
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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

Eagle Fortitude Limited
鷹毅有限公司
(Incorporated in the British Virgin Islands
with limited liability)

HKE Holdings Limited
(Incorporated in the Cayman Islands
with limited liability)
(Stock Code: 1726)

**COMPOSITE DOCUMENT
RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY
ARISTO SECURITIES LIMITED
FOR AND ON BEHALF OF
EAGLE FORTITUDE LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
HKE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE
ACQUIRED BY EAGLE FORTITUDE LIMITED AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**

SUNWAH KINGSWAY
新華滙富

Capitalised terms used in this cover page shall have the same meanings as those defined in this Composite Document.

A letter from Aristo Securities containing, among other things, principal terms of the Offer is set out on pages 8 to 15 of this Composite Document. A letter from the Board is set out on pages 16 to 20 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 21 to 22 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 23 to 42 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(s) of Acceptance. Form(s) of Acceptance should be received by the Registrar as soon as possible and in any event not later than 4:00 p.m. on Wednesday, 28 August 2019 (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).

7 August 2019

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EXPECTED TIMETABLE

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

2019

Despatch date of this Composite Document and
the accompanying Form(s) of Acceptance and
commencement date of the Offer (*Note 1*) Wednesday, 7 August

Latest time and date for acceptance of
the Offer (*Note 2*) 4:00 p.m. on Wednesday, 28 August

Closing Date (*Note 2*) Wednesday, 28 August

Announcement of the results of the Offer,
to be posted on the website of
the Stock Exchange (*Note 2*) No later than 7:00 p.m.
on Wednesday, 28 August

Latest date for posting of remittances in respect of
valid acceptances received under the Offer (*Note 3*) Friday, 6 September

Notes:

- (1) The Offer, which is unconditional in all respect, 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 remain 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 will be at 4:00 p.m. on Wednesday, 28 August 2019 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company by no later than 7:00 p.m. on Wednesday, 28 August 2019 stating whether the Offer has been extended, revised or has expired. In the event that the Offeror decides to revise or extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
- (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 Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within 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.
- (4) If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day;

EXPECTED TIMETABLE

- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

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

All references to dates and times contained in this Composite Document and the accompanying Form(s) of Acceptance refer to Hong Kong dates and times.

DEFINITIONS

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

“Acquisition”	the purchase of the Sale Shares by the Offeror from the Vendor in accordance with the terms and conditions of the Share Purchase Agreement
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Akron”	Akron Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, the financial adviser to the Offeror
“Aristo Securities”	Aristo Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO, the agent making the Offer on behalf of the Offeror
“associates”	has the meaning ascribed to it under the Takeovers Code
“Board”	Board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	28 August 2019, the closing date of the Offer, or if the Offer is extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive, in accordance with the Takeovers Code
“Company”	HKE Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose ordinary shares are listed on the Main Board of the Stock Exchange (stock code: 1726)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Share Purchase Agreement

DEFINITIONS

“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form(s) of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Form(s) of Acceptance”	the form(s) of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company together with its subsidiaries
“Guarantors”	being Mr. Ang Kong Meng, Mr. Koh Lee Huat and Mr. Ryan Ong Wei Liang Mr. Ang Kong Meng is the chairman of the Board and a non-executive Director. Mr. Koh Lee Huat is the Chief Executive Officer and an executive Director. Mr. Ryan Ong Wei Liang is an executive Director. Each of them is a shareholder of the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the non-executive Directors (but excluding Mr. Ang Kong Meng) who have no direct or indirect interest in the Offer, established for the purpose of advising the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer

DEFINITIONS

“Independent Financial Adviser” or “Kingsway”	Kingsway 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, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee in respect of the terms of the Offer and as to the acceptance of the Offer
“Independent Shareholder(s)”	holder(s) of Share(s), other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 17 July 2019 in relation to, among others, the Acquisition and the Offer
“Last Trading Day”	15 July 2019, being the last trading day immediately prior to the suspension of trading in the Shares pending the release of the Joint Announcement
“Latest Practicable Date”	2 August 2019, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory unconditional cash offer made by Aristo Securities, on behalf of the Offeror, to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it subject to the conditions summarised in this Composite Document and in accordance with the Takeovers Code
“Offeror”	Eagle Fortitude Limited (鷹毅有限公司), a company incorporated in the BVI with limited liability, being the purchaser under the Share Purchase Agreement. Mr. Chen Xiao'er is the sole ultimate beneficial shareholder of the Offeror
“Offer Period”	the period from 17 July 2019, being the date of the Joint Announcement 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 Shares”	any of the 200,000,000 Shares that are subject to the Offer
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company is/are outside Hong Kong

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar and transfer office at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong
“Relevant Period”	the period commencing on 17 January 2019, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sale Shares”	600,000,000 Shares agreed to be sold by the Vendor and agreed to be acquired by the Offeror pursuant to the terms and conditions of the Share Purchase Agreement, representing 75% of the entire issued share capital of the Company as at the date of the Joint Announcement
“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 share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Purchase Agreement”	the conditional agreement for the sale and purchase of the Sale Shares dated 15 July 2019 and entered into among the Vendor, the Guarantors and the Offeror in relation to the sale and purchase of the Sale Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Skylight Illumination Limited, a company incorporated in the BVI with liability limited by shares and which is beneficially owned as to 51% by Mr. Ang Kong Meng, 34% by Mr. Ryan Ong Wei Liang and 15% by Mr. Koh Lee Huat (all of whom are Directors)
“%”	per cent.

Unless stated otherwise, in this Composite Document, amounts denominated in S\$ have been translated into HK\$ at the exchange rate of HK\$1.00 to S\$0.17. No representation is made that the HK\$ amounts could have been or could be converted into S\$ at such rate or any other rate or at all. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.



雅利多證券
ARISTO SECURITIES LIMITED

To the Independent Shareholders

7 August 2019

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ARISTO SECURITIES LIMITED
FOR AND ON BEHALF OF
EAGLE FORTITUDE LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
HKE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE
ACQUIRED BY EAGLE FORTITUDE LIMITED AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 17 July 2019, the Offeror and the Company jointly announced that on 15 July 2019 (after trading hours), the Vendor, the Guarantors and the Offeror entered into the Share Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 600,000,000 Shares, representing 75% of the total issued share capital of the Company as at the date of the Joint Announcement, for a total cash consideration of HK\$288,000,000 (being HK\$0.48 per Sale Share).

Immediately after Completion which took place on 22 July 2019 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own in aggregate 600,000,000 Shares, representing 75% of the total issued share capital of the Company. The Offeror will therefore upon Completion be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it.

This letter sets out, among other things, principal terms of the Offer, together with 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(s) of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders and the "Letter from the Independent Financial Adviser" to the Independent Board Committee as contained in this Composite Document.

LETTER FROM ARISTO SECURITIES

THE OFFER

Principal terms of the Offer

We are making the Offer for and on behalf of the Offeror, to acquire the Offer Shares on the following basis:

For each Offer Share HK\$0.48 in cash

The price of HK\$0.48 for each Offer Share is the same as the price paid for each Sale Share by the Offeror to the Vendor pursuant to the Share Purchase Agreement.

As at the Latest Practicable Date, there are 800,000,000 Shares in issue and the Company does not have any outstanding options, warrants or derivatives or securities convertible into Shares.

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

Offer Price

The offer price of the Offer of HK\$0.48 per Offer Share represents:

- (i) the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 4.35% over the average closing price of approximately HK\$0.46 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 6.67% over the average closing price of approximately HK\$0.45 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 6.67% over the average closing price of approximately HK\$0.45 per Share as quoted on the Stock Exchange for the 30 consecutive trading days prior to and including the Last Trading Day;
- (v) a premium of approximately 140% over the Group's unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$0.20 as at 31 December 2018 (based on a total of 800,000,000 Shares as at the Latest Practicable Date and the Group's unaudited consolidated net asset value attributable to the Shareholders of approximately S\$27,078,266 (equivalent to approximately HK\$159,283,918) as at 31 December 2018)); and
- (vi) a discount of approximately 7.69% to the closing price of HK\$0.52 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM ARISTO SECURITIES

Highest and lowest Share Prices

The highest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.52 per Share on 2 August 2019.

The lowest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.30 per Share on 23 January 2019 and 8 March 2019.

Total Consideration for the Offer Shares

Assuming that there is no change in the issued share capital of the Company and based on the offer price of HK\$0.48 per Offer Share, the total issued share capital of the Company is valued at HK\$384,000,000. The Offer will be made to the Independent Shareholders. As the Offeror and parties acting in concert with it hold in aggregate 600,000,000 Shares immediately after Completion, 200,000,000 Shares will be subject to the Offer. Based on the offer price of HK\$0.48 per Offer Share, the consideration of the Offer would be HK\$96,000,000. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrance and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made.

Financial resources available for the Offer

The maximum amount of cash payable by the Offeror in respect of acceptances of the Offer is approximately HK\$96,000,000, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer. The Offeror intends to finance the cash payable by the Offeror in respect of the Offer by its internal resources.

Akron, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptance of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all the Offer Shares sold by such person under the Offer are free from all encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions 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 will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Independent Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code, details of which are set out in paragraph 4 headed "Right of Withdrawal" in Appendix I to this Composite Document.

LETTER FROM ARISTO SECURITIES

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible within seven Business Days following the date of receipt of a duly completed acceptance. Relevant documents evidencing title must be received by the Registrar to render such acceptance of the Offer complete and valid.

Hong Kong Stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Independent Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the sellers' 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 acceptance of the Offer and the transfer of the Offer Shares.

Overseas Shareholders

As the Offer to persons not being resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. 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 consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

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

LETTER FROM ARISTO SECURITIES

Taxation advice

The 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, the Vendor, the Guarantors and their respective ultimate beneficial owners, directors, 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.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued shares have been listed on Main Board of the Stock Exchange since 18 April 2018. The Group is a Singapore-based contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. The Group mainly provides integrated design and building services for hospitals and clinics in Singapore. To a lesser extent, the Group is also engaged in providing maintenance and other services, as well as sales of tools and materials.

