
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or 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 of Acceptance to the purchaser(s) or the transferee(s) or to the bank or 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).

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

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

Flourish Nation Enterprises Limited

(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 VC BROKERAGE LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF HKE HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR AND/OR PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to the Offeror



Offer agent to the Offeror



Financial adviser to the Company



Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



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

A letter from VC Capital containing, among other things, the principal terms of the Offer is set out on pages 7 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 23 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 24 to 25 of this Composite Document. A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 49 of this Composite Document.

The terms and procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/E, 148 Electric Road, North Point, Hong Kong, as soon as possible and in any event by no later than 4:00 p.m. on Friday, 21 May 2021 or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction(s) outside Hong Kong, should read the details in this regard which are contained in the section headed "Important Notice", sub-paragraph headed "Overseas Shareholders" under the paragraph headed "Mandatory Unconditional Cash Offer" in the "Letter from VC Capital" on page 11 of this Composite Document and the paragraph headed "Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, 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 necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hwakoon.com) as long as the Offer remains open.

29 April 2021

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all the time and date references contained in this Composite Document refer to Hong Kong time and date.

Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer ^(Note 1)	Thursday, 29 April 2021
Commencement date of the Offer ^(Note 1)	Thursday, 29 April 2021
Latest time and date for acceptance of the Offer on the Closing Date ^(Note 2)	4:00 p.m. on Friday, 21 May 2021
Closing Date ^(Note 2)	Friday, 21 May 2021
Announcement of the results of the Offer as at the Closing Date to be posted on the websites of the Stock Exchange and the Company ^(Note 2)	No later than 7:00 p.m. on Friday, 21 May 2021
Latest date for posting of remittances in respect of valid acceptances received under the Offer ^(Notes 2 and 3)	Tuesday, 1 June 2021

Notes:

1. The Offer, which is unconditional, is made on 29 April 2021, the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed “5. Right of withdrawal” in Appendix I to this Composite Document.
2. The latest time and date for acceptance will be at 4:00 p.m. on Friday, 21 May 2021 being at least 21 days from the date of posting of this Composite Document, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement on the websites of the Stock Exchange and the Company no later than 7:00 p.m. on Friday, 21 May 2021 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offer, at least fourteen (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.

If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force on the Closing Date or the date for posting of remittances and it has (i) not been cancelled in time for trading on the Stock Exchange to resume in the afternoon, the Closing Date will be postponed to 4:00 p.m. on the next business day (as defined under the Takeovers Code) and the date for posting of remittances will be postponed to the next business day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) been cancelled in time for trading on the Stock Exchange to resume in the afternoon, the Closing Date or the date for posting of remittances will be on the same business day.

EXPECTED TIMETABLE

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 seven (7) business days (as defined under the Takeovers Code) following 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. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "5. Right of withdrawal" in Appendix I to this Composite Document.

IMPORTANT NOTICE

NOTICE TO INDEPENDENT SHAREHOLDERS OUTSIDE HONG KONG

As the Offer to persons not being resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are resident, the 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). The Offeror and parties acting in concert with it, the Company, VC Capital, VC Brokerage, INCU, the Registrar, and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the sub-paragraph headed "Overseas Shareholders" under the paragraph headed "Mandatory Unconditional Cash Offer" in the "Letter from VC Capital" in this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

DEFINITIONS

In this Composite Document, unless otherwise defined or 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;
“associate(s)”	has the meaning ascribed to it under the Listing Rules or the Takeovers Code (as the case may be);
“Board”	the board of Directors;
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business;
“BVI”	the British Virgin Islands;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Closing Date”	Friday, 21 May 2021, being the closing date of the Offer which is at least 21 days following the date on which this Composite Document is posted (or such other date as revised or extended 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 (Stock Code: 1726);
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Share Purchase Agreement;
“Completion Date”	16 April 2021, the date on which the Completion took place;

DEFINITIONS

“Composite Document”	this composite offer and response document dated 29 April 2021 jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form of Acceptance) and the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Encumbrance”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director;
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer (accompanying this Composite Document);
“Group”	the Company, together with its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred, established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer;
“Independent Financial Adviser” or “INCU”	INCU Corporate Finance Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to make advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the terms 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 dated 9 April 2021 jointly issued by the Company and the Offeror in relation to, among other things, the Share Purchase Agreement and the Offer;
“Last Trading Day”	1 April 2021, 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”	26 April 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Board”	the main board of the Stock Exchange;

DEFINITIONS

“Mr. Wu”	Mr. Wu An Ming, the Chairman and an executive Director of the Company and the sole shareholder of the Vendor, being the guarantor under the Share Purchase Agreement;
“Mr. Lin”	Mr. Lin Ho Man, the sole ultimate beneficial shareholder and the sole director of the Offeror;
“Offer”	the mandatory unconditional cash offer made by VC Brokerage, for and on behalf of the Offeror, to acquire all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it subject to the terms and conditions set out in this Composite Document and in accordance with the Takeovers Code;
“Offer Period”	the period from the date of the Joint Announcement until the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code;
“Offer Price”	HK\$0.188 per Offer Share in respect of the Offer;
“Offer Shares”	any of the 200,000,000 Shares that are subject to the Offer;
“Offeror”	Flourish Nation Enterprises Limited, a company incorporated in the BVI with limited liability, being the purchaser under the Share Purchase Agreement, and Mr. Lin is the sole ultimate beneficial shareholder and the sole director of the Offeror;
“Overseas Shareholders”	the Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong;
“PRC”	the People’s Republic of China, for the purpose of this Composite Document, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

DEFINITIONS

“Registrar”	Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, the Hong Kong branch share registrar and transfer office of the Company;
“Relevant Period”	the period from 9 October 2020, being the date falling six (6) months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date;
“Sale Shares”	600,000,000 Shares beneficially owned by the Vendor immediately prior to the Completion, representing 75% of the issued share capital of the Company as at the date of the Latest Practicable Date;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Purchase Agreement”	the conditional share purchase agreement for the sale and purchase of Sale Shares dated 6 April 2021 and entered into among the Vendor as vendor, Mr. Wu as guarantor and the Offeror as purchaser in relation to the sale and purchase of the Sale Shares;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of Share(s);
“Singapore”	the Republic of Singapore;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC;

DEFINITIONS

“VC Brokerage”	VC Brokerage Limited, a corporation licensed by the SFC to conduct on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offer for and on behalf of the Offeror;
“VC Capital”	VC Capital Limited, a corporation licensed by the SFC to conduct on Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror;
“Vendor”	Eagle Fortitude Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Wu;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“S\$”	Singapore dollars, the lawful currency of Singapore; and
“%”	per cent.

LETTER FROM VC CAPITAL



7/F, Centre Point
181-185 Gloucester Road
Wanchai
Hong Kong

29 April 2021

To the Independent Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Joint Announcement. On 6 April 2021, the Vendor, Mr. Wu and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, the Sale Shares, being 600,000,000 Shares, representing 75% of the total issued share capital of the Company as at the Latest Practicable Date, for a total cash consideration of HK\$112,800,000 (being HK\$0.188 per Sale Share). The Completion of the Acquisition took place on 16 April 2021.

Immediately following the Completion, the Offeror and parties acting in concert with it were interested in an aggregate of 600,000,000 Shares, representing 75% of the total issued share capital of the Company as at the Latest Practicable Date. The Offeror is 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.

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

LETTER FROM VC CAPITAL

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

MANDATORY UNCONDITIONAL CASH OFFER

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

VC Brokerage, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following basis:

For each Offer Share HK\$0.188 in cash

The Offer Price of HK\$0.188 per Offer Share is equal to the purchase price per Sale Share payable by the Offeror under the Share Purchase Agreement.

The Offer is unconditional in all aspects.

Value of the Offer

Assuming that there is no change in the issued share capital of the Company and based on the Offer Price of HK\$0.188 per Offer Share, the total issued share capital of the Company is valued at HK\$150,400,000. The Offer is hereby made to the Independent Shareholders. As the Offeror and parties acting in concert with it are interested in an aggregate of 600,000,000 Shares, 200,000,000 Shares are subject to the Offer. Based on the Offer Price of HK\$0.188 per Offer Share, the maximum consideration for the Offer Shares would be HK\$37,600,000. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrance and together with all rights now and thereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof on or after the date on which the Offer is made, being the date of the despatch of this Composite Document.

LETTER FROM VC CAPITAL

Comparison of value

The Offer Price of HK\$0.188 per Offer Share represents:

- a discount of approximately 27.69% on the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 26.56% on the average closing price of HK\$0.256 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 25.52% on the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 17.90% on the average closing price of HK\$0.229 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days prior to and including the Last Trading Day;
- a discount of approximately 10.05% on the Group's audited consolidated net asset value attributable to the Shareholders per Share of HK\$0.209 as at 30 June 2020 (based on a total of 800,000,000 Shares as at the Latest Practicable Date and the Group's audited consolidated net asset value attributable to the Shareholders of approximately S\$28,489,539 (equivalent to approximately HK\$167,233,593.93) as at 30 June 2020);
- a discount of approximately 6.47% on the Group's unaudited consolidated net asset value attributable to the Shareholders per Share of HK\$0.201 as at 31 December 2020 (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\$27,397,628 (equivalent to approximately HK\$160,824,076.36) as at 31 December 2020); and
- a discount of 53% on the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM VC CAPITAL

Highest and lowest Share prices

During the Relevant Period: (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.71 per Share on 20 April 2021; and (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.17 per Share on 24 December 2020, 28 December 2020 and 29 December 2020.

Confirmation of financial resources

The maximum amount of cash payable by the Offeror in respect of acceptances of the Offer is approximately HK\$37,600,000, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Closing Date. The Offeror intends to finance the consideration payable by the Offeror in respect of the Sale Shares under the Share Purchase Agreement and the Offer by its internal resources.

VC Capital, as the financial adviser to the Offeror in respect of the Acquisition and the Offer, 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

As at the Latest Practicable Date, the Company has not declared any dividend and the Company does not intend to declare, make or pay any dividend or other distributions prior to the Closing Date.

Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all encumbrances and with all rights now and thereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof on or after the date on which the Offer is made, being the date of the despatch of this Composite Document.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible within seven (7) Business Days (as defined in the Takeovers Code) following the date of receipt of a duly completed acceptance. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

LETTER FROM VC CAPITAL

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 accepting 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 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, the 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 VC CAPITAL

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, Mr. Wu 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.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$15,000,000 divided into 1,500,000,000 ordinary shares with par value of HK\$0.01 each, and there are 800,000,000 Shares in issue. The Company does not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares as at the Latest Practicable Date.

The following table sets out the shareholding structure of the Company (i) immediately prior to the Completion; and (ii) immediately after the Completion and as at the Latest Practicable Date:

Shareholders	(i) Immediately		(ii) Immediately after the	
	prior to the Completion		Completion and as at the	
	Latest Practicable Date			
	<i>Number of</i>	<i>Approximate</i>	<i>Number of</i>	<i>Approximate</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
The Offeror and person(s) acting in concert with it	–	–	600,000,000	75
The Vendor (<i>Note</i>)	600,000,000	75	–	–
The Independent Shareholders	200,000,000	25	200,000,000	25
Total:	<u>800,000,000</u>	<u>100</u>	<u>800,000,000</u>	<u>100</u>

Note: The Vendor is owned as to 100% by Mr. Wu.

LETTER FROM VC CAPITAL

INFORMATION ON THE GROUP

Information on the Group is set out in the paragraph headed “Information on the Company and the Group” in the “Letter from the Board” in this Composite Document.

INFORMATION ON THE OFFEROR

Flourish Nation Enterprises 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 holding the Sale Shares, the Offeror did not engage in any other business activities or hold any other asset.

As at the Latest Practicable Date, Mr. Lin, aged 28, is the sole ultimate beneficial shareholder and the sole director of the Offeror. Mr. Lin has different experiences in investment and management in various companies. He is currently the chairman of Ever Royal International Limited for about 4 years which is a limited company incorporated in Hong Kong with its major business engaged in oversea property investment. Its business also includes provision of consultation services on building design and specifications, performance of building works, etc. which is similar to the core business of the Group. Apart from the above, he is also the Member of the All-China Youth Federation, the Director (2021/2022) of Hong Kong Tung Wah Group of Hospitals, the Executive Member and Deputy Secretary-General of Y. Elite Club, the Vice Chairman of Hong Kong CPPCC Youth Federation, Member of Jiangsu Youth Federation, Honorary Director of South District Youth Association, the Honorary Chairman of Kowloon Federation of Associations, Secretary-General of the Youth Encouragement Fund and the Honorary Director of University of Hong Kong Foundation.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Upon the Completion, the Offeror has become the controlling shareholder of the Company and is interested in 75% of the issued share capital of the Company.

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 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.

LETTER FROM VC CAPITAL

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 the 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 businesses of the Group in addition to the market of Singapore.

Following the Closing Date, the Offeror intends to continue the existing principal businesses of the Group. The Offeror will review the business operations and financial position of the Group from time to time for development of a sustainable business plan and strategy to the Group. Other business opportunities will be explored and restructuring or integration of the existing businesses of the Group which will also be considered for better utilisation of the resources so as to enhance long-term growth of the Group. Save for the potential change(s) to the composition of the Board as mentioned below, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror may re-deploy the human resources from time to time when it is deemed necessary or appropriate to the benefit of the Group.

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 re-deploy 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.

LETTER FROM VC CAPITAL

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of five Directors, comprising two executive Directors, namely Mr. Wu An Ming and Mr. Koh Lee Huat, and three independent non-executive Directors, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred.

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. Mr. Wu intends to resign from the Board with effect from the earliest time permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate.

The Offeror intends to nominate Mr. Lin as the new non-executive Director and the chairman of the Company. The proposed appointment is expected to take effect after the despatch of this Composite Document. The biographical details of Mr. Lin are set out under the section headed "Information on the Offeror" above.

Save as disclosed above, the Offeror has not reached any final decision as to who will be nominated as new Directors and which Director(s) will resign as at the Latest Practicable Date. 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.

COMPULSORY ACQUISITION

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

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange.

The Stock Exchange has stated that if, at the Closing Date, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, is 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,

LETTER FROM VC CAPITAL

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that upon the Closing Date, 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. Mr. Lin has undertaken, and the new Directors to be appointed to the Board will jointly and severally undertake, to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to paragraph headed “General Procedures for Acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered 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. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

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, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror and parties acting in concert with it, the Company, VC Capital, VC Brokerage, the Independent Financial Adviser, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

LETTER FROM VC CAPITAL

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
VC Capital Limited
Ginny Ho
Managing Director

LETTER FROM THE BOARD

HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1726)

Executive Directors:

Mr. Wu An Ming

Mr. Koh Lee Huat

Independent non-executive Directors:

Mr. Siu Man Ho Simon

Prof. Pong Kam Keung

Mr. Cheung Kwok Yan Wilfred

Registered office:

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

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

Unit 2004, 20/F

K11 Atelier

18 Salisbury Road

Tsim Sha Tsui

Kowloon, Hong Kong

29 April 2021

To the Independent Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other matters, the Share Purchase Agreement and the Offer. Terms used in this letter have the same meaning as defined in this Composite Document unless otherwise defined or the context otherwise requires.

LETTER FROM THE BOARD

As mentioned in the Joint Announcement, pursuant to the Share Purchase Agreement entered into between the Vendor, Mr. Wu and the Offeror on 6 April 2021, the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to acquire an aggregate of 600,000,000 Shares, being the Sale Shares, representing 75% of the issued share capital of the Company as at the date of the Joint Announcement and as at the Latest Practicable Date, at a total consideration of HK\$112,800,000, equivalent to HK\$0.188 per Sale Share.

The Completion took place on 16 April 2021. Immediately after the Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in and controlled the voting rights in respect of an aggregate of 600,000,000 Shares, representing 75% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, subject to the Completion, the Offeror is 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 the Offeror and/or parties acting in concert with it.

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

The purpose of this Composite Document, of which this letter forms part, is to provide you with, among other things, (i) information relating to the Group and the Offeror; (ii) further details of the Offer; (iii) a letter of recommendation from the Independent Board Committee containing the Independent Board Committee's recommendation to the Independent Shareholders in respect of the terms of the Offer and as to the acceptance of the Offer; and (iv) a letter of advice from the Independent Financial Adviser containing the Independent Financial Adviser's advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, a board which receives an offer, or is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether or not the terms of the offer are fair and reasonable; and (ii) as to the acceptance of the offer. The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Siu Man Ho Simon, Mr. Cheung Kwok Yan Wilfred and Prof. Pong Kam Keung, has been established by the Company to recommend the Independent Shareholders in respect of the Offer. The above-named independent non-executive Directors have no direct or indirect interests in the Offer and it is considered appropriate for them to be members of the Independent Board Committee in this regard.

LETTER FROM THE BOARD

As announced by the Company on 12 April 2021, INCU has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and in particular, as to whether or not the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

You are advised to read the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

THE OFFER

As disclosed in the “Letter from VC Capital” in this Composite Document, VC Brokerage, for and on behalf of the Offeror, hereby makes the Offer for all the Offer Shares on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.188 in cash

The Offer Price of HK\$0.188 per Offer Share is equal to the purchase price per Sale Share payable by the Offeror under the Share Purchase Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrance and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the date on which the Offer is made, being the date of the despatch of this Composite Document. As at the Latest Practicable Date, (i) the Company had not made, declared or paid any dividend; and (ii) the Company did not have any intention to make, declare or pay any future dividend/make other distributions until the Closing Date.

As at the Latest Practicable Date, there were 800,000,000 Shares in issue, of which 600,000,000 Shares (representing 75% of the issued share capital of the Company) were held by the Offeror and parties acting in concert with it upon the Completion. There were no outstanding warrants, options, derivatives or other securities convertible into Shares and the Company had not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

Further details of the Offer including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the “Letter from VC Capital” in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose ordinary shares are listed on the Main Board (Stock Code: 1726). 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 drawn to Appendix II and Appendix IV to this Composite Document which contain further financial and general information of the Group, respectively, pursuant to the Takeovers Code.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to the Completion; and (ii) immediately after the Completion and as at the Latest Practicable Date:

Shareholders	(i) Immediately prior to the Completion		(ii) Immediately after the Completion and as at the Latest Practicable Date	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Offeror and person(s) acting in concert with it	–	–	600,000,000	75
The Vendor ^(Note)	600,000,000	75	–	–
The Independent Shareholders	<u>200,000,000</u>	<u>25</u>	<u>200,000,000</u>	<u>25</u>
Total:	<u>800,000,000</u>	<u>100</u>	<u>800,000,000</u>	<u>100</u>

Note: The Vendor is owned as to 100% by Mr. Wu.

LETTER FROM THE BOARD

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the “Letter from VC Capital” in this Composite Document for the information on the Offeror and its intention regarding the Group.

As set out in the paragraphs headed “Intentions of the Offeror regarding the Group” and “Proposed change of board composition” in the “Letter from VC Capital”, the Offeror intends to continue the employment of the existing management and employees (save for the proposed changes in the composition of the Board). The Board is aware of the intention of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the best interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY AND PUBLIC FLOAT

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, is 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,

the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is restored.

The Board noted from the “Letter from VC Capital” in this Composite Document that: (i) the Offeror intends to maintain the listing status of the Shares on the Main Board after the Closing Date; and (ii) Mr. Lin has undertaken, and the new Directors to be appointed to the Board will jointly and severally undertake, to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares as soon as practicable following the Closing Date. The Company and the Offeror will issue a joint announcement regarding the decision of any such placing down as and when necessary.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” set out on pages 24 to 25 of this Composite Document, which contains the Independent Board Committee’s recommendation to the Independent Shareholders in relation to the Offer; and (ii) the “Letter from the Independent Financial Adviser” set out on pages 26 to 49 of this Composite Document, which contains, among other things, the Independent Financial Adviser’s advice and recommendation to the Independent Board Committee and the 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 as to acceptance thereof, and the principal factors considered by the Independent Financial Adviser in arriving at its advice and recommendation.

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

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

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 professional advisers.

Yours faithfully,
For and on behalf of the Board
HKE Holdings Limited
Wu An Ming
Chairman & Chief Executive Officer

HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1726)

29 April 2021

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the Composite Document dated 29 April 2021 jointly issued by the Company and the Offeror of which this letter forms part. Unless otherwise defined or the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Offer and to make a recommendation to the Independent Shareholders as to whether or not, in our opinion, the terms of the Offer are fair and reasonable and to make recommendation as to acceptance thereof. We have declared that we are independent and have no direct or indirect interests in the Offer, and therefore are able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

INCUB has been appointed as the Independent Financial Adviser to make advice and recommendation to us in respect of the terms of the Offer and, in particular, whether the terms of the Offer are fair and reasonable and to make recommendation as to the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which INCUB has considered before arriving at such recommendation, are set out in the "Letter from the Independent Financial Adviser" on pages 26 to 49 of the Composite Document. We also wish to draw your attention to the "Letter from the Board", the "Letter from VC Capital" and the additional information set out in the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Offer and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendation as set out in the “Letter from the Independent Financial Adviser”, we concur with the view of Independent Financial Adviser and consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and recommend the Independent Shareholders to accept the Offer.

However, the Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer.

The Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” on pages 26 to 49 of the Composite Document. 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 professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in Appendix I to the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,

**Independent Board Committee of
HKE Holdings Limited**

Siu Man Ho Simon
*Independent non-executive
Director*

Pong Kam Keung
*Independent non-executive
Director*

Cheung Kwok Yan Wilfred
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from INCU 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.



INCUB Corporate Finance Limited
Unit D, 6/F, Bank of China Building,
2A Des Voeux Road Central,
Central, Hong Kong

29 April 2021

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

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
VC BROKERAGE LIMITED
FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE
ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF
HKE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY THE OFFEROR
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 and the Independent Shareholders in relation to the Offer, details of which are set out in 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 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

References are made to the Joint Announcement dated 9 April 2021 and the announcement of the Company dated 12 April 2021 and 16 April 2021. On 6 April 2021 (after trading hours of the Stock Exchange), the Vendor, Mr. Wu and the Offeror entered into the Share Purchase Agreement pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase of an aggregate 600,000,000 Shares, representing 75% of the issued Shares as at the date of the Joint Announcement, for a total cash consideration of HK\$112,800,000 (equivalent to HK\$0.188 per Sale Share). The Completion took place on 16 April 2021.

Immediately following the Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it held an aggregate of 600,000,000 Shares, representing 75% of the total issued share capital of the Company. The Offeror is 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 INDEPENDENT BOARD COMMITTEE

In accordance with Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising all the independent non-executive Directors, to make recommendation to the Independent Shareholders in respect of the Offer. As a result, the Independent Board Committee comprising all independent non-executive Directors, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred, has been established by the Company to advise the Independent Shareholders in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We, INCU Corporate Finance 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 has not provided any other services to the Company and the Offeror during the past two years. We are not associated or connected with the Company, the Vendor or the Offeror, their respective controlling shareholders or any party acting, or presumed to be acting in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company, the Vendor or the Offeror, their respective controlling shareholders or any party acting, or presumed to be acting in concert with any of them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete. We have reviewed the information of the Company, including but not limited to, the announcements of the Company, the annual reports for the years ended 30 June 2019 (the “**2019 Annual Report**”), 30 June 2020 (the “**2020 Annual Report**”), the interim report for the six months ended 31 December 2020 (the “**2021 Interim Report**”) and the latest unaudited consolidated financial information of the Group for the eight months ended 28 February 2021, the information contained in the Composite Document and certain published information from the public domain. We have sought and received confirmation from the Directors and the management of the Group that no material information have been omitted or withheld from the information supplied and opinions expressed by them. The Company will notify the Shareholders of any material changes during the offer period (as defined under the Takeovers Code) as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Shareholders will also be informed by us as soon as possible if we become aware of any material changes for the information contained or referred to herein throughout the offer period. 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. We have also assumed that all representations contained or referred to in the Composite Document are true at the time they were made and at the date of the Composite Document.

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

VC Brokerage is making the Offer on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below:

For each Offer ShareHK\$0.188 in cash

The Offer Price of HK\$0.188 per Offer Share is equal to the purchase price per Sale Share payable by the Offeror under the Share Purchase Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offer is unconditional in all respects.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrance and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the date on which the Offer is made, being the date of the despatch of this Composite Document. As at the Latest Practicable Date, (i) the Company had not made, declared or paid any dividend; and (ii) the Company did not have any intention to make, declare or pay any future dividend/make other distributions until the Closing Date.

As at the Latest Practicable Date, there were 800,000,000 Shares in issue, of which 600,000,000 Shares (representing 75% of the issued share capital of the Company) were held by the Offeror and parties acting in concert with it upon the Completion. There were no outstanding warrants, options, derivatives or other securities convertible into Shares and the Company had not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Shares as at the Latest Practicable Date.

Based on the Offer Price and 800,000,000 Shares in issue as at the Latest Practicable Date of which 600,000,000 Shares are owned by the Offeror upon Completion, 200,000,000 Shares will be subject to the Offer (assuming there is no change to the issued share capital of the Company from the Latest Practicable Date up to the Closing Date), and based on the Offer Price and on the basis of full acceptance of the Offer, the cash consideration payable by the Offeror under the Offer will amount to HK\$37,600,000.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code which is administered by the Executive.

Further details of the Offer (including the terms and procedures for acceptance of the Offer) are contained in the "Letter from VC Capital" and 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 formulating our opinion and recommendation in respect of the terms of the Offer, we have considered the following principal factors and reasons:

1. Information of the Group

1.1 Background information

The Company was incorporated in Cayman Island with limited liability and listed on the Main Board of the Stock Exchange.

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**”).

1.2 Financial performance

Set forth below are (i) the audited consolidated financial results of the Group for the three financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 (“**FY2018**”, “**FY2019**” and “**FY2020**”, respectively) as extracted from the 2019 Annual Report and the 2020 Annual Report; and (ii) the unaudited consolidated financial results of the Group for the six months ended 31 December 2019 and 31 December 2020 (“**1H2020**” and “**1H2021**”, respectively) as extracted from the 2021 Interim Report:

	FY2018	FY2019	FY2020	1H2020	1H2021
	S\$	S\$	S\$	S\$	S\$
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	(for illustrative purposes)				
Revenue	13,928,620	10,403,292	7,641,788	4,625,426	4,505,049
- <i>Integrated design and building services</i>	13,358,328	9,972,641	7,150,720	4,467,292	4,316,019
- <i>Maintenance and other services</i>	474,386	377,751	381,068	158,134	186,291
- <i>Sales of tools and materials</i>	95,906	52,900	110,000	-	2,739

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	FY2018	FY2019	FY2020	1H2020	1H2021
	S\$	S\$	S\$	S\$	S\$
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	(for illustrative purposes)				
Gross profit	5,766,374	3,697,365	1,444,793	1,509,541	687,425
Profit before tax	1,670,331	2,731,028	259,002	784,178	82,605
Profit for the year/period	878,056	2,262,611	58,303	691,499	31,229
Earnings per Share (basic and diluted, S\$ cents)	0.14	0.28	0.01	0.086	0.004

FY2019 compared to FY2018

The revenue of the Group in both FY2018 and FY2019 were mainly attributable to the Integrated design and building services segment. The revenue of the Group decreased from approximately S\$13.9 million in FY2018 to approximately S\$10.4 million in FY2019, representing a decrease of approximately S\$3.5 million or 25.2%. As disclosed in the 2019 Annual Report, the decrease was mainly attributable to the decrease in revenue deriving from the Integrated design and building services by approximately S\$3.4 million as a result of (i) decrease in gross profit margin by approximately 5.9% due to the adoption of a more aggressive pricing strategy to secure new projects; and (ii) delay of tendering process for a few major projects.

The gross profit of the Group for FY2019 amounted to approximately S\$3.7 million, representing a decrease of approximately S\$2.1 million or 36.2% as compared with approximately S\$5.8 million for FY2018, which was mainly due to decrease in revenue for the same period. The Group's gross profit margin for FY2019 was approximately 35.5%, as compared with approximately 41.4% for FY2018. We have discussed with the management of the Group and was advised that the decrease in the gross profit margin of approximately 5.9% for FY2019 was mainly attributable to the increasing amount of industry competitors and therefore a more competitive pricing is needed to provide to customers to secure new projects during FY2019.

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The Group recorded a profit for the year of approximately S\$2.3 million for FY2019, representing an increase of approximately S\$1.4 million or 155.6% as compared with approximately S\$0.9 million for FY2018. If the non-recurring listing expenses incurred in FY2018 of approximately S\$3.4 million were excluded, the Group would have recorded a profit for the year of approximately S\$4.3 million in FY2018, representing a decrease of approximately S\$2.0 million or 46.5% as compared to FY2018. The decrease was mainly due to the combined effect of decrease in revenue and gross profit margin as discussed above.

FY2020 compared to FY2019

The revenue of the Group in both FY2019 and FY2020 were mainly attributable to the Integrated design and building services segment. The revenue of the Group decreased by approximately S\$2.8 million, or 26.9%, from approximately S\$10.4 million in FY2019 to approximately S\$7.6 million in FY2020. Such decrease was mainly attributable to the decrease in revenue deriving from the Integrated design and building services. As disclosed in the 2020 Annual Report, the decrease was mainly due to the COVID-19 pandemic preventive measure imposed by the Singapore Government from 7 April 2020 to 1 June 2020 (the “**Measure Period**”) and majority of the Group’s engineering projects were halted and resulted in a significant slowdown in the progress of the Group’s engineering works.

The Group’s gross profit was approximately S\$1.4 million for FY2020 as compared to approximately S\$3.7 million for FY2019, representing a decrease of approximately S\$2.3 million or 62.2%, with gross profit margin of approximately 18.9% for FY2020 as compared to approximately 35.5% for FY2019. As disclosed in the 2020 Annual Report, the decrease in the gross profit margin was mainly attributable to (i) the decrease in revenue as mentioned above; and (ii) the projects’ additional running costs incurred as a result of the outbreak of COVID-19 which reduced margins of the projects.

The Group recorded a profit for the year of approximately S\$0.06 million for FY2020, representing a decrease of approximately S\$2.2 million or 97.4% as compared with approximately S\$2.3 million for FY2019. As disclosed in the 2020 Annual Report, the decrease was mainly due to the combined effect of (i) the decrease in both of the revenue and gross profit margin as discussed above; and (ii) the increase of administrative expenses mainly attributable to the increase in compliance charges incurred after the listing of the Group of approximately S\$0.7 million.

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1H2021 compared to 1H2020

The revenue of the Group in both 1H2020 and 1H2021 were mainly attributable to the Integrated design and building services segment. The Group's revenue for the 1H2021 was approximately S\$4.5 million, representing a decrease of approximately S\$0.1 million, or 2.2%, as compared to revenue of approximately S\$4.6 million for 1H2020. As disclosed in the 2021 Interim Report, the Group was able to recommence most of the projects immediately after the COVID-19 pandemic preventive measure period, therefore the decrease of revenue was insignificant.

The Group's gross profit was approximately S\$0.7 million for 1H2021 as compared to approximately S\$1.5 million for 1H2020, representing a decrease of approximately S\$0.8 million or 53.3%, with gross profit margin of approximately 15.3% for 1H2021 as compared to approximately 32.6% for 1H2020. As discussed with the management of the Group, the decrease in the gross profit margin was mainly due to the adoption of the competitive pricing strategy for securing new projects and the additional costs incurred after the Measure Period which further reduces the gross margin of the projects.

The Group recorded a profit for the period of approximately S\$0.03 million for 1H2021, representing a decrease of approximately S\$0.67 million as compared with approximately S\$0.7 million for 1H2020. The decrease was mainly due to the decrease in the gross profit as mentioned above.

1.3 Financial position

Set out below is the summary of the consolidated financial position of the Group as at 30 June 2018, 30 June 2019, 30 June 2020 and 31 December 2020 as extracted from the 2019 Annual Report, 2020 Annual Report and the 2021 Interim Report:

	As at 30 June		As at 31 December	
	2018	2019	2020	2020
	S\$	S\$	S\$	S\$
	(audited)	(audited)	(audited)	(unaudited)
	(for illustrative purposes)			
Non-current assets	664,937	728,723	716,686	634,559
– Property, plant and equipment	664,937	728,723	649,114	604,989
– Right-of-use assets	–	–	67,572	29,570

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	As at 30 June		As at 31 December	
	2018	2019	2020	2020
	S\$	S\$	S\$	S\$
	(audited)	(audited)	(audited)	(unaudited)
	(for illustrative purposes)			
Current assets	27,044,271	28,514,583	29,698,625	28,987,033
– Trade receivables	4,643,184	3,399,887	1,693,123	1,961,559
– Other receivables, deposits and prepayments	153,293	151,653	343,007	150,620
– Amounts due from customers for construction work	1,030,282	–	–	–
– Contract assets	–	2,498,815	2,425,645	3,568,994
– Restricted bank deposit	175,000	–	–	–
– Bank balances and cash	21,042,512	22,464,228	25,236,850	23,305,860
Non-current liabilities	25,270	27,310	29,550	27,310
– Lease liabilities	–	–	2,240	–
– Deferred tax liabilities	25,270	27,310	27,310	27,310
Current liabilities	27,044,271	1,272,015	1,896,222	2,196,654
– Trade and other payables	895,249	766,057	1,019,775	1,559,299
– Amounts due to customers for construction work	24,253	–	–	–
– Contract liabilities	–	43,850	691,663	527,462
– Lease liabilities	–	–	65,487	29,000
– Income tax payable	1,083,066	462,108	119,297	80,893
Net current assets	25,041,703	27,242,568	27,802,403	26,790,379
Net assets	25,681,370	27,943,981	28,489,539	27,397,628

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As at 30 June 2019

As at 30 June 2019, the Group's net current assets amounted to approximately S\$27.2 million, representing an increase of approximately S\$2.2 million compared to that of approximately S\$25.0 million as at 30 June 2018. The increase in net current assets was mainly attributable to the combined effect of the (i) increase in bank balances and cash of approximately S\$1.4 million mainly due to the settlement of trade receivables by customers during the year; (ii) increase in contract assets balance of approximately S\$1.5 million when compared to amounts due from customers for construction work balance as at 30 June 2018 was mainly due to the new construction contracts entered with customers during the FY2019; and (iii) the decrease of income tax payable of approximately S\$0.6 million due to the decrease of income tax expense during the year and also the settlement of income tax payable during the FY2019.

Based on 800,000,000 issued Shares as at 30 June 2019, the net asset value per Share as at 30 June 2019 amounted to approximately S\$0.035, representing a 12.5% decrease from approximately S\$0.040 as at 30 June 2018 as calculated using the number of issued Shares of 640,000,000 as at 30 June 2018.

As at 30 June 2020

As at 30 June 2020, the Group's net current assets amounted to approximately S\$27.8 million, representing an increase of approximately S\$0.6 million compared to that approximately S\$27.2 million as at 30 June 2019. The increase in net current assets was mainly attributable to the combined effect of (i) the increase in bank balances and cash of approximately S\$2.7 million mainly due to the settlement of trade receivables by customers during the year, (ii) the decrease of trade receivables of approximately S\$1.7 million due to the settlement of contract payments by customers; and (iii) increase of contract liabilities of approximately S\$0.6 million due to the increasing amount of construction contracts entered with customers.

Based on 800,000,000 issued Shares as at 30 June 2020, the net asset value per Share amounted to approximately S\$0.036, representing a 2.9% increase from approximately S\$0.035 as at 30 June 2019 as calculated using the number of issued Shares of 800,000,000 as at 30 June 2019.

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As at 31 December 2020

As at 31 December 2020, the Group's net current assets amounted to approximately S\$26.8 million, representing a decrease of approximately S\$1.0 million compared to that approximately S\$27.8 million as at 30 June 2020. The decrease in net current assets was mainly attributable to the combined effect of (i) the increase in contract assets balance of approximately S\$1.1 million due to the new construction contracts entered with customers during the 1H2021; (ii) the decrease of bank balances and cash of approximately S\$1.9 million mainly due to the increasing of outstanding payments from customers; and (iii) increase of trade and other payables of approximately S\$0.5 million due to the increasing amount of purchase from suppliers.

Based on 800,000,000 issued Shares as at 31 December 2020, the net asset value per Share amounted to approximately S\$0.034, representing a 5.6% decrease from approximately S\$0.036 as at 30 June 2020 as calculated using the number of issued Shares of 800,000,000 as at 30 June 2020.

2. Prospects and outlook of the Group

As disclosed in the 2021 Interim Report, the Group principally operates in Singapore. Revenue derived from Singapore represented 100% of its total revenue in 1H2021 (1H2020: 100%). 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 95.8% of the Group's revenue 1H2021.

In Singapore, the transformation journey for healthcare is to ensure that a good and sustainable system is in place. The trend of increasing demand for health and aged care services will continue as Singapore's population ages. Higher development expenditure in FY2020 is budgeted as higher cashflows required for major projects such as Woodlands Health Campus, Singapore General Hospital ("SGH") Emergency Medicine Building and SGH Elective Care Centre. 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 the medical-related facilities will, therefore, drive the demand for medical-related radiation shielding works.

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

Construction industry in Singapore

According to the “Economic Survey of Singapore 2020” published by the Ministry of Trade and Industry of Singapore in February 2021 (the “**Economic Survey 2020**”). It was noted that (i) the total construction demand for the whole 2020 has fell by 37% as compared to the corresponding period of last year due to the outbreak of COVID-19; (ii) the cost of construction materials is also in an increasing trend, with the average market price of steel bars rose by 4.8% year-on-year in the fourth quarter of 2020, due to the rising costs of raw materials and tight supplies from import countries like China; and (iii) the construction labor cost is also in an increasing trend, based on Building Works Tender Price Index, tender prices in the construction sector rose by 2.9% in 2020, mainly due to the significant increases in manpower-related costs, which were in turn attributable to the tight supply of foreign workers as a result of travel restrictions. Looking ahead, elevated manpower related costs as well as rising global material costs are likely to continue to exert upward pressures on construction costs and tender prices in 2021.

As disclosed in the 2021 Interim Report, the Singapore Government has intention to increase the medical-related facilities in the future. Nevertheless, as discussed with the management of the Group, we are advised that the Group will face a challenging prospect, with reasons being (i) the postponement of tendering process for the new construction projects caused by the COVID-19; (ii) harder to award tenders due to the additional industry competitors; and (iii) the continuing adoption of the competitive pricing strategy provided to the customers in the recent period. With reference to the Economic Survey 2020, we noted that the Singapore construction industry is facing with difficulties, with both the cost of construction materials and construction labor cost being in an increasing trend, it is likely that more pressures will be applied to the construction costs and tender price in 2021. Moreover, as discussed in section headed “1.2 Financial Performance – 1H2021 compared to 1H2020” above, we noted that the Group’s revenue has decreased from approximately S\$4.5 million for 1H2020 to approximately S\$4.3 million for 1H2021, with the Group’s gross profit margin decreased from approximately 32.6% for 1H2020 to approximately 15.3% for 1H2021. The decrease in the gross profit margin was mainly due to the adoption of the competitive pricing strategy for securing new projects and the additional costs incurred after the Measure Period which further reduces the gross margin of the projects in the coming year.

Although the Singaporean government plans to expand medical-facilities may have a beneficial effect on the medical related construction industry in Singapore, having considered (i) the upward pressures on construction costs and tender prices; and (ii) the financial performance of the Group as discussed above, we consider that the Group’s business prospects and outlook would still be subject to uncertainties in the short run.

3. Information of the Offeror

As stated in the “Letter from VC Capital” contained in the Composite Document, the Offeror 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 holding the Sale Shares, the Offeror did not engage in any other business activities or hold any other asset.

As at the Latest Practicable Date, Mr. Lin, aged 28, is the sole ultimate beneficial shareholder and the sole director of the Offeror. Mr. Lin has different experiences in investment and management in various companies. He is currently the chairman of Ever Royal International Limited for about 4 years which is a limited company incorporated in Hong Kong with its major business engaged in overseas property investment. Its business also includes provision of consultation services on building design and specifications, performance of building works, etc. which is similar to the core business of the Group. Apart from the above, he is also the Member of the All-China Youth Federation, the Director (2021/2022) of Hong Kong Tung Wah Group of Hospitals, the Executive Member and Deputy Secretary-General of Y. Elite Club, the Vice Chairman of Hong Kong CPPCC Youth Federation, Member of Jiangsu Youth Federation, Honorary Director of South District Youth Association, the Honorary Chairman of Kowloon Federation of Associations, Secretary-General of the Youth Encouragement Fund and the Honorary Director of University of Hong Kong Foundation.

We noted that Mr. Lin has 4 years of experience in the provision of consultation services on building design and specifications, performance of building works, etc. which is similar to the core business of the Group. Mr. Lin, in his capacity as an investor of the Group, intends to leverage on the expertise and experience of the existing management of the Group for its operations. However, we considered there are uncertainties in the future development strategy of the Company as the Offeror has not laid down any detailed business plan.

4. Intentions of the Offeror regarding the Group and proposed change of the Board composition

As stated in the “Letter from VC Capital”, upon the Completion, the Offeror has become the controlling shareholder of the Company and is interested in 75% of the issued share capital of the Company.

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 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.

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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 the 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 businesses of the Group in addition to the market of Singapore.

Following the Closing Date, the Offeror intends to continue the existing principal businesses of the Group. The Offeror will review the business operations and financial position of the Group from time to time for development of a sustainable business plan and strategy to the Group. Other business opportunities will be explored and restructuring or integration of the existing businesses of the Group which will also be considered for better utilisation of the resources so as to enhance long-term growth of the Group. Save for the potential change(s) to the composition of the Board as mentioned below, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror may re-deploy the human resources from time to time when it is deemed necessary or appropriate to the benefit of the Group.

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 re-deploy 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 Board is currently made up of five Directors, comprising two executive Directors, namely Mr. Wu An Ming and Mr. Koh Lee Huat, and three independent non-executive Directors, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred.

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. Mr. Wu intends to resign from the Board with effect from the earliest time permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate.

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The Offeror intends to nominate Mr. Lin as the new non-executive Director and the chairman of the Company. The proposed appointment is expected to take effect after the despatch of this Composite Document. The biographical details of Mr. Lin are set out under the section headed "Information on the Offeror" above.

Save as disclosed above, the Offeror has not reached any final decision as to who will be nominated as new Directors and which Director(s) will resign as at the Latest Practicable Date. 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.

5. Principal terms of the Offer

The Offer Price of HK\$0.188 per Offer Share represents:

- (a) a discount of approximately 27.69% to the closing price of HK\$0.260 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 26.56% to the average closing price of HK\$0.256 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a discount of approximately 25.52% to the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 17.90% to the average closing price of HK\$0.229 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days prior to and including the Last Trading Day;
- (e) a discount of approximately 53.00% to the closing price of HK\$0.400 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (f) a discount of approximately 10.05% to the audited consolidated net asset value attributable to the equity holders of the Company per Share of approximately HK\$0.209 as at 30 June 2020 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the Group's audited consolidated net asset value of the Group attributable to the equity holders of the Company of approximately S\$28,489,539 (equivalent to approximately HK\$167,233,594) as at 30 June 2020 and 800,000,000 Shares in issue as at the Latest Practicable Date; and

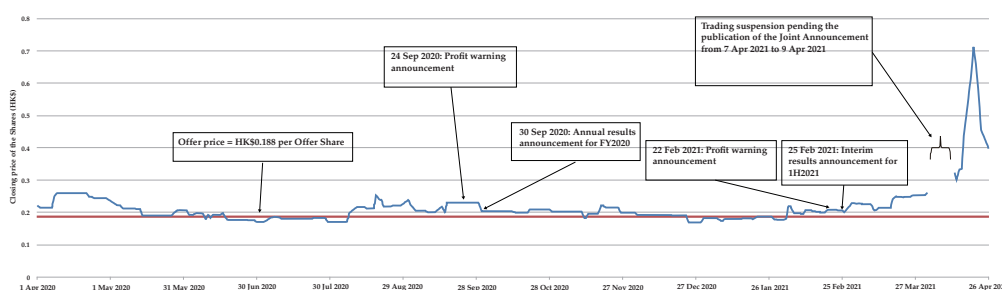
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- (g) a discount of approximately 6.47% to the unaudited consolidated net asset value attributable to the equity holders of the Company per Share of approximately HK\$0.201 based on a total of 800,000,000 Shares in issue as at the Latest Practicable Date and the unaudited consolidated net asset value attributable to the equity holders of the Company of approximately S\$27,397,628 (equivalent to approximately HK\$160,824,076) as at 31 December 2020.

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 1 April 2020, 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 annual results for FY2020 and the interim results for 1H2021; (ii) represents a reasonable period to provide a general overview of the recent price performance and the recent trading volume of the Shares for conducting an analysis against the Offer Price; (iii) is long enough to avoid any short-term fluctuation which may distort our analysis; and (iv) is sufficient and a common market practice.

Chart 1: Share price performance against the Offer Price during the Review Period



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

As shown in Chart 1 above, the closing price of the Shares ranged from HK\$0.170 recorded on 2 July 2020, 24 December 2020, 28 December 2020 and 29 December 2020 to HK\$0.260 recorded from 9 April 2020 to 21 April 2020 and 1 April 2021 during the period from 1 April 2020 to 1 April 2021, being the Last Trading Day (both dates inclusive, the “**Pre-Announcement Period**”), with an average of approximately HK\$0.205 per Share. The Offer Price represents a discount of approximately 8.29% to the average price during the Pre-Announcement Period.

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Subsequently, trading in the Shares was suspended, at the request of the Directors, from 7 April 2021 to 9 April 2021 (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 9 April 2021 and the resumption of trading in the Shares on 12 April 2021, the closing price of the Shares increased from HK\$0.260 on the Last Trading Day to HK\$0.325 on the first trading day after resumption (i.e. 12 April 2021). During the period from 12 April 2021 up to the Latest Practicable Date (the “**Post Announcement Period**”), the closing price of the Shares ranged from HK\$0.300 recorded on 13 April 2021 to HK\$0.710 recorded on 20 April 2021 with an average of approximately HK\$0.468 per Share. The Offer Price represents a discount of approximately 59.83% to the average price during the Post Announcement Period.

We noted that the Offer Price represents a discount of approximately 8.29% to the average price during the Pre-Announcement Period. However, there is no assurance that the Share price will sustain at a level above the Offer Price during and after the Offer Period, and the historical trading volume of the Shares was thin in general as discussed below. We are of the view that the Independent Shareholders, especially those with relatively sizable shareholding, may not be able to realise their entire investments in the Shares at a price higher than or close to the Offer Price. Therefore, we consider that the Offer provides an exit alternative at the Offer Price for the Independent Shareholders who would like to realise their investments in the Shares.

Liquidity of the Shares

The table below sets out the trading volume of the Shares during the Review Period.

Month	Number of trading days of the Shares in each month/period (Note 1)	Total trading volume of the Shares in each month/period	Average daily trading volume of the Shares	Approximate % of average daily trading volume to total number of issued Shares (Note 2)
Pre-Announcement Period				
2020				
April	19	390,000	20,526	0.003%
May	20	2,555,000	127,750	0.02%
June	21	3,875,000	184,524	0.02%
July	22	4,655,000	211,591	0.03%
August	21	2,260,000	107,619	0.01%
September	22	815,000	37,045	0.005%

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Month	Number of trading days of the Shares in each month/period <i>(Note 1)</i>	Total trading volume of the Shares in each month/period	Average daily trading volume of the Shares	Approximate % of average daily trading volume to total number of issued Shares <i>(Note 2)</i>
October	18	200,000	11,111	0.001%
November	21	855,000	40,714	0.01%
December	22	1,590,000	72,273	0.01%
2021				
January	20	4,475,000	223,750	0.03%
February	18	875,000	48,611	0.01%
March	23	3,025,000	131,522	0.02%
April	1	210,000	210,000	0.001%
Post-Announcement Period				
April	11	79,405,000	7,218,636	0.90%

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

Note 1: Number of trading days of the Shares represents number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

Note 2: The calculation is based on the number of the Shares in issue as at the Latest Practicable Date.

Based on the above table, the average daily trading volume of the Shares in the Review Period ranged from approximately 0.001% to approximately 0.90% of the total issued Shares as at the Latest Practicable Date. The average daily trading volume of the Shares during the Review Period was approximately 406,120 Shares, representing approximately 0.05% of the total issued Shares of the Company.

We noted that the average daily trading volume of the Company during the Post-Announcement Period was relatively higher than the rest of the Review Period. A possible explanation of the relatively higher trading volume in such period was due to the market reaction resulted from the Joint Announcement released on 9 April 2021. As advised by the Directors, they were not aware of any other specific event that might cause the relatively higher trading volume in such period.

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Save for the trading volume during the Post-Announcement Period, we noted that the trading liquidity of the Shares was generally thin given that the average daily trading volume of the Shares during the Review Period represents less than 0.04% to 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 in the open market and whether their disposal of Shares will exert a downward pressure on the market prices of the Shares. Therefore, we anticipate that the Independent Shareholders may have difficulties in selling a sizable shareholdings in the open market within a short period of time if the same trading pattern of the Shares persists during and after the Offer Period. We are of the view that the Independent Shareholders, especially those with relatively sizeable shareholdings, may not be able to sell the Shares in the market at a price higher than the Offer Price.

Comparable analysis

To further evaluate the fairness and reasonableness of the Offer Price, we have attempted to carry out comparable companies analysis to compare the Offer Price against the market valuation of other comparable companies using the commonly adopted comparison benchmarks in the evaluation of a company, namely the price-to-earnings ratio (“**P/E Ratio**”) and price-to-book ratio (“**P/B Ratio**”).

We have attempted to identify comparable companies which (i) are listed on the Main Board of Stock Exchange; (ii) have principal business being similar to that of the Group (i.e. over 90% of their revenue generated from providing integrated design and building services for hospitals and clinics in Singapore as disclosed in their respective latest financial year); and (iii) have market capitalisation below HK\$500 million. However, we were not able to identify direct comparable companies that matched the criteria listed above.

Therefore, we have revised our selection criteria to comparable companies which (i) are listed on the Main Board of Stock Exchange; (ii) have principal business being over 90% of their revenue generated from providing building construction services in Singapore in their respective latest financial year; and (iii) have market capitalisation below HK\$500 million. Based on these criteria and the public information available on the Stock Exchange’s website, we have identified an exhaustive list of a total of 3 companies listed on the Main Board of the Stock Exchange (the “**Comparable Companies**”).

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The following table sets out the P/E Ratios and the P/B Ratios of the Comparable Companies based on their closing price as at the Latest Practicable Date and their latest published financial information:

Company Name	Company Business	Market Capitalisation (HK\$ million) <i>(Note 1)</i>	P/E Ratio <i>(Note 2)</i>	P/B Ratio <i>(Note 3)</i>
BHCC Holding Limited (stock code: 1552)	Building construction services and properties investment	104.0	6.37	0.39
HPC Holdings Limited (stock code: 1742)	General building construction and civil engineering	158.4	N/A <i>(Note 5)</i>	0.30
Kwan Yong Holdings Limited (stock code: 9998)	General building and construction services	149.6	N/A <i>(Note 5)</i>	0.66
		Average	6.37	0.45
			Median	6.37
			Maximum	6.37
			Minimum	6.37
The Company		150.4 <i>(Note 4)</i>	439.46	0.94

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

Note 1: The market capitalisation is calculated based on the share price and number of issued shares of the respective companies as at the Latest Practicable Date.

Note 2: The P/E Ratios of the Comparable Companies are calculated based on their respective market capitalisation divided by their respective profit attributable to owners as extracted from their latest published annual reports/results.

Note 3: The P/B Ratios of the Comparable Companies are calculated based on their respective market capitalisation divided by the audited consolidated net assets attributable to equity shareholders as disclosed in their respective latest published annual reports/results or interim reports.

Note 4: The implied market capitalisation is calculated based on the Offer Price and number of issued shares of the Company as at the Latest Practicable Date (i.e. 800,000,000 Shares).

Note 5: The unavailable P/E Ratios are due to the net loss and total comprehensive expense of the respective Comparable Companies for their latest financial year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The implied P/E Ratio of the Company is approximately 439.46 times, which is calculated as the market capitalisation of the Company as at the Latest Practicable Date based on the Offer Price of approximately HK\$150.4 million divided by the profit attributable to the owners of the Company for FY2020 of approximately S\$58,000 (equivalent to approximately HK\$342,000).

In addition, the implied P/B ratio of the Company is approximately 0.94 times, which is calculated as the Offer Price of HK\$0.188 divided by the unaudited consolidated net asset value attributable to the equity holders of the Company per Share of HK\$0.201 as at 31 December 2020, being net assets attributable to equity shareholders of the Company of approximately S\$27.4 million (equivalent to approximately HK\$160.8 million) divided by 800,000,000 Shares of the Company.

Among the Comparable Companies, we noted that two out of three Comparable Companies were loss making for the respective financial year such that only one of the Comparable Companies can be calculated with the P/E Ratio. Hence, the P/E Ratio of the Comparable Companies are not meaningful from the comparable analysis perspective. For the purpose of our analysis, we adopted the P/B Ratio analysis as an additional reference to assess the fairness and reasonableness of the terms of the Offer.

The P/B Ratios of the Comparable Companies ranged from approximately 0.30 times to 0.66 times with an average of approximately 0.45 times and a median of approximately 0.39 times. The implied P/B Ratio of the Company, based on the Offer Price, of approximately 0.94 times, which are higher than the average and the median of the P/B Ratios of the Comparable Companies.

Although the Offer Price represents a discount of approximately 8.29% to the average closing prices of the Shares during the Pre-Announcement Period, we have considered all the factors as a whole, in particular that (i) the closing prices of the Shares during the Review Period have been fluctuating and while there is no guarantee that the Share price will sustain at a level higher than the Offer Price during and after the Offer Period; (ii) the historical trading volume of the Shares was thin in general and the Offer provides an exit alternative at the Offer Price for the Independent Shareholders who would like to realise their investments in the Shares; and (iii) the implied P/B Ratio of the Company are higher than the average and median of the P/B Ratios of the Comparable Companies, we consider that the terms of the Offer including the Offer Price are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Public float and maintaining the listing status of the Company

The Stock Exchange has stated that if, at the Closing Date, 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 the Closing Date, 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.

As stated in the "Letter from VC Capital", 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.

OPINION AND RECOMMENDATION

We noted that the Offer Price represents a discount of approximately 10.05% to the audited consolidated net assets value attributable to equity holders of the Company per Share of approximately HK\$0.209 as at 30 June 2020. Nevertheless, having considered the abovementioned principal factors and reasons set out in this letter, in particular:

- (i) the historical financial results of the Group, including the drop in revenue, gross profit and profit for the year/period in both FY2020 and 1H2021 as compared to the corresponding period of last year, and the uncertainties in the future prospects of the Group's business;
- (ii) the historical average daily trading volume of the Shares has been relatively thin in general as analysed, and that the Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing material adverse impact on the market price level of the Shares;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the implied P/B Ratio of the Company are higher than the average and median of the P/B Ratios of the Comparable Companies; and
- (iv) there are uncertainties in the future development strategy of the Company as the Offeror has not laid down any detailed business plan and has yet to determine the change of board composition as at the Latest Practicable Date.

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

Independent Shareholders should note that the Offer provides an opportunity to dispose of their part or entire holdings at a fixed consideration for cash under the terms of the Offer. However, we would recommend Independent Shareholders who, having considered the above, and wish to realise part or all of their Shares should monitor the trading price and liquidity of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Offer if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offer.

Independent Shareholders who wish to retain some or all of their investments in the securities of the Company, are reminded to closely monitor the development of the Group and any announcements of the Company during the Offer Period. Independent Shareholders should also note that the current Share price level may or may not be sustained during and after the Offer Period.

As different Independent Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Independent 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 before making the decision to, whether or not, accept the Offer or disposing any of their Shares in the open market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholders should note that in making our recommendation, we express no opinion on the business strategy, the future performance of the Group and of its underlying businesses.

Yours faithfully
For and on behalf of
INCU Corporate Finance Limited
Gina Leung
Managing Director

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER**The Offer**

To accept the Offer, you should complete and sign the accompanying Form 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 Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, in an envelope marked "HKE Holdings Limited – General Offer" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as 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) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one (1) Business Day before the latest date on which acceptances of the Offer must be received by the Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one (1) Business Day before the latest date on which acceptances of the Offer must be received by the Registrar).
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s)

or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to VC Brokerage and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) You have to insert the total number of Shares for which the Offer is accepted on the Form of Acceptance.
- (f) Acceptance of the Offer will be treated as valid only if the completed Form 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 other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (h) 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, and 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).
- (i) No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance, and the Offer will be closed on the Closing Date.
- (b) If the Offer is extended or revised, the announcement of such extension or revision shall state the next Closing Date or that the Offer will remain open until further notice. For the latter case, at least fourteen (14) days' notice in writing will be given to the Independent Shareholders who have not accepted the Offer before the Offer is closed, and an announcement in respect thereof shall be released.
- (c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.
- (d) If, in the course of the Offer, the Offeror revises the terms of the Offer, the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least fourteen (14) days following the date on which the revised composite document is posted and shall not be closed earlier than the Closing Date.
- (e) Any acceptance of the relevant revised Offer pursuant thereto shall be irrevocable unless and until the accepting Shareholder becomes entitled to withdraw his acceptance in accordance with the section headed "5. Right of Withdrawal" in this Appendix I and duly does so.

3. ANNOUNCEMENT

- (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 or extension 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 or revised.

Such announcement must state the following:

- (i) the total number of Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period;
 - (iii) the total number of Shares 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 has 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 of the Company represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.hwakoon.com).

4. NOMINEE REGISTRATION

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

5. 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. Where a right of withdrawal becomes available, an acceptor may withdraw his acceptance of the Offers by lodging a notice in writing signed by the acceptor (or his agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcement" in this Appendix I, 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 Shareholder(s) withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other 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).

6. SETTLEMENT OF THE OFFER

Provided that the accompanying Form 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 Shareholder 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 Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt 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, as the case may be) set out in this Composite Document (including this Appendix I) and the accompanying Form 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.

Cheque(s) not presented for payment within six (6) months from the date of issue of the relevant cheques will not be honored and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

7. OVERSEAS SHAREHOLDERS

This Composite Document will not be filed under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong. The availability of the Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent 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 regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any Independent Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that the local laws and requirements have been complied with. All such Independent Shareholders should consult their professional advisers if in doubt.

8. HONG KONG STAMP DUTY AND TAX IMPLICATIONS

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 Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Independent Shareholders and pay its own portion of buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

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 and parties acting in concert with it, the Company, VC Capital, VC Brokerage and INCU and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) Each Shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Offeror, VC Brokerage, so as to bind him or his personal representatives, heirs, successors and assigns, to the following effect:
 - (i) the Offer Shares acquired under the Offer are sold or tendered by such person or persons (1) fully paid; and (2) free from all Encumbrances and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the date on which the Offer is made, being the date on which this Composite Document is posted;
 - (ii) if such acceptor is an Overseas Shareholder, that he has observed the laws of all relevant territories, obtained any and all requisite governmental, exchange control or other consents which may be required, complied with all necessary formalities and paid any and all transfer or other taxes or duties due from him in connection with such acceptance in any territory, that he has not taken or omitted to take any

action which will or may result in the Offeror, VC Brokerage or any other person acting or being in breach of the legal or regulatory requirements of any territory in connection with the Offer or his acceptance thereof and he is permitted under the laws of the relevant jurisdictions in connection therewith to receive and accept the Offer (and any revision thereof), and that such acceptance is valid and binding in accordance with the laws of the relevant jurisdictions in connection therewith;

- (iii) that such Shareholder will deliver or procure the delivery to the Registrar of his relevant Share certificate(s) (if any) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (as applicable);
- (iv) that acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and VC Brokerage that the number of Offer Shares indicated in the Form of Acceptance are duly held by such nominee for such beneficial owners who are accepting the Offer and the Offer is duly and properly accepted in respect of such aggregate number of Offer Shares;
- (v) that the due execution of the Form of Acceptance in accordance with Note 1 to Rule 30.2 of the Takeovers Code will constitute an irrevocable instruction and authority to the Offeror and VC Brokerage, and any of their respective directors, officers, advisers, agents or associates to complete, amend and execute, on behalf of the relevant Independent Shareholder who accepts the Offer, the Form of Acceptance and any document and, in relation to the Offer, to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or its nominees or such other persons as the Offeror shall direct, the Offer Shares which are the subject of such acceptance; and
- (vi) that the terms, provisions, instructions and authorities contained in or deemed to be contained in the Form of Acceptance constitute part of the terms of the Offer. The terms of the Offer contained in this Composite Document (including the provisions of this Appendix) shall be deemed to be incorporated into the Form of Acceptance which shall be read and construed accordingly.

- (b) All communications, notices, Forms of Acceptance, Share certificates, transfer receipts, other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, VC Capital, VC Brokerage, INCU or their respective ultimate beneficial owners, directors, officers, advisers, agents or associates nor the Registrar or the company secretary of the Company or any other person involved in the Offer accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (c) In making their decision, the Independent Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Company, the Offeror, VC Capital, VC Brokerage, INCU, the Registrar or their respective ultimate beneficial owners, directors, officers, advisers, agents or associates. Independent Shareholders should consult their own professional advisers for professional advice.
- (d) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (e) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (f) Due execution of Form of Acceptance will constitute an authority to the Offeror and/or VC Brokerage and/or such person or persons as any of them may direct to complete and execute on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.

- (g) The Offer is made in accordance with the Takeovers Code.
- (h) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (i) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the consolidated financial information of the Group for each of the three (3) years ended 30 June 2018, 2019 and 2020 and for the six (6) months ended 31 December 2020 as extracted from the published annual reports and interim report of the Company, respectively:

	For the six (6) months ended 31 December 2020	For the year ended 30 June		
	2020	2020	2019	2018
	S\$	S\$	S\$	S\$
	(unaudited)	(audited)	(audited)	(audited)
Revenue	4,505,049	7,641,788	10,403,292	13,928,620
Cost of services/sales	(3,817,624)	(6,196,995)	(6,705,927)	(8,162,246)
Gross profit	687,425	1,444,793	3,697,365	5,766,374
Other income	269,763	581,756	485,663	70,585
Other gains (losses)	(3,765)	316,870	(28,185)	518,999
Administrative expenses	(869,746)	(2,083,203)	(1,423,815)	(1,294,339)
Finance costs	(1,072)	(1,214)	–	–
Listing expenses	–	–	–	(3,391,288)
Profit/(loss) before income tax	82,605	259,002	2,731,028	1,670,331
Income tax (expense)/credit	(51,376)	(200,699)	(468,417)	(792,275)
Profit/(loss) for the period/year attributable to owners of the Company	31,229	58,303	2,262,611	878,056
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations, representing other comprehensive income for the year, net of tax	(1,123,140)	487,255	–	–
Total comprehensive (loss)/income for the period/year attributable to owners of the Company	(1,123,140)	545,558	2,262,611	878,056
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company:				
Basic and diluted earnings/(loss) per share	0.004 cents	0.01 cents	0.28 cents	0.14 cents

No dividend was paid or proposed by the Company during each of the three (3) years ended 30 June 2018, 2019 and 2020 and the six (6) months ended 31 December 2020.

The auditors of the Company for the three (3) years ended 30 June 2018, 2019 and 2020 were Deloitte & Touche LLP. No modified or qualified opinion had been issued by Deloitte & Touche LLP in respect of the consolidated financial statements of the Group for each of the three (3) years ended 30 June 2018, 2019 and 2020.

2. CONSOLIDATED FINANCIAL INFORMATION

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The unaudited condensed consolidated results of the Group for the six (6) months ended 31 December 2020 are set out on pages 5 to 27 of the interim report of the Company for the six (6) months ended 31 December 2020, which was published on 5 March 2021. The interim report of the Company for the six (6) months ended 31 December 2020 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

["https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0305/2021030500108.pdf"](https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0305/2021030500108.pdf)

The audited consolidated financial statements of the Group for the year ended 30 June 2020 are set out on pages 88 to 191 of the annual report of the Company for the year ended 30 June 2020, which was published on 22 October 2020. The annual report of the Company for the year ended 30 June 2020 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

["https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1022/2020102200581.pdf"](https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1022/2020102200581.pdf)

The audited consolidated financial statements of the Group for the year ended 30 June 2019 are set out on pages 59 to 123 of the annual report of the Company for the year ended 30 June 2019, which was published on 23 October 2019. The annual report of the Company for the year ended 30 June 2019 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

["https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1023/ltn20191023045.pdf"](https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1023/ltn20191023045.pdf)

The audited consolidated financial statements of the Group for the year ended 30 June 2018 are set out on pages 55 to 111 of the annual report of the Company for the year ended 30 June 2018, which was published on 19 October 2018. The annual report of the Company for the year ended 30 June 2018 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

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

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this Composite Document, the Group had indebtedness of approximately S\$15,762. The outstanding indebtedness comprised the obligation under lease liabilities of approximately S\$15,762.

Save as aforesaid and apart from intra-group liabilities and normal trade payables and accruals in the ordinary course of business, at the close of business on 31 March 2021, the Group did not have other outstanding debt securities issued and outstanding or agreed to be issued, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities. The Directors are not aware of any material adverse change in the Group's indebtedness position and contingent liabilities since 31 March 2021.

4. MATERIAL CHANGE

As at the Latest Practicable Date, save as disclosed below, the Directors confirm that there are no material changes in the financial or trading position or outlook of the Group subsequent to 30 June 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date.

1. As disclosed in in the interim report of the Company for the six (6) months ended 31 December 2020 dated 25 February 2021 (the “**Interim Report**”), the unaudited profit for the period of the Company for the six (6) months ended 31 December 2020 decreased by approximately 95.5% as compared with the same period in 2019 mainly due to the following factors:
 - i. the decrease in unaudited revenue of the Company relating to provision of integrated design and building services over the time by approximately 3.4% mainly due to the impact of circuit breaker measures by Singapore government in response to the COVID-19 which affect the commencement of certain projects of the Group; and
 - ii. the decrease in unaudited gross profit of the Company for the six (6) months ended 31 December 2020 by approximately 54.5% as compared with the same period in 2019 mainly due to the additional running costs incurred after the circuit breaker period.

Further details are set out in the Interim Report.

2. As disclosed in the Interim Report, the unaudited net cash flows in relation to operating activities of the Company decreased from an inflow of approximately S\$1.7 million for the six (6) months ended 31 December 2019 to an outflow of approximately S\$0.8 million for the six (6) months ended 31 December 2020 mainly due to the following factors:
 - i. the decrease in unaudited profit for the period as aforementioned; and
 - ii. the increase in unaudited trade receivable and contract assets of the Company as at 31 December 2020 by approximately 15.9% and 47.1% respectively as compared with the audited ones as at 30 June 2020.

Further details are set out in the Interim Report.

3. As disclosed in the Interim Report, the bank balances and cash decreased from approximately S\$25.2 million as at 30 June 2020 (audited) to approximately S\$23.3 million as at 31 December 2020 (unaudited) mainly due to the aforesaid factors.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purposes of providing information to the Shareholders with regard to the Offeror and the Offer.

As the sole director of the Offeror, Mr. Lin accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Vendor, Mr. Wu and the Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than that expressed by 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 statements in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS OF THE OFFEROR

As at the Latest Practicable Date, the Offeror and parties acting in concert with it held 600,000,000 Shares representing 75% of the total issued share capital of the Company. The Offeror is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. Mr. Lin is the sole ultimate beneficial shareholder and the sole director of the Offeror.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it owned or controlled any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. DEALING AND INTERESTS IN SECURITIES OF THE COMPANY

The Offeror confirms that as at the Latest Practicable Date:

- (i) save for the sale and purchase of the Sale Shares under the Share Purchase Agreement, none of the Offeror nor any person 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;

- (ii) save for the sale and purchase of the Sale Shares under the Share Purchase Agreement, none of the Offeror nor any person acting in concert with it had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;
- (iii) 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;
- (iv) save for the Share Purchase Agreement, there is no agreement or arrangement to which the Offeror or any person 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;
- (v) none of the Offeror nor any person 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;
- (vi) none of the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept or reject the Offer;
- (vii) 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 person acting in concert with it;
- (viii) there are no conditions to which the Offer is subject;
- (ix) other than the consideration 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;

- (x) save for the Share Purchase Agreement, 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;
- (xi) save for the Share Purchase Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover 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.
- (xii) there is no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer will be transferred, charged or pledged to any other persons;
- (xiii) no benefit will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (xiv) save for the Share Purchase Agreement, there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or parties acting in concert with it and any Director, recent Director, Shareholders or recent Shareholders having any connection with or dependence on the Offer;
- (xv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror and parties acting in concert with it.

4. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given their opinion and advice which are contained in this Composite Document:

Name	Qualification
VC Capital Limited	a licensed corporation permitted to carry on Type 6 (advising on corporate finance) regulated activities under the SFO
VC Brokerage Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO

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

5. GENERAL

- (a) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands.
- (b) The address of Mr. Lin Ho Man, being the sole ultimate beneficial owner and the sole director of the Offeror, is Room 3602, Level 36, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Hong Kong.
- (c) The registered office of VC Capital is situated at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong.
- (d) The registered office of VC Brokerage is situated at 6th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong.
- (e) In the event of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the websites of the SFC (www.sfc.hk) and the Company (www.hwakoon.com); and (ii) at the head office and principal place of business of the Company in Hong Kong at Unit 2004, 20/F., K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from VC Capital, the text of which is set out on pages 7 to 17 of this Composite Document; and
- (c) the written consents as referred to in the section headed “4. Qualifications and Consents of Experts” in this Appendix III.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that 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 opinions 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 OF THE COMPANY

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

<i>Authorised share capital:</i>		<i>HK\$</i>
1,500,000,000	Shares of HK\$0.01 each	15,000,000
<i>Issued and fully paid share capital:</i>		
800,000,000	Shares of HK\$0.01 each	8,000,000

The total number of issued Shares as at 30 June 2020 (being the date on which the latest audited consolidated financial statements of the Company were made up to) and as at the Latest Practicable Date was 800,000,000 Shares.

All of the Shares currently in issue are fully paid up and rank pari passu in all respects with each other, including all rights in respect of return of capital, dividends and voting. The issued Shares are listed on the Main Board of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on, any other stock exchange.

The Company did not have any outstanding options, warrants or securities or derivatives which were convertible or exchangeable into Shares or rights affecting the Shares as at the Latest Practicable Date.

3. MARKET PRICES

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

Date	Closing price per Share (HK\$)
30 October 2020	0.204
30 November 2020	0.2
31 December 2020	0.18
29 January 2021	0.178
26 February 2021	0.202
31 March 2021	0.255
1 April 2021 ^(Note) (being the Last Trading Day)	0.26
26 April 2021 (being the Latest Practicable Date)	0.40

Note: Being the last Business Day immediately preceding the date of the Joint Announcement.

4. DISCLOSURE OF INTERESTS

(i) Directors

As at the Latest Practicable Date, none of the Directors and their respective associates nor 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 and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

(ii) Substantial Shareholders

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

Name of Offeror/ parties acting in concert with it	Capacity	Number of Shares held/interested	Approximate % of interest
The Offeror ^(Note 1)	Beneficial owner	600,000,000 (L) ^(Note 2)	75
Mr. Lin	Interest in a controlled corporation	600,000,000 (L) ^(Note 2)	75

Notes:

1. The Offeror is wholly and beneficially owned by Mr. Lin. By virtue of the SFO, Mr. Lin is deemed to be interested in all the Shares held by the Offeror. Mr. Lin is deemed to be a party acting in concert with the Offeror pursuant to the SFO.
2. The letter "L" denotes long position in the Shares.

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

5. SHAREHOLDINGS

As at the Latest Practicable Date:

- (i) the Company did not hold any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror;
- (ii) none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company nor the Offeror;

- (iii) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any advisers to the Company or persons who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert 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 (as defined under the Takeovers Code) had owned or controlled any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the offeree company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate;
- (v) no relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (vi) no Directors had a beneficial holding in the Shares; and
- (vii) neither the Company nor any of the Directors had borrowed or lent any of the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company, save for any borrowed Shares which had been either on-lent or sold.

6. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

- (i) the Company had not dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror; and
- (ii) none of the Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror and the Company.

During the Offer Period and up to the Latest Practicable Date:

- (i) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any advisers to the Company or persons who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert 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 (as defined under the Takeovers Code) had dealt for value in any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (ii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person 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 or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate, and hence no such person had dealt for value in the Shares; and
- (iii) no fund manager connected with the Company who manage shareholdings in the Company on a discretionary basis had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, and hence no such person had dealt for value in the Shares.

7. 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) 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) there was