of the Offer. The Group will remain in the construction industry in Singapore, and will continue to identify main contractor works and subcontracting works to capture more potential business opportunities in Singapore. As at the Latest Practicable Date, save for the proposed change(s) to the composition of the Board as mentioned below, the Offeror has no intention to discontinue the employment of any employees of the Group and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any existing business or assets of the Group.

The Offeror will, following the close of the Offer, conduct a review of the operations of the Group in order to formulate a long-term strategy for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base. Subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. As at the Latest Practicable Date, the Offeror had not identified any such investment or business opportunities.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of six Directors, comprising three executive Directors, namely, Mr. Goh, Ms. Tan and Mr. Ng Sai Cheong (“**Mr. Ng**”) and three independent non-executive Directors, namely, Mr. Ma Yiu Ho Peter, Mr. Yip Ki Chi Luke and Mr. Khu Chee Hua.

It is intended that Mr. Ng and all independent non-executive Directors will resign from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the close of the Offer).

The Offeror has nominated Dato’ Koh Yee Keng, Mr. Chan Francis Ping Kuen, and Mr. Clay Huen as the new independent non-executive Directors of the Board. Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules. The biographies of the new Directors to be nominated are set out below:

Dato’ KOH Yee Keng

Dato’ Koh Yee Keng (“**Dato’ Koh**”), aged 41, has about 20 years of experience in the business of wholesale and retail. Dato’ Koh was the group managing director of 98 Group Leisure Sdn Bhd. He is Darjah Sultan Ahmad Shah Pahang (D.S.A.P) in Malaysia, the Honourable Advisor for Johor Old Temple Association in Malaysia and the Honourable Advisor to Teochew Eight District Association Johor Bahru Johor Malaysia.

Mr. CHAN Francis Ping Kuen

Mr. Chan Francis Ping Kuen (“**Mr. Francis Chan**”), aged 65, has over 30 years of experience in auditing, accounting and financial management. Mr. Francis Chan has held senior finance positions in a number of listed companies and multinational corporations. He was also the director of an investment and business consultancy firm and has extensive experience in corporate finance and investment in the PRC and Hong Kong. He also possesses substantial working experience in public accountancy practice with an international accounting firm. Mr. Francis Chan holds a bachelor’s degree in economics from the University of Sydney in Australia. He is a member of the Chartered Accountants Australia and New Zealand and the Hong Kong Institute of Certified Public Accountants. Mr. Francis Chan is currently an executive director of Carrianna Group Holdings Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 126), and an independent non-executive director of Ev Dynamics (Holdings) Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 476).

Mr. Clay HUEN

Mr. Clay Huen (“**Mr. Huen**”), aged 52, obtained his bachelor’s degree of environmental science and master’s degree in environmental management from The University of Hong Kong in 1995 and 1998 respectively. He subsequently obtained a Postgraduate Certificate in Laws from City University of Hong Kong in 2007 and was admitted as a barrister in Hong Kong in 2009.

From 1995 to 2009, Mr. Huen acted as project consultant for several companies in Hong Kong, the PRC, the United Kingdom and Africa. After being admitted as a barrister in Hong Kong, Mr. Huen has served at Million Hope Industries Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1897), MOS House Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1653) and Innovax Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2680) as their legal counsel as to certain aspects of Hong Kong laws, and providing legal advices in initial public offering projects. In addition, Mr. Huen was a part-time lecturer at The Hong Kong University of Science and Technology from 2011 to 2017. Mr. Huen is currently practising as a barrister at Capital Chambers.

Mr. Huen was appointed as an independent non-executive director of China Oil Gangran Energy Group Holdings Limited (“**China Oil**”) (currently known as Century Energy International Holdings Limited), the shares of which are listed on GEM (stock code: 8132) from May 2019 to December 2019. This appointment served to strengthen the internal control and corporate governance of China Oil subsequent to a petition filed in the High Court of Hong Kong (the “**Hong Kong High Court**”) under Companies Winding-up Proceedings No.120 of 2019 against China Oil in April 2019 (the “**Hong Kong Petition**”) by Glory Sun Securities Limited (the “**Hong Kong Petitioner**”) on the ground that China Oil was insolvent and unable to pay its debt in the amount of HK\$23,654,900.30, plus further daily interest of HK\$20,726.03. As at the Latest Practicable Date, to the best knowledge, information and belief of Mr. Huen, the Hong Kong Petition was dismissed by the Hong Kong High Court at the hearing on 26 May 2021.

On 22 October 2019 (Cayman Islands time), in view that China Oil was unable to pay its debts when they fall due and it would be insolvent within the meaning of section 93 of the Companies Act, China Oil filed at the Grand Court of the Cayman Islands (the “**Grand Court**”) a winding up petition (the “**Cayman Petition**”) under section 94 of the Companies Act. China Oil received the sealed court orders dated 5 November 2019 and 4 December 2019 of the Grand Court in which it was ordered that, among other things, the proposed liquidators be appointed as the provisional liquidators of China Oil with the power to act jointly and severally; and the Grand Court would issue a letter of request to the Hong Kong High Court for its assistance in the provisional liquidation of China Oil. As at the Latest Practicable Date, to the best knowledge, information and belief of Mr. Huen, the Cayman Petition was withdrawn.

Mr. Huen resigned as the independent non-executive director of China Oil on 13 December 2019. Mr. Huen has also confirmed that (i) he was not involved in any day-to-day operation of China Oil during his period of directorship as an independent non-executive director; (ii) he was not involved in any circumstances or events which gave rise to the petitions for winding up of China Oil; and (iii) there was no wrongful act on his part leading to the winding up proceedings of China Oil. As at the Latest Practicable Date, Mr. Huen is not aware of any actual or potential claim that has been or will be made against him as a result of the winding up proceedings of China Oil.

Mr. Huen was appointed as an independent non-executive director of Gold Finance Holdings Limited, the shares of which were previously listed on the Main Board of the Stock Exchange (stock code: 1462) and was delisted on 16 March 2021, from November 2020 to March 2021. Mr. Huen was appointed as the independent non-executive Director of the Company from 23 April 2020 to 26 January 2022.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUES OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the GEM after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Company's total number of issued Shares, are held by the public, or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the close of the Offer, there will be not less than 25% of the Company's total number of issued Shares held by the public. Pursuant to Rule 19.81(3) of the GEM Listing Rules, the sole director of the Offeror, the new directors to be nominated by the Offeror and appointed to the Board and the Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Shares.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after the close of the Offer.

GENERAL

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the registers of the members of the Company and in the case of joint holders, to such holder whose name appears first in the relevant register. The Offeror and parties acting in concert with it, the Company, Astrum, Red Sun, Nuada and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document, before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited


Hui Wai Kwan
Managing Director

Yours faithfully,
For and on behalf of
Red Sun Capital Limited

Robert Siu
Managing Director


ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document, before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited

Hidulf Kwan
Managing Director

Yours faithfully,
For and on behalf of
Red Sun Capital Limited



Robert Siu
Managing Director