Your attention is also drawn to the information on the Group set out in the section headed “Information on the Group” in the “Letter from the Board” and Appendix III as contained in this Composite Document.

INFORMATION ON THE OFFEROR

Eagle Fortitude Limited is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the date of the Latest Practicable Date, save for entering into of the Share Purchase Agreement, the Offeror did not engage in any other business activities.

As at the Latest Practicable Date, Mr. Chen Xiao'er (“**Mr. Chen**”), aged 37, is the sole ultimate beneficial owner and the sole director of the Offeror. Mr. Chen has extensive experience in investing and managing companies. He is currently the chairman and a shareholder of 九璽雲(重慶)融資租賃有限公司 (Jiuxiyun (Chongqing) Financial Leasing Co., Limited*), which is engaged in the business of financial leasing in the PRC. He is also the chairman of 重慶坤基房地產開發有限公司 (Chongqing Kunji Real Estate Development Limited*) (“**Chongqing Kunji**”), which is engaged in the business of property development in the PRC. Mr. Chen does not have experience in business which is exactly identical to the Group’s business. However, Mr. Chen has experience in managing the property development business of Chongqing Kunji, which involves design and building activities in its property development projects, and such activities are similar to the Group’s core business, which involves provision of integrated design and building services. Mr. Chen, in his capacity as an investor of the Group, intends to leverage on the expertise and experience of the management of the Group for operations of the Group.

* For identification purposes only

LETTER FROM ARISTO SECURITIES

Mr. Chen is experienced in investing bonds, equities, mutual funds and real estate internationally and he has invested in a medical equipment company with its headquarters in the United States of America.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

As at the Latest Practicable Date, the Offeror is the controlling shareholder of the Company and is interested in 75% of the issued share capital of the Company.

The Group is principally engaged in the provision of integrated design and building services in the medical and healthcare sectors with expertise in performing radiation shielding works. The Offeror is of the view that the Group is an attractive investment whose current businesses have established networks and reputation in the medical and healthcare sectors.

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate). The Offeror also intends to continue the existing principal business of the Group. However, the Offeror also intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group in addition to the market of Singapore.

Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror has no intention to make material changes to the employment of the employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate); (ii) the Offeror has no intention to dispose of or redeploy the assets of the Group other than those in its ordinary course of business; and (iii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

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

LETTER FROM ARISTO SECURITIES

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

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 issued Shares, are held by the public at all times, or if the Stock Exchange believes that:

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

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. The Offeror intends to maintain the listing of the Shares on the Stock Exchange. The sole director of the Offeror has undertaken, and the new Director(s) to be appointed to the Board as nominated by the Offeror, once appointed, will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. Each of the existing Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps while they remain on the Board to ensure that sufficient public float exists in the Shares after the close of the Offer. As at the Latest Practicable Date, no such measure has been in place. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise of any powers of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

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 ARISTO SECURITIES

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, or, in case of joint holders to the Independent Shareholder whose name appears first in the said register of members. None of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, Aristo Securities, the Independent Financial Adviser, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

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(s) of Acceptance, 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 of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,
For and on behalf of
Aristo Securities Limited
Mabel Wan
Director

LETTER FROM THE BOARD

HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1726)

Non-executive Director:

Mr. Ang Kong Meng

Executive Directors:

Mr. Koh Lee Huat

Mr. Ryan Ong Wei Liang

Independent non-executive Directors:

Mr. Siu Man Ho Simon

Mr. Cheung Kwok Yan Wilfred

Prof. Pong Kam Keung

Registered Office:

P.O. Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

Head Office and Principal Place of

Business in Hong Kong:

Suites 1801–3, 18th Floor

One Taikoo Place

Quarry Bay

979 King's Road

Hong Kong

7 August 2019

To the Independent Shareholders:

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ARISTO SECURITIES LIMITED FOR AND ON BEHALF OF EAGLE
FORTITUDE LIMITED TO ACQUIRE ALL THE
ISSUED SHARES OF HKE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY EAGLE FORTITUDE LIMITED
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to the Joint Announcement.

On 17 July 2019, the Offeror and the Company jointly announced that on 15 July 2019 (after trading hours), the Vendor, the Guarantors and the Offeror entered into the Share Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 600,000,000 Shares, representing 75% of the total issued share capital of the Company as at the date of the Joint Announcement, for a total cash consideration of HK\$288,000,000 (being HK\$0.48 per Sale Share). Save for the consideration paid by the Offeror to the Vendor under the Share Purchase Agreement, there is no other consideration, compensation or benefits in whatever form provided by the Offeror or parties acting in concert with it to the Vendor or parties acting in concert with it in respect of the Sale Shares.

LETTER FROM THE BOARD

Immediately after Completion which took place on 22 July 2019 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it will own in aggregate 600,000,000 Shares, representing 75% of the total issued share capital of the Company. The Offeror will therefore upon Completion be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

Further details of the Offer are set out in the “Letter from Aristo Securities” and Appendix I to this Composite Document of which this letter forms part, and in the accompanying Form(s) of Acceptance.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Offer, the recommendation of the Independent Board Committee to the Independent Shareholders and the “Letter from the Independent Financial Adviser” to the Independent Board Committee in relation to the Offer.

THE OFFER

As at the Latest Practicable Date, there were 800,000,000 Shares in issue.

There were no outstanding warrants, options, derivatives or securities convertible into Shares and the Company had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

Principal terms of the Offer

As disclosed in the “Letter from Aristo Securities” on pages 8 to 15 of this Composite Document, Aristo Securities is making the Offer for and on behalf of the Offeror to all the Independent Shareholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on the following basis:

For each Offer Share HK\$0.48 in cash

The price of HK\$0.48 for each Offer Share is the same as the price paid for each Sale Share by the Offeror to the Vendor pursuant to the Share Purchase Agreement.

The Shares to be acquired under the Offer shall be fully paid, free from all encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, i.e. the date of this Composite Document. The Offer is unconditional in all respects. Acceptance of the Offer tendered by the Independent Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code.

LETTER FROM THE BOARD

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

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued shares have been listed on Main Board of the Stock Exchange since 18 April 2018. The Group is a Singapore-based contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. The Group mainly provides integrated design and building services for hospitals and clinics in Singapore. To a lesser extent, the Group is also engaged in providing maintenance and other services, as well as sales of tools and materials.

The following table sets out the shareholding structure of the Company (a) as at the date of the Joint Announcement; and (b) immediately after the Completion and as at the Latest Practicable Date:

	As at the date of the Joint Announcement		Immediately after the Completion and before the Offer and as at the Latest Practicable Date	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
	Offeror and parties acting in concert with it	—	—	600,000,000
Vendor	600,000,000	75	—	—
Independent Shareholders	<u>200,000,000</u>	<u>25</u>	<u>200,000,000</u>	<u>25</u>
	<u>800,000,000</u>	<u>100.00</u>	<u>800,000,000</u>	<u>100.00</u>

FINANCIAL INFORMATION ON THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 30 June 2017 and 30 June 2018 and the unaudited consolidated financial results of the Group for the six months ended 31 December 2018, prepared in accordance with the relevant accounting principles and financial regulations applicable to the International Financial Reporting Standards:

	For the financial year ended		For the six months ended
	30 June 2017	30 June 2018	31 December 2018
	S\$	S\$	S\$
	(audited)	(audited)	(unaudited)
Revenue	14,937,418	13,928,620	5,583,189
Profits before tax	6,068,386	1,670,331	1,700,799
Profit for the year/period	5,150,622	878,056	1,396,896
Net assets	8,115,095	25,681,370	27,078,266

LETTER FROM THE BOARD

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraphs headed “Information on the Offeror” and “Intentions of the Offeror Regarding the Group” in the “Letter from Aristo Securities” as set out on pages 8 to 15 of this Composite Document. The Board is aware of the intentions of the Offeror regarding the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Independent Shareholders as a whole. The Board is aware that the Offeror intends to continue the existing principal business of the Group but will conduct a review to formulate a long-term business strategy for the Group. The Board is aware that the Offeror has no intention to make material changes to the employment of the employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules or the Takeovers Code or such later time as the Offeror considers to be appropriate) and has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. As at the Latest Practicable Date, the Offeror has not identified any candidates to be appointed as new director(s) to the Board.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

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 issued Shares, are held by the public at all times, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. The sole director of the Offeror has undertaken, and the new Directors to be appointed to the Board as nominated by the Offeror, once appointed, will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. Each of the existing Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps while they remain on the Board to ensure that sufficient public float exists in the Shares after the close of the Offer. The Offeror intends to maintain the listing of the Shares on the Stock Exchange.

LETTER FROM THE BOARD

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RECOMMENDATION

The Independent Board Committee, comprising all the independent non-executive Directors of the Company, namely, Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred, has been established to advise the Independent Shareholders as to whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance of the Offer.

The non-executive Director, Mr. Ang Kong Meng is a shareholder of the Vendor and considered to have a material interest in the Offer and therefore shall not form part of the Independent Board Committee. Kingsway, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

Your attention is drawn to the (i) “Letter from the Independent Board Committee” as set out on pages 21 to 22 of this Composite Document; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 23 to 42 of this Composite Document containing their respective advice and recommendation in respect of the Offer and principal factors considered by it in arriving at its recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendixes to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form(s) of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what actions 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 own professional advisers.

Yours faithfully,
On behalf of the Board of
HKE Holdings Limited
Koh Lee Huat
*Chief Executive Officer and
Executive Director*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer prepared for the purpose of inclusion in this Composite Document.

HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1726)

7 August 2019

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ARISTO SECURITIES LIMITED FOR AND ON BEHALF OF EAGLE
FORTITUDE LIMITED TO ACQUIRE ALL THE
ISSUED SHARES OF HKE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY EAGLE FORTITUDE LIMITED
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 7 August 2019 jointly issued by the Company and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in this Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. Independent Shareholders) as to whether or not the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and to make recommendation in respect of acceptance of the Offer. Kingsway has been appointed as the Independent Financial Adviser to make recommendation to us in respect of the terms of Offer and, in particular, whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from the Independent Financial Adviser” on pages 23 to 42 of this Composite Document.

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Aristo Securities” and the additional information set out in the appendixes to this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Taking into account the terms of the Offer and the independent advice and recommendations from the Independent Financial Adviser, we consider 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. Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” set out in this Composite Document.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the Offer Period. Should the market price of the Shares exceed the offer price during the Offer Period, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may wish to consider selling their Shares in the market instead of accepting the Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in this Composite Document and the accompanying Form(s) of Acceptance.

Yours faithfully,
For and on behalf of
the Independent Board Committee
HKE Holdings Limited

Mr. Siu Man Ho Simon, Prof. Pong Kam Keung, Mr. Cheung Kwok Yan Wilfred
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Kingsway to the Independent Board Committee and the Independent Shareholders in relation to the Offer, which has been prepared for the purpose of inclusion in this Composite Document.

SUNWAH KINGSWAY
新華滙富

Kingsway Capital Limited
7/F, Tower One, Lippo Centre,
89 Queensway,
Hong Kong

7 August 2019

*To the Independent Board Committee,
the Independent Shareholders of
HKE Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ARISTO SECURITIES LIMITED
FOR AND ON BEHALF OF EAGLE FORTITUDE LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
HKE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE
ACQUIRED BY EAGLE FORTITUDE LIMITED AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the independent board committee (the “**Independent Board Committee**”) of HKE Holdings Limited (the “**Company**”) and the Independent Shareholders in relation to the Offer, details of which are set out in this composite and response document to the shareholders of the Company of even date and of which this letter forms part (the “**Composite Document**”). This letter contains our advice to the Independent Board Committee and the Independent Shareholders as to whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

Reference are made to the Joint Announcements of the Company dated 17 July 2019 and 22 July 2019, on 15 July 2019 (after trading hours of the Stock Exchange), the Vendor, the Guarantors and the Offeror entered into the Share Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 600,000,000 Shares, representing 75% of the total issued share capital of the Company as at the date of the Joint Announcements, for a total cash consideration of HK\$288,000,000 (being HK\$0.48 per Sale Share). Completion of the Acquisition took place on 22 July 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own in aggregate 600,000,000 Shares, representing 75% of the total issued share capital of the Company. The Offeror will therefore be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it, being 200,000,000 Shares. The maximum amount of cash payable by the Offeror in respect of acceptances of the Offer is approximately HK\$96,000,000 (based on Offer price of HK\$0.48 per Offer Share), assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer.

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising the non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred, have been constituted to advise the Independent Shareholders as to 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. The non-executive Director, Mr. Ang Kong Meng is a shareholder of the Vendor and considered to have a material interest in the Offer and therefore shall not form part of the Independent Board Committee. We, Kingsway Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Our appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We have not acted as an Independent Financial Adviser and have not provided any other services to the Company during the past two years. We are independent from and not connected with the Company, the Offeror, or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or provided to us by the Company and management of the Group, which we have assumed to be true, accurate and complete. We have reviewed the published information of the Company, including but not limited to, the prospectus dated 28 March 2018, annual report for the year ended 30 June 2018 (the “**2018 Annual Report**”), the interim report for the six months ended 31 December 2018 (the “**2019 Interim Report**”), the information contained in the Composite Document and certain published information from the public domain. We have relied on the information and facts provided, and the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

opinions expressed, by the Directors and the management of the Group, which we have assumed to be true, accurate, complete and not misleading in all material aspects as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have sought and received confirmation from the Directors and the management of the Group that no material facts have been omitted from the information provided and opinions expressed by them to us. We consider that the information which we have received is sufficient for us to reach our opinion and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information provided.

The information contained in the Composite Document relating to the Offeror and its intention has been supplied by the Offeror. Mr. Chen, the ultimate beneficial owner and sole director of the Offeror, accepts full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Vendor and the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than the opinions expressed by the Guarantors and the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We have not considered the tax consequences on the Independent Shareholders in respect of their acceptance or non-acceptance of the Offer since they vary depending on respective individual circumstances. The Independent Shareholders should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

Prior to the Completion, the Offeror and parties acting in concert with it did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately after the Completion and up to the Latest Practicable Date, the Offeror and parties acting in concert with it hold in aggregate 600,000,000 Shares, representing 75% of the total issued share capital of the Company.

The Offeror will therefore upon Completion be required under Rule 26.1 of the Takeovers Code to make an Offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it. Save for the aforesaid, none of the Offeror and parties acting in concert with it owns, controls or has direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Company had 800,000,000 Shares in issue and there were no outstanding warrants, options, derivatives or securities convertible into Shares and the Company had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

Aristo Securities, is making the Offer for and on behalf of the Offeror to all the Independent Shareholders for all issued Shares (other than those already owned or to be acquired by the Offeror and parties acting in concert with it) (i.e. 200,000,000 Shares) on the terms set out in the Composite Document in accordance with Rule 26.1 of the Takeovers Code, on the following basis:

For each Offer Share HK\$0.48 in cash

The Offer Price is the same as the price paid by the Offeror (rounded up to the nearest cent) for each Sale Share pursuant to the Acquisition.

The Offer is unconditional in all respects and will be for all existing issued Shares but excluding the Sale Shares and any other Shares already owned by the Offeror and persons acting in concert with it.

Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all the Offer Shares sold by such person under the Offer are free from all encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

Acceptance of the Offer tendered by the Independent Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code, details of which are set out in paragraph 4 headed “Right of Withdrawal” in Appendix I to the Composite Document.

For further details of the Offer (including the terms and procedures for acceptance of the Offer), please refer to the “Letter from Aristo Securities” as set out on pages 8 to 15 of the Composite Document, Appendix I to the Composite Document and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to read the relevant sections in the Composite Document in full.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the terms of the Offer, we have considered the following principal factors and reasons:

1. Background information of the Group

The Company is an investment holding company and was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 18 August 2017 and its Shares have been listed on the Main Board of the Stock Exchange under the stock code 1726 since 18 April 2018.

The Group is a Singapore-based contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. The Group mainly provides integrated design and building services for hospitals and clinics in Singapore (the “**Integrated design and building services**”). To a lesser extent, the Group is also engaged in providing maintenance and other services (the “**Maintenance and other services**”), as well as sales of tools and materials (the “**Sales of tools and materials**”).

2. Financial information of the Group

A. Financial performance of the Group

Set forth below are (i) the audited consolidated financial results of the Group for the two financial years ended 30 June 2017 and 30 June 2018 (“**FY2017**” and “**FY2018**”, respectively) as extracted from the 2018 Annual Report; and (ii) the unaudited consolidated financial results of the Group for the six months ended 31 December 2017 and 31 December 2018 (“**IH2018**” and “**IH2019**”, respectively) as extracted from the 2019 Interim Report:

	FY2017	FY2018	IH2018	IH2019
	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	14,937,418	13,928,620	8,333,248	5,583,189
— <i>Integrated design and building services</i>	14,571,194	13,358,328	8,127,702	5,317,012
— <i>Maintenance and other services</i>	330,370	474,386	194,648	177,687
— <i>Sales of tools and materials</i>	35,854	95,906	10,898	88,490
Gross Profit	6,505,289	5,766,374	3,438,841	2,143,148
Profit before taxation	6,068,386	1,670,331	1,972,665	1,700,799
Profit for the year/ period	5,150,622	878,056	1,492,904	1,396,896
Earnings per Share (basic and diluted, <i>S\$ cents</i>)	0.87	0.14	0.25	0.17

(i) FY2017

In FY2017, the revenue of the Group increased by approximately S\$5.1 million or 52.0%, from approximately S\$9.8 million for the year ended 30 June 2016 (“FY2016”) to approximately S\$14.9 million in FY2017. As stated in the prospectus of the company dated 28 March 2018, such increase was mainly attributable by (i) the increase in the Group’s efforts in pursuing projects of relatively larger scale and higher income (i.e. the number of projects with revenue contribution of S\$500,000 or above in each financial year increased from 4 in FY2016 to 7 in FY2017), which contributed revenue amounting to approximately S\$3.0 million in FY2016 and S\$7.5 million in FY2017, respectively; and (ii) increase in revenue contributed from the Integrated design and building services from approximately S\$9.3 million in FY2016 to S\$14.6 million in FY2017 as a result of the increase in demand for the integrated design and building services driven by the Singapore Government’s progressive planning of its healthcare facilities developments to meet growing demands for healthcare needs, in particular the redevelopment projects of medical-related facilities.

Gross profit of the Group increased from approximately S\$3.6 million in FY2016 to S\$6.5 million in FY2017 and gross profit margin increased from approximately 36.8% in FY2016 to 43.6% in FY2017. The increase in gross profit and gross profit margin for FY2016 were primarily due to (i) the increase in the Group’s revenue due to reasons discussed above; (ii) the Group sets quotations and tender prices based on a relatively higher expected margin in FY2017 in view of the increased demand for its services; and (iii) the increase in the number of smaller scale projects (i.e. with revenue contribution less than S\$500,000 in each financial year) from 54 in FY2016 to 64 in FY2017 which generally have a relatively higher average gross profit margin than those larger scale projects (i.e. with revenue contribution of S\$500,000 or above in each financial year).

During the year, profit for the year increased from approximately S\$2.7 million in FY2016 to S\$5.2 million in FY2017. Such increase was mainly due to increase in revenue and gross profit as discussed above and the one-off gain on disposal of available-for-sale financial assets of S\$128,000 recognised in FY2017. Earnings per Share for FY2016 was not available since the Company was listed on 18 April 2018 while earnings per Share was S\$0.87 cents for FY2017.

(ii) FY2018

In FY2018, the Group recorded revenue of approximately S\$13.9 million, representing a decrease of approximately S\$1.0 million or 6.8% as compared to that in FY2017. The drop in revenue was contributed by (i) the downward adjustment on contract sum on one of the major projects upon final negotiation with customer; (ii) delay or cancellation of work order for a few projects; and (iii) delay in tendering processing of several sizable tendered projects which the Group originally expected to be awarded during FY2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The gross profit of the Group decreased from approximately S\$6.5 million in FY2017 to approximately S\$5.8 million in FY2018 which was mainly due to decrease in revenue for the same period. The Group's gross profit margin slightly decreased from approximately 43.6% in FY2017 to 41.4% in FY2018, which was mainly attributable to the more competitive pricing provided to customer to secure new projects during FY2018.

During the year, profit for the year decreased from approximately S\$5.2 million in FY2017 to approximately S\$0.9 million in FY2018. The decrease in profit for the year was mainly attributable to the non-recurring listing expenses incurred of approximately S\$3.4 million during the year. Earnings per Share was S\$0.14 cents (FY2017: S\$0.84 cents). For illustrative purpose, set aside for the effect of the non-recurring listing expenses, profit for year amounted to approximately S\$4.3 million and earnings per Share was S\$0.66 cents in FY2018.

(iii) 1H2019

In 1H2019, the Group recorded revenue of approximately S\$5.6 million, representing a decrease of approximately S\$2.7 million or 33.0% as compared to that in 1H2018. The decrease was mainly contributed by the delay in tendering processing of several sizeable tendered projects which the Group originally expected to be awarded during the period.

The gross profit of the Group for 1H2019 amounted to approximately S\$2.1 million, representing a decrease of approximately 37.7% as compared with approximately S\$3.4 million for 1H2018. The decrease in gross profit was mainly due to the decrease in revenue as compared to the corresponding period. The Group's gross profit margin for 1H2019 was approximately 38.4%, as compared with approximately 41.3% for 1H2018. The slight decrease in the gross profit margin was mainly attributable to the more competitive pricing provided to customer to secure new projects during the period.

For 1H2019, the Group's profit for the period decreased from approximately S\$1.5 million in 1H2018 to approximately S\$1.4 million in 1H2019. The decrease was mainly due to the combined effect of lower gross profit and higher administrative expenses.

Earnings per Share for 1H2019 decreased from S\$0.25 cents in 1H2018 to S\$0.17 cents in 1H2019 was mainly contributed by the increase in weighted average number of ordinary share in issue since the share offer took place on 18 April 2018. For illustrative purpose, set aside the effect of non-recurring listing expenses of approximately S\$1.0 million, the Group would record a profit for the period of approximately S\$2.5 million and earnings per Share of S\$0.42 cents in 1H2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

B. Financial positions of the Group

Set out below are the consolidated financial positions of the Group as at 30 June 2017, 30 June 2018 and 31 December 2018 as extracted from the 2018 Annual report and the 2019 Interim Report respectively:

	As at 30 June		As at
	2017	2018	31 December
	<i>S</i> \$	<i>S</i> \$	<i>S</i> \$
	(audited)	(audited)	(unaudited)
Non-current assets	746,796	664,937	773,293
Current assets	9,759,183	27,044,271	28,285,024
Non-current liabilities	25,652	25,270	25,661
Current liabilities	2,365,232	2,002,568	1,954,390
Net current assets	7,393,951	25,041,703	26,330,634
Net assets	8,115,095	25,681,370	27,078,266

(i) As at 30 June 2017

As at 30 June 2017, the Group's non-current assets comprised property, plant and equipment of approximately S\$0.7 million. The Group's current assets mainly comprised bank balances and cash of approximately S\$4.0 million, trade receivables of approximately S\$3.5 million and amounts due from customers for construction work of approximately S\$2.2 million. The Group's non-current liability represented deferred tax liabilities of approximately S\$26,000 resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax law in Singapore. Included in the Group's current liabilities were mainly trade and other payables of approximately S\$1.4 million and income tax payable of approximately S\$1.0 million.

As at 30 June 2017, the Group's net current assets amounted to approximately S\$7.4 million, representing an increase of approximately S\$3.2 million compared to the Group's net current assets of approximately S\$4.2 million as at 30 June 2016. The increase in net current assets was mainly due to the increase in current assets (i.e. increase of bank balances and cash from approximately S\$1.1 million as at 30 June 2016 to approximately S\$4.0 million as at 30 June 2017 and increase in trade receivables from approximately S\$2.3 million as at 30 June 2016 to S\$3.5 million as at 30 June 2017) as a result of the business growth and the Group's profitable operation during FY2017, with the combined effect of the decrease in the current liabilities as a result of, among other things, the decrease in amounts due to directors.

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The Group's net assets increased by approximately 66.7% from approximately S\$4.9 million as at 30 June 2016 to approximately S\$8.1 million as at 30 June 2017.

The issued share capital as at 30 June 2017 represented the share capital of Hwa Koon Engineering Pte Ltd comprising of 1,000,000 shares at S\$1 each. Based on 1,000,000 issued Shares as at 30 June 2017, the net asset value per Share as at 30 June 2017 amounted to approximately S\$8.115. For illustrative purpose, based on 600,000,000 Shares as at 30 June 2017, which were issued pursuant to the assumption that the reorganization and the capitalization issue, and deemed to have been issued since 1 July 2016, the net asset value per Share as at 30 June 2017 amounted to approximately S\$0.014.

(ii) As at 30 June 2018

As at 30 June 2018, the Group's non-current assets comprised property, plant and equipment of approximately S\$0.7 million. The Group's current assets mainly comprised bank balances and cash of approximately S\$21.0 million, trade receivables of approximately S\$4.6 million and amounts due from customers for construction work of approximately S\$1.0 million. The Group's non-current liability represented deferred tax liabilities of approximately S\$25,000 resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax law in Singapore. Included in the Group's current liabilities were mainly income tax payable of approximately S\$1.1 million and trade and other payables of approximately S\$0.9 million.

As at 30 June 2018, the Group's net current assets amounted to approximately S\$25.0 million, representing an increase of approximately S\$17.6 million compared to the Group's net current assets of approximately S\$7.4 million as at 30 June 2017. The increase in net current assets was mainly due to the increase in bank balances and cash from approximately \$4.0 million as at 30 June 2017 to approximately S\$21.0 million which was mainly due to the net proceeds received from the share offer.

The Group's net assets increased by approximately 216.5% from approximately S\$8.1 million as at 30 June 2017 to approximately S\$25.7 million as at 30 June 2018.

Based on 800,000,000 issued Shares as at 30 June 2018, the net asset value per Share as at 30 June 2018 amounted to approximately S\$0.032, representing an increase of approximately 128.6% from the net asset value per Share of approximately S\$0.014 as at 30 June 2017 (based on 600,000,000 Shares as at 30 June 2017, which were issued pursuant to the assumption that the reorganization and the capitalization issue, and deemed to have been issued since 1 July 2016) as a result of the increase in net assets due to share offering.

(iii) As at 31 December 2018

As at 31 December 2018, the Group's non-current assets comprised property, plant and equipment of approximately S\$0.8 million. The Group's current assets mainly comprised bank balances and cash of approximately S\$22.0 million, trade receivables of approximately S\$3.1 million and contract assets of approximately S\$3.0 million. The Group's non-current liabilities comprised deferred tax liabilities of S\$26,000. Included in the Group's current liabilities mainly represented income tax payables of approximately S\$1.0 million and trade and other payables of approximately S\$0.9 million.

The increase in non-current assets from approximately S\$0.7 million as at 30 June 2018 to approximately S\$0.8 million as at 31 December 2018 was mainly due to the addition of motor vehicles of approximately S\$0.1 million during the period.

As at 31 December 2018, the Group's net current assets amounted to approximately S\$26.3 million (As at 30 June 2018: approximately S\$25.0 million). The increase was mainly attributable to the combined effect of (i) the increase in contract assets of approximately S\$2.0 million (amounts due from customers for construction work as at 30 June 2018: S\$1.0 million) as a result of a few major projects that were substantially completed close to December 2018; (ii) the increase in bank balances and cash of S\$0.9 million; net-off by (iii) the decrease in trade receivables of approximately S\$1.5 million due to lesser billings made in the month of December 2018; and (iv) the decrease in restricted bank deposit of approximately S\$0.2 million.

Net assets of the Group increased by approximately 5.4% from approximately S\$25.7 million as at 30 June 2018 to approximately S\$27.1 million as at 31 December 2018.

Based on 800,000,000 issued Shares as at 31 December 2018, the net asset value per Share as at 31 December 2018 amounted to approximately S\$0.034, representing an increase of approximately 6.3% from the net asset value per Share of approximately S\$0.032 as at 30 June 2018 (based on 800,000,000 issued Shares as at 30 June 2018).

C. Prospect and outlook of the Group

As disclosed in the 2018/19 Interim Report, the Group's revenue was mainly contributed from the provision of integrated design and building services for hospitals and clinics and the revenue derived from Singapore represented 94.1% of its total revenue in 1H2019 (1H2018: 99.1%).

Over the years, the Singaporean Government has progressively planned its healthcare facilities and infrastructure developments to meet growing demand for healthcare needs and at the same time strengthening its position as a regional medical hub. These developments include new building construction, refurbishment, addition

and alteration works, demolition, repair and maintenance work on medical-related facilities. Examples of recent medical-related construction projects include, the new national Cancer Centre that has commenced work in May 2017 and is expected to be completed in May 2020 and an extensive redevelopment and expansion master plan for the Singapore General Hospital Campus which will span across the next two decades. New clean rooms and radiology-related facilities are generally required in the new healthcare facilities. The Directors are therefore of the opinion that the Singapore Government's initiative to increase medical-related facilities will, therefore, drive the demand for medical-related radiation shielding works.

In order to get a better grasp of the medical-related construction industry in Singapore, we have conducted our own desktop research.

Medical-related construction industry in Singapore

As disclosed in the 2018/19 Interim Report, the medical-related construction business is related to the provision of services including preparation and consultation on building design and specifications, performance of building works (mainly radiation shielding works) and assisting to obtain statutory approvals and certifications for building works for hospitals and clinics, which accounted for approximately 95.2% of the Group's revenue 1H2019.

With reference to the "Healthcare 2020 Masterplan" (the "**Masterplan**") published and launched by the Ministry of Health of Singapore in 2012, the Masterplan has highlighted current and upcoming plans to increase access for Singaporeans to good healthcare near their homes. Following with the update from the "Speech by Dr Lam Pin Min, Senior Minister of State of Health at the Ministry of Health Committee of Supply Debate 2018" published by the Ministry of Health ("**MOH**") in March 2018. Minister Gan has highlighted that the development of more hospitals are underway such as the Outram Community Hospital which will open progressively by 2020 and the Woodlands General and Community Hospitals to open by 2022. Looking at infrastructure, the government spends on at least one new hospital every two years. New healthcare facilities will generally require specialized design and building works such as radiation shielding to ensure patient safety and high-quality care. Other than the construction of additional medical facilities, one of the goals of the Masterplan is to increase capacity and renew facilities to improve quality and accessibility to care, which may stimulate the medical-related construction industry in Singapore positively. Furthermore, with reference to the "Singapore Cancer Registry Annual Registry Report 2015" published by the Singapore Cancer Registry in June 2017, cancer cases have been rising over the years from 2011 to 2015 and one in four to five people in Singapore may develop cancer in their lifetime. It can be expected that the demand for diagnostic equipment such as x-rays and radiology related treatments may increase to accommodate the rising demand and thus will require expertise such as radiation-shielding works to ensure hospital safety.

Despite the optimistic outlook of the medical-related construction industry in Singapore, as disclosed in the 2018/19 Interim Report, we noted that the Group's revenue, which is mainly derived from medical-related construction business in Singapore,

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has decreased from approximately S\$8.3 million for 1H2018 to approximately S\$5.6 million for 1H2019, representing a decrease of approximately S\$2.7 million or 33.0% as compared to the corresponding period last year. The drop in revenue was mainly contributed by the delay in tendering processing of several sizable tendered projects which the Group originally expected to be awarded during the period. As advised by the Directors, the delay in tendering process of these projects was primarily due to the delay in commencement of these projects by the Group's end customers. Therefore, in return, there was a delay from the Group's customer to award these projects to the Group. Nevertheless, the Group continued to submit tender during 1H2019 and did not postpone any tender submission.

Furthermore, we also note the decrease in the Group's gross profit margin from approximately 41.3% for 1H2018 to approximately 38.4% for 1H2019. Such decrease was mainly attributable to the more competitive pricing provided to customer to secure new projects during the period.

Although the Singaporean government's plans to expand medical-facilities and the rising number of cancer patients in Singapore may have a beneficial effect on the medical-related construction industry in Singapore, having considered the deteriorating financial performance of the Group such as its revenue and gross profit and there was a delay in commencement from the Group's customers for certain projects, we consider the Group's momentum for growth remains uncertain and its medical-related construction business prospects and outlook would be subject to uncertainties.

3. Principal terms of the Offer

The Offer Price of HK\$0.48 per Offer Share represents:

- (i) the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 4.35% over the average closing price of approximately HK\$0.46 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Date;
- (iii) a premium of approximately 6.67% over the average closing price of approximately HK\$0.45 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Date;
- (iv) a premium of approximately 6.67% over the average closing price of approximately HK\$0.45 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Date;

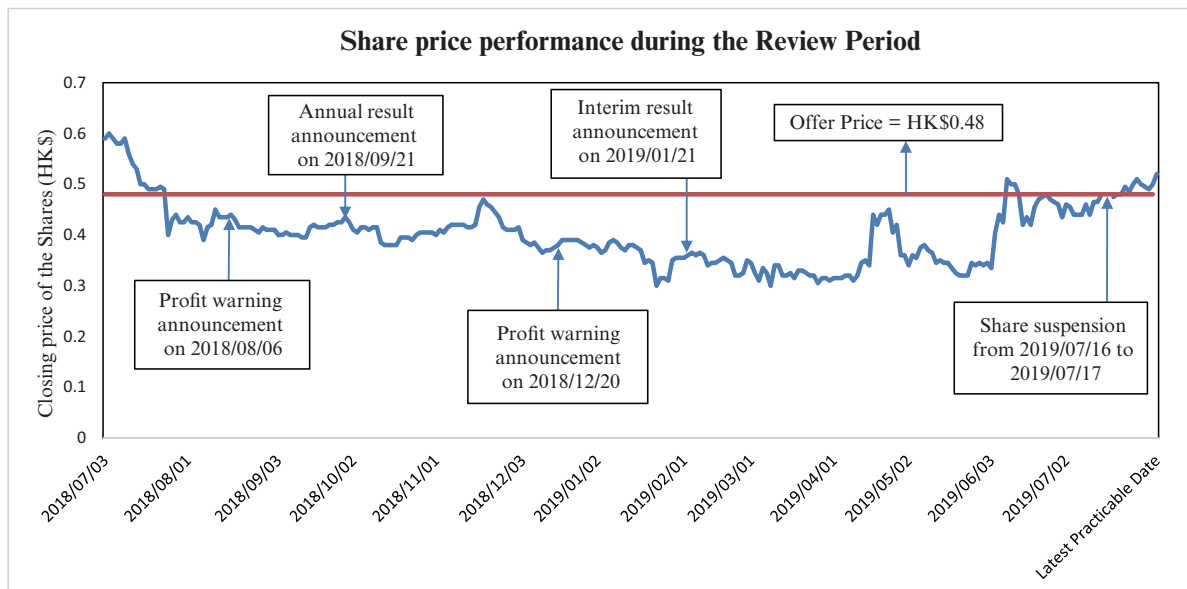
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- (v) a premium of approximately 140% over the Group's unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$0.20 as at 31 December 2018 (based on a total of 800,000,000 Shares as at the Latest Practicable Date and the Group's unaudited consolidated net asset value attributable to the Shareholders of approximately S\$27,078,266 (equivalent to approximately HK\$159,283,918) as at 31 December 2018)); and
- (vi) a discount of approximately 7.69% to the closing price of HK\$0.52 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

A. Historical price performance of the Shares

In order to assess the fairness and reasonableness of the Offer Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 3 July 2018, being approximately twelve-month period preceding the commencement of the Offer Period, up to and including the Latest Practicable Date (the “**Review Period**”), as illustrated in the chart below. We consider that the Review Period, covering a full year prior to the Offer Period, (i) is appropriate for reviewing the recent financial position of the Group which covers the issuance of the announcements relating to FY2018 annual results and 1H2019 interim results; (ii) represents a reasonable period to provide a general overview of the recent price performance of the Shares for conducting an analysis against the Offer Price; and (iii) is a common market practice.

Chart 1: Share price performance during the Review Period



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

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As shown in Chart 1 above, the closing price of the Shares ranged from HK\$0.300 recorded on 23 January 2019 and 8 March 2019 to HK\$0.600 recorded on 4 July 2018 during the period from 3 July 2018 to 15 July 2019, being the Last Trading Day (both dates inclusive, the “**Pre-Announcement Period**”), with an average of approximately HK\$0.398 per Share, which is below the Offer Price.

From July 2018 to mid-April 2019, the closing price of the Shares showed a general downward trend and dropped from HK\$0.600 on 4 July 2018 to HK\$0.340 on 15 April 2019. Thereafter, the closing price of the Shares increased significantly to HK\$0.44 on 16 April 2019 and fluctuated from HK\$0.32 to HK\$0.48 as at the Last Trading Day. As advised by the Directors, they are not aware of any specific reason for the aforesaid price drop and general upward trend in the closing price of the Shares.

Trading in the Shares was suspended, at the request of the management of the Company, from 16 July 2019 to 17 July 2019 (both days inclusive), pending the release of an announcement regarding inside information pursuant to the Takeovers Code. Following the release of the Joint Announcement on 17 July 2019 and the resumption of trading in the Shares on 18 July 2019, the closing price of the Shares dropped slightly to HK\$0.475 on the next trading day, i.e. 18 July 2019, and subsequently increased to HK\$0.520 as at the Latest Practicable Date. During the period from 18 July 2019 up to the Latest Practicable Date (both dates inclusive, the “**Post Announcement Period**”), the closing price of the Shares ranged from HK\$0.475 on 18 July 2019 to HK\$0.520 recorded on the Latest Practicable Date, with an average of HK\$0.494 per Share, which is slightly above the Offer Price.

During the overall Review Period, the closing price of the Shares ranged from HK\$0.300 recorded on 23 January 2019 and 8 March 2019 to HK\$0.600 recorded on 4 July 2018, with an average of HK\$0.427 per Share. Having considered that (i) the Offer Price is close to the average of the closing prices of the Share throughout the Review Period; and (ii) the Offer Price is higher than the trading price of the Shares during most of the time in the Review Period, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

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B. Historical trading volume of the Shares

The following table sets out the historical monthly trading volume of the Shares and the percentage of the number of Shares traded compared to the total number of the Shares in issue during the Review Period:

Month/period	Total trading volume <i>(No. of Shares)</i>	No. of trading days	Average daily trading volume <i>(No. of Shares)</i>	Percentage of the average daily trading volume to the total number of Shares <i>(Note 1)</i>	Percentage of the average daily trading volume to the total number of Shares in issue held by public Shareholders <i>(Note 2)</i>
2018					
July	318,990,000	21	15,190,000	1.90%	7.60%
August	46,845,000	23	2,036,739	0.25%	1.02%
September	38,465,000	19	2,024,474	0.25%	1.01%
October	26,695,000	21	1,271,190	0.16%	0.64%
November	26,840,000	22	1,220,000	0.15%	0.61%
December	9,265,000	19	487,632	0.06%	0.24%
2019					
January	12,070,000	22	548,636	0.07%	0.27%
February	4,070,000	17	239,412	0.03%	0.12%
March	31,810,000	21	1,514,762	0.19%	0.76%
April	57,480,000	19	3,025,263	0.38%	1.51%
May	51,990,000	21	2,475,714	0.31%	1.24%
June	62,020,000	19	3,264,211	0.41%	1.63%
July <i>(Note 3)</i>	117,580,000	20	5,879,000	0.73%	2.94%
August (up to the Latest Practicable Date)	36,910,000	2	18,455,000	2.31%	9.23%

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

Notes:

1. The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company as at the Latest Practicable Date (i.e. 800,000,000 Shares).
2. Based on 200,000,000 Shares held by public Shareholders as at Latest Practicable Date.
3. Trading in the Shares was suspended from 16 July 2019 to 17 July 2019 (both days inclusive).

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As illustrated in the table above, the average daily trading volume for the respective month/period during the Review Period ranged from 239,412 Shares (February 2019) to 18,455,000 Shares (August 2019), representing approximately 0.03% to approximately 2.31% of the total number of the Shares in issue as at the Latest Practicable Date and approximately 0.12% to approximately 9.23% of the total number of Shares in issue held by public shareholders as at the Latest Practicable Date respectively.

We note that the trading liquidity of the Shares was generally thin given that the average daily trading volume of the Shares during the Review Period (except for July 2018, July 2019 and August 2019) represents less than 0.5% to the total number of the Shares in issue as at the Latest Practicable Date and less than 2.0% to the total number of Shares in issue held by public shareholders as at the Latest Practicable Date respectively.

As advised by the Directors, the Directors were not aware of any specific event that might cause the relatively high trading volume of the Shares in July 2018.

The Joint Announcement were announced on 17 July 2019 and the average daily trading volume during the Post-Announcement Period represents approximately 1.53% of the total number of the Shares in issue as at the Latest Practicable Date.

Independent Shareholders should be mindful as to whether there will be sufficient liquidity in the Shares for those who wish to realise part or all of their investment in the Company at the prevailing market price of the Shares and whether their disposal of Shares will exert a downward pressure on the market prices of the Shares. They are therefore strongly advised to carefully and closely monitor the market price and liquidity of the Shares during the Offer Period if they wish to dispose of part or all of their Shares.

C. Comparable analysis

Based on the 2018 Annual Report and 2019 Interim Report, it is noted that approximately 95.9% and 95.2% of the Group's revenue was contributed by the integrated design and building services segment respectively and approximately 99.2% and 94.1% of the Group's revenue were derived from Singapore respectively.

In assessing the fairness and reasonableness of the Offer, we have attempted to carry out comparable analysis to compare the Offer Price against the market valuation using the commonly adopted valuation method including price-to-earnings ratios and price-to-book ratios of other comparable companies which (i) listed on the Main Board of the Stock Exchange; (ii) principally engaged in the provision of design and buildings services for the medical and healthcare sectors (which involve the supply and install of radiating shielding works and/or medical equipment); and (iii) with the majority of revenue derived from such principal activities in Singapore in the latest financial year. Based on the above criteria, we are not able to identify any direct comparable company.

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Alternatively, we have noted one Singapore listed company (the shares of which are listed on the Catalist of the Singapore Stock Exchange), being Acromec Limited (stock code: 43F) which provided similar services with the Group (i.e. provision of design and construction of facilities requiring controlled environments such as laboratories, medical and sterile facilities and clean rooms).

However, we note that the market capitalisation of Acromec Limited (i.e. approximately S\$13.58 million (equivalent to approximately HK\$79.9 million) as at the Latest Practicable Date) is significantly lower than that of the Company (i.e. approximately HK\$416 million as at the Latest Practicable Date) and in view of the limited sample size and unique business mix of the Group, we consider that the comparable analysis may not provide a meaningful benchmark in assessing the fairness and reasonableness of the Offer.

4. Information on the Offeror

As stated in the “Letter from Aristo Securities”, Eagle Fortitude Limited is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, save for entering into of the Share Purchase Agreement, the Offeror did not engage in any other business activities.

As at the Latest Practicable Date, Mr. Chen, aged 37, is the sole ultimate beneficial owner and the sole director of the Offeror. Mr. Chen has extensive experience in investing and managing companies. He is currently the chairman and a shareholder of 九璽雲(重慶) 融資租賃有限公司 (Jiuxiyun (Chongqing) Financial Leasing Co., Limited), which is engaged in the business of financial leasing in the PRC. He is also the chairman of 重慶 坤基房地產開發有限公司 (Chongqing Kunji Real Estate Development Limited), which is engaged in the business of property development in the PRC. Mr. Chen has experience in managing the property development business of Chongqing Kunji, which involves design and building activities in its property development projects, and such activities are similar to the Group’s core business, which involves provision of integrated design and building services. Mr. Chen is experienced in investing bonds, equities, mutual funds and real estate internationally and he has invested in a medical equipment company with its headquarters in the United States of America.

Based on background information as set out in the “Letter from Aristo Securities” of the Composite Document, despite Mr. Chen has experience in managing property development projects which involves design and building activities and such activities is similar to the Group’s core business, we are of the view that Mr. Chen appears lack of direct experience in the Group’s business. However, Mr. Chen, in his capacity as an investor of the Group, intends to leverage on the expertise and experience of the management of the Group for its operations. Given that the Offeror intends to continue the existing principal business and employment of the existing management and employees of the Group as set out in the “Letter from Aristo Securities” of the Composite Document, it appears that there will not be material changes to the Group after the close of the Offer. Its business scope may expand after the Offeror’s review but there is no concrete plan at this moment.

5. Intention of the Offeror in relation to the Group

As at the Latest Practicable Date, the Offeror is the controlling shareholder of the Company and is interested in 75% of the issued share capital of the Company. The Group is principally engaged in the provision of integrated design and building services in the medical and healthcare sectors with expertise in performing radiation shielding works. The Offeror is of the view that the Group is an attractive investment whose current businesses have established networks and reputation in the medical and healthcare sectors.

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate). The Offeror also intends to continue the existing principal business of the Group immediately following Completion. However, the Offeror also intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group in addition to the market of Singapore.

Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror has no intention to make material changes to the employment of the employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate); (ii) the Offeror has no intention to dispose of or redeploy the assets of the Group other than those in its ordinary course of business; and (iii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

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

6. Public float and maintaining the listing status of the Company

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 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 trading in the Shares. Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

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As stated in the “Letter from Aristo Securities”, the Offeror intends to maintain the listing of the Shares on the Stock Exchange. The sole director of the Offeror has undertaken, and the new Directors to be appointed to the Board as nominated by the Offeror, once appointed, will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the date of the Offer, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. Each of the existing Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps while they remain on the Board to ensure that sufficient public float exists in the Shares after the close of the Offer. As at the Latest Practicable Date, no such measure has been in place. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

OPINION AND RECOMMENDATION

Taking into consideration of the principal factors discussed above and, in particular,

- (i) the historical financial results of the Group, including the drop in revenue, gross profit margin and profit for the period in 1H2019 (as compared to 1H2018);
- (ii) there are uncertainties in the future prospects and growth momentum of the Group’s business;
- (iii) the average daily trading volume of the Shares has been thin in general during the Review Period and the Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of Shares. Hence, the Offer provides a viable alternative exit to Shareholders to realise their investment in the Shares; and
- (iv) the Offer Price represents a premium of approximately 140% over the Group’s unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$0.20 as at 31 December 2018 (based on a total of 800,000,000 Shares as at the Latest Practicable Date and the Group’s unaudited consolidated net asset value attributable to the Shareholders of approximately S\$27,078,266 (equivalent to approximately HK\$159,283,918) as at 31 December 2018),

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

Notwithstanding our recommendations, as different Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Shareholders who wish to realise their investment in the Group are also reminded that they should carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, where possible, rather than accepting the Offer, if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Offer. In any event, the Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the Offer Period.

Independent Shareholders should also read carefully the procedures for accepting the Offer set out in the Letter from Aristo Securities and in Appendix I to the Composite Document and the accompanying Form of Acceptance.

Yours faithfully
For and on behalf of
Kingsway Capital Limited
Karen Wong
Managing Director

Jennifer Wu
Managing Director

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form(s) of Acceptance 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 Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer, by post or by hand, to the Registrar, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong in an envelope marked “**HKE Holdings Limited — Offer**” as soon as possible but in any event so as to reach the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (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) in respect of the number of Shares for which you intend to accept the Offer 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 “**HKE Holdings Limited — Offer**” the duly completed and signed Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer 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 “**HKE Holdings Limited — Offer**” the duly completed and signed Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer 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 in respect of the number of Shares for which you intend to accept the Offer 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 the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, 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 any 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(s) of Acceptance should nevertheless be duly completed, signed and delivered in an envelope marked "**HKE Holdings Limited — 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 any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they 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) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar.
- (d) If you have lodged transfer of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form(s) of Acceptance and deliver it in an envelope marked "**HKE Holdings Limited — 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 the Offeror and/or Aristo Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and

to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form(s) of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form(s) of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce 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 any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer and, if that/those share certificate(s) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Independent Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the 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(s) of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) 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 (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, will be deducted from the cash amount payable by the Offeror to such Independent Shareholder 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).
- (h) No acknowledgement of receipt of any Form(s) of Acceptance and/or 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(s) of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form(s) of Acceptance, and the Offer will be closed on the Closing Date.
- (b) The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.
- (c) 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.
- (d) 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 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.
- (e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so extended.

3. ANNOUNCEMENTS

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of the Listing Rules by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired. Such announcement must state the following:
 - (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the 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 and parties acting in concert with it have borrowed or lent, save for any borrowed securities 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, represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order, and which have been received by the Registrar by 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 and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive has confirmed that it has no further comments, will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<https://www.hwakoon.com>).

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 of this Appendix I headed “Announcement” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code 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 requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s).

5. SETTLEMENT OF THE OFFER

Provided that the accompanying Form(s) of Acceptance 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 of the accepting Independent Shareholders in respect of the Shares tendered under the Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Independent Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event within 7 Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this Appendix I) and the accompanying Form(s) of Acceptance, 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 Shareholder.

6. OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes). The Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert, Aristo Securities, Kingsway, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes they may be required to pay. Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

7. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert, Aristo Securities, Kingsway, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

8. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror and their respective ultimate beneficial owners and parties acting in concert with them, Aristo Securities, Kingsway, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which 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 and Aristo Securities that the Shares tendered under the Offer are sold or tendered by such Independent Shareholder(s) free from all encumbrances and together with all rights and benefits attached thereto, including all rights to any dividends or other distributions, declared, made or paid on or after the date on which the Offer is made, being the date of this 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(s) of Acceptance 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(s) of Acceptance form part of the terms of the Offer.
- (e) The accidental omission to despatch this Composite Document and/or the accompanying Form(s) of Acceptance 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(s) of Acceptance will constitute an irrevocable authority to the Offeror and/or Aristo Securities and/or such person or persons as any of them may direct to complete and execute on behalf of the person(s) accepting the Offer, and to do any other act(s) 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(s) of Acceptance shall include any extension and/or revision thereof.
- (j) The English texts of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

1.1 Set out below is a summary of the audited consolidated financial results of the Group for each of the financial years ended 30 June 2016, 2017 and 2018, respectively, as extracted from the relevant published financial statements of the Group for the relevant years, and the unaudited consolidated financial results of the Group for the six months ended 31 December 2017 and 2018 as extracted from the published interim report of the Company dated 21 January 2019.

	For the six	For the six	For the year ended 30 June		
	months ended	months ended	2018	2017	2016
	31 December	31 December			
	2018	2017	2018	2017	2016
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	S\$	S\$	S\$	S\$	S\$
RESULTS					
Revenue	5,583,189	8,333,248	13,928,620	14,937,418	9,793,083
Cost of services/sales	<u>(3,440,041)</u>	<u>(4,894,407)</u>	<u>(8,162,246)</u>	<u>(8,432,129)</u>	<u>(6,187,490)</u>
Gross profit	2,143,148	3,438,841	5,766,374	6,505,289	3,605,593
Other income	239,805	14,064	70,585	48,468	50,639
Other gains	35,490	(7,878)	518,999	132,825	—
Administrative expenses	(717,644)	(424,612)	(1,294,339)	(618,196)	(634,716)
Finance costs	—	—	—	—	(225)
Listing expenses	<u>—</u>	<u>(1,047,750)</u>	<u>(3,391,288)</u>	<u>—</u>	<u>—</u>
Profit before taxation	1,700,799	1,972,665	1,670,331	6,068,386	3,021,291
Income tax expense	<u>(303,903)</u>	<u>(479,761)</u>	<u>(792,275)</u>	<u>(917,764)</u>	<u>(340,367)</u>
Profit for the year	<u>1,396,896</u>	<u>1,492,904</u>	<u>878,056</u>	<u>5,150,622</u>	<u>2,680,924</u>
Other comprehensive (expense) income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Fair value changes on available-for-sale financial assets, net of tax	—	—	—	223,323	(95,812)
Reclassified upon disposal of available-for-sale financial assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>(127,511)</u>	<u>—</u>
Total comprehensive income for the year	<u>1,396,896</u>	<u>1,492,904</u>	<u>878,056</u>	<u>5,246,434</u>	<u>2,585,112</u>

The Company was incorporated in the Cayman Islands with limited liability on 18 August 2017 and its issued shares have been listed on main board of the Stock Exchange since 18 April 2018 (“**Listing**”). No dividend has been paid or declared by the Company since its date of incorporation. Prior to the group reorganisation in connection with the Listing, an aggregate amount of dividends of S\$2,000,000 (S\$0.33 cents per share) was declared by Hwa Koon Engineering Pte Ltd, a subsidiary of the Company, to its then equity owner, during the year ended 30 June 2017. A total of \$2,672,660 was paid during the year ended 30 June 2017, being payment of S\$2,000,000 for dividends declared in 2017 and S\$672,660 for remaining unpaid dividends declared in 2016.

The basic and diluted earnings per share was approximately S\$0.87 cents and S\$0.14 cents for the years ended 30 June 2017 and 2018 respectively. The basic and diluted earnings per share for the year ended 30 June 2016 is not presented as such information is not available in view of the Company was incorporated on 18 August 2017.

The basic and diluted earnings per share was approximately S\$0.25 cents and S\$0.17 cents for the six months ended 31 December 2017 and 2018 respectively.

The Group did not record any non-controlling interests for each of the years ended 30 June 2016, 2017 and 2018, and the six months ended 31 December 2018.

The auditors of the Company for the three years ended 30 June 2018 were Deloitte & Touche LLP, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the consolidated financial statements of the Group for each of the three years ended 30 June 2018.

Save as disclosed below, there were no items of any income or expense which was material in respect of the consolidated financial results of the Group for each of the financial year ended 30 June 2016, 2017 and 2018:

- (i) During the year ended 30 June 2018, the Group incurred listing expenses of approximately S\$3.4 million, which were primarily professional fees in connection with the listing. The listing took place in April 2018.

2. CONSOLIDATED FINANCIAL STATEMENTS

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 unaudited consolidated financial statements of the Group for the six months ended 31 December 2018 (the “**2019 Interim Financial Statements**”) and (ii) the audited consolidated financial statements of the Group for the year ended 30 June 2018 (the “**2018 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2019 Interim Financial Statements are set out from page 4 to page 23 in the Interim Report 2019 of the Company, which was published on 21 February 2019. The Interim Report 2019 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.hwakoon.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0221/ltn20190221300.pdf>

The 2018 Financial Statements are set out from page 61 to page 111 in the Annual Report 2018 of the Company, which was published on 19 October 2018. The Annual Report 2018 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.hwakoon.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/1019/ltn20181019433.pdf>

The 2019 Interim Financial Statements and the 2018 Financial Statements (but not any other part of the Interim Report 2019 or Annual Report 2018 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS

As at 30 June 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, apart from intra-group liabilities, the Group did not have any other bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other contingent liabilities at the close of business on 30 June 2019.

4. MATERIAL CHANGE

The Directors confirm that, save as disclosed below, there has been no material change in the financial or trading position or outlook of the Group since 30 June 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

As disclosed in the interim report of the Company for the six months ended 31 December 2018 (“1H2019”) dated 21 January 2019, the Group recorded a profit for the period of approximately S\$1.4 million in 1H2019 (six months ended 31 December 2017 (“1H2018”): approximately S\$1.5 million). The decrease was mainly due to the combined effect of lower gross profit and higher administrative expenses.

If the non-recurring Listing expenses incurred in 1H2018 of approximately S\$1.0 million were excluded, the Group would have recorded a profit of approximately S\$2.5 million in 1H2018, representing of approximately S\$1.1 million higher when compared to 1H2019. Profit for the period in 1H2019 decreased by approximately 44% as compared to 1H2018.

Such decrease was mainly due to the combined effect of the followings:

- (i) revenue decreased from approximately S\$8.3 million in 1H2018 to approximately S\$5.6 million in 1H2019, representing a decrease of approximately S\$2.7 million or 33.0%, which was mainly due to (1) decrease in revenue deriving from integrated design and building services by approximately S\$2.8 million or 34.6% from approximately S\$8.1 million in 1H2018 to approximately S\$5.3 million in 1H2019. Such decrease was mainly contributed by the delay in tendering processing of several sizeable tendered projects which the Group originally expected to be awarded during 1H2019; and (2) decrease in revenue deriving from maintenance and other services by 8.7% in 1H2019 as compared to 1H2018 as a result of lesser minor renovation and installation work orders from customer during 1H2019;
- (ii) decrease in gross profit of the Group from approximately S\$3.4 million in 1H2018 to S\$2.1 million in 1H2019, representing a decrease of approximately 37.7%. The decrease in gross profit was due to decrease in revenue during 1H2019 as compared to 1H2018.

The Group's gross profit margin decrease from approximately 41.3% in 1H2018 to 38.4% for 1H2019. The slight decrease in the gross profit margin in 1H2019 was mainly attributable to the more competitive pricing provided to customer to secure new projects during 1H2019; and

- (iii) increase in the Group's administrative expenses of approximately S\$0.3 million or 69.0% from approximately S\$0.4 million in 1H2018 to approximately S\$0.7 million in 1H2019 as a result of (1) total staff cost arising from administrative expenses (including directors' remuneration) increased by approximately S\$0.1 million or 34.9% from approximately S\$0.3 million in 1H2018 to approximately S\$0.4 million in 1H2019, which was mainly contributed by the director fees paid to the independent non-executive Directors and the staff bonus paid to the employees during 1H2019; (2) increase in the professional fees of the Group by S\$0.2 million or 427.1% during 1H2019 as compared to the corresponding period in 1H2018 as a result of additional administrative and compliance costs in relation to a listed company after the listing of the Company's shares.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

<i>Authorised</i>	<i>HK\$</i>
<u>1,500,000,000</u> Shares	<u>15,000,000</u>
<i>Issued and fully paid:</i>	
<u>800,000,000</u> Shares	<u>8,000,000</u>

All of the existing issued Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting. The Shares are listed and traded on the Stock Exchange. No Shares are listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be sought, on any other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company.

The Company has not issued any Shares since 30 June 2018, the date to which the latest audited financial statements of the Company were made up.

3. MARKET PRICES

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

Date	Closing price HK\$
31 January 2019	0.355
28 February 2019	0.350
29 March 2019	0.310
30 April 2019	0.360
31 May 2019	0.345
28 June 2019	0.435
15 July 2019 (being the Last Trading Day)	0.480
31 July 2019	0.490
2 August 2019 (being the Latest Practicable Date)	0.520

During the Relevant Period, the highest and lowest daily closing prices of the Shares as quoted on the Stock Exchange were HK\$0.51 per Share on 10 June 2019 and HK\$0.30 per Share on 23 January and 8 March 2019, respectively.

4. DISCLOSURE OF INTERESTS

(a) Directors and the chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any 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) (i) which were required to be 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules; or (iv) which were required to be disclosed under the Takeovers Code.

(b) Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as was known to the Directors, the persons or entities who had an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company

under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the Group, or in any options in respect of such share capital were as follows:

Name	Capacity/Nature	Total number of Shares and/or underlying Shares interested <i>(Note 1)</i>	% in the issued share capital of the Company <i>(Note 2)</i>
Eagle Fortitude Limited <i>(Note 3)</i>	Beneficial owner	600,000,000 (L)	75%
Mr. Chen Xiao'er <i>(Note 3)</i>	Interest in controlled corporation	600,000,000 (L)	75%

Notes:

1. The letter "L" denotes the individual's or corporation's long position in Shares.
2. The percentages have been calculated based on 800,000,000 Shares in issue as at the Latest Practicable Date.
3. As at the Latest Practicable Date, the Offeror is interested in 600,000,000 Shares. The Offeror is wholly-owned by Mr. Chen Xiao'er. Mr. Chen Xiao'er is deemed to be interested in the Shares in which the Offeror is interested under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

5. SHAREHOLDINGS AND DEALINGS IN SECURITIES

- (a) During the Relevant Period and up to the Latest Practicable Date,
- (i) save for the sale of the Sale Shares under the Share Purchase Agreement by the Vendor, none of the Directors had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company; and
 - (ii) none of the Company and the Directors had owned or controlled, or had dealt for value in, any shares or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror;

- (b) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were owned or controlled or dealt with by a subsidiary of the Company or by a pension fund of members 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 under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) during the Offer Period and up to the Latest Practicable Date;
- (c) save for the Share Purchase Agreement, no person who 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 had any dealings in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period and up to the Latest Practicable Date;
- (d) none of the Company nor any Directors had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (e) none of the Directors beneficially own any Shares and accordingly none of them is entitled to the Offer; and
- (f) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

6. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Share Purchase Agreement, there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save for the Share Purchase Agreement, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

7. SERVICE CONTRACTS OF DIRECTORS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which: (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Offer Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

Name of director	Term of contract	Remuneration
Mr. Ang Kong Meng	Fixed term of three years from the listing date (<i>18 April 2018 to 17 April 2021</i>)	S\$142,500 per annum
Mr. Koh Lee Huat	Fixed term of three years from the listing date (<i>18 April 2018 to 17 April 2021</i>)	S\$122,250 per annum
Mr. Ryan Ong Wei Liang	Fixed term of three years from the listing date (<i>18 April 2018 to 17 April 2021</i>)	S\$108,750 per annum

There is no variable remuneration payable under each of the contracts as mentioned above.

8. MATERIAL CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, the members of the Group had not entered into any material contracts (being a contract not entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) after the date two years before the commencement of the Offer Period, which are or may be material:

- (a) the sale and purchase agreement dated 14 September 2017 entered into among Mr. Ang, Mr. Ong and Mr. Koh as vendors and Philosophy Global Limited as purchaser, pursuant to which Philosophy Global Limited acquired 510,000 shares, 340,000 shares and 150,000 shares of Hwa Koon Engineering Pte Ltd, representing all of its issued shares in aggregate, from Mr. Ang, Mr. Ong and Mr. Koh at the consideration of S\$2,346,000, S\$1,564,000 and S\$690,000, respectively. In settlement of the aforesaid consideration, Philosophy Global Limited issued and allotted 51 ordinary shares, 34 ordinary shares and 15 ordinary shares, credited as fully paid, to Mr. Ang, Mr. Ong and Mr. Koh, respectively;

- (b) the sale and purchase agreement dated 2 March 2018 among Mr. Ang, Mr. Ong and Mr. Koh as vendors and the Company as purchaser pursuant to which the Company acquired 102 ordinary shares, 68 ordinary shares and 30 ordinary shares of Philosophy Global Limited, representing all of its issued shares in aggregate, from Mr. Ang, Mr. Ong and Mr. Koh respectively, and the consideration was satisfied by the Company issuing and allotting 9,999 Shares, credited as fully paid, to the Vendor, and crediting as fully paid at par one nil-paid Share held by the Vendor, at the instructions of Mr. Ang, Mr. Ong and Mr. Koh;
- (c) the deed of indemnity dated 15 March 2018 given by Mr. Ang, Mr. Ong, Mr. Koh and the Vendor in favour of the Company regarding certain indemnities, further details of which are disclosed in the prospectus of the Company dated 28 March 2018;
- (d) the deed of non-competition dated 15 March 2018 given by Mr. Ang, Mr. Ong, Mr. Koh and the Vendor in favour of the Company regarding certain non-competition undertakings, further details of which are disclosed in the prospectus of the Company dated 28 March 2018;
- (e) the public offer underwriting agreement dated 27 March 2018 and entered into, amongst others, the Company, the Vendor, Mr. Ang, Mr. Ong, Mr. Koh, Dakin Capital Limited, and Head & Shoulders Securities Limited, relating to the issue and offer of Shares, further details of which are disclosed in the prospectus of the Company dated 28 March 2018; and
- (f) the placing underwriting agreement dated 4 April 2018 and entered into, amongst others, the Company, the Vendor, Mr. Ang, Mr. Ong, Mr. Koh, Dakin Capital Limited, and Head & Shoulders Securities Limited, relating to placing of Shares, further details of which are disclosed in the prospectus of the Company dated 28 March 2018.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

10. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the experts who have given its letter or advice which is contained in this Composite Document:

Name	Qualification
Kingsway	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser to the Independent Board Committee in respect of the Offer
Akron	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror

Each of Kingsway and Akron has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter or advice and references to its name included herein in the form and context in which they respectively appear.

11. GENERAL

- (a) The registered office of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.
- (b) The principal place of business in Hong Kong of the Company is Suites 1801-3, 18th Floor, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.
- (c) As at the Latest Practicable Date, the Board comprises Mr. Any Kong Meng as a non-executive Director, Mr. Koh Lee Huat and Mr. Ryan Ong Wei Liang as executive Directors, and Mr. Siu Man Ho Simon, Mr. Cheung Kwok Yan Wilfred, and Prof. Pong Kam Keung as independent non-executive Directors.
- (d) The company secretary of the Company is Ms. Leung Hoi Yan, who is the Authorized Representative under Rule 3.05 of the Listing Rules.
- (e) The Hong Kong branch share registrar of the Company is Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (f) The registered office of Kingsway, the Independent Financial Adviser, is at 7/F, Tower 1, Lippo Centre, 89 Queensway, Hong Kong.
- (g) The English texts of this Composite Document and the Form of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Suites 1801–3, 18th Floor, One Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.hwakoon.com) during the period from the date of this Composite Document onwards for as long as the Offer remains open for acceptance:

- (a) the amended and restated memorandum of association and articles of association of the Company;
- (b) the prospectus of the Company dated 28 March 2018;
- (c) the annual report of the Company for the year ended 30 June 2018;
- (d) the interim report of the Company for the six months ended 31 December 2018;
- (e) the letter from the Board, the text of which is set out on pages 16 to 20 of this Composite Document;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this Composite Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out on pages 23 to 42 of this Composite Document;
- (h) the service contracts referred to in the paragraph headed “Service Contracts of Directors” in this Appendix;
- (i) the material contracts referred to in paragraph headed “Material Contracts” in this Appendix; and
- (j) the letters of consent referred to in the paragraph headed “Qualification and Consent of Expert” in this Appendix.

1. RESPONSIBILITY STATEMENT

Mr. Chen, the ultimate beneficial owner and sole director of the Offeror, accepts full responsibility for the accuracy of information contained in this Composite Document (other than those relating to the Vendor and the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Guarantors and the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DEALINGS AND INTERESTS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Offeror and the parties acting in concert with it (including the sole director of the Offeror) are interested in 600,000,000 Shares, representing 75% of the total issued share capital of the Company. The Offeror is ultimately wholly and beneficially owned by Mr. Chen, who is also the sole director of the Offeror.

The Offeror confirms that, as at the Latest Practicable Date:

- (a) save for the Sale Shares, none of the Offeror nor any parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (b) save for the Sale Shares, none of the Offeror, its sole director, nor any parties acting in concert with it had dealt in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;
- (c) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (d) there is no agreement or arrangement to which the Offeror or any parties acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (e) none of the Offeror nor any parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) none of the Offeror nor any parties acting in concert with it has received any irrevocable commitment to accept or reject the Offer;

- (g) there is no agreement or arrangement in relation to outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, nor any parties acting in concert with it;
- (h) other than the consideration of HK\$288,000,000 paid to the Vendor for the sale and purchase of the Sale Shares under the Share Purchase Agreement, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the Vendor or any party acting in concert with it in connection with the sale and purchase of the Sale Shares under the Share Purchase Agreement;
- (i) there is no understanding, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between the Vendor and any parties acting in concert with it on one hand, and the Offeror or any parties acting in concert with it on the other hand;
- (j) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Offeror and any parties acting in concert with it or (ii)(b) the Company, its subsidiaries or associated companies;
- (k) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons; and
- (l) there was no agreement, arrangement, or understanding (including any compensation arrangement) exists between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

3. MARKET PRICES

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

Date	Closing price per Share HK\$
31 January 2019	0.355
28 February 2019	0.350
29 March 2019	0.310
30 April 2019	0.360
31 May 2019	0.345
28 June 2019	0.435
15 July 2019 (the Last Trading Day)	0.480
31 July 2019	0.490
2 August 2019 (the Latest Practicable Date)	0.520

4. EXPERTS AND CONSENTS

The followings are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Aristo Securities	a licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO
Akron	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given and has not withdrawn their written consent to the issue of this Composite Document with the inclusion of its opinions or advice and the references to its name included herein in the form and context in which it appears.

5. MISCELLANEOUS

- (a) the principal members of the Offeror's concert parties are the Offeror and Mr. Chen;
- (b) the Offeror, Eagle Fortitude Limited, is an investment holding company incorporated in British Virgin Islands with limited liability, which is wholly, ultimately beneficially owned by Mr. Chen, who is also the sole director of the Offeror as at the Latest Practicable Date;

- (c) the registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of the Offeror is 21B, Harbour Commercial Building, 122 Connaught Road Central, Hong Kong;
- (d) the registered office of Akron is 21A, Harbour Commercial Building, 122–124 Connaught Road Central, Hong Kong;
- (e) the registered office of Aristo Securities is Room 101, 1st Floor, On Hong Commercial Building, 145 Hennessy Road, Wanchai, Hong Kong; and
- (f) the English text of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

6. DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the documents set forth in paragraph “Documents available for inspection” of Appendix III to this Composite Document, copies of the following documents are available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Suites 1801–3, 18th Floor, One Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong; (ii) on the website of the SFC at www.sfc.hk; and (iii) on and the Company’s website at <https://www.hwakoon.com> during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and articles of association of the Offeror;
- (b) the letter from Aristo Securities, the text of which is set out on pages 8 to 15 of this Composite Document; and
- (c) the letters of consent referred to under the paragraph headed “Experts and consents” in this appendix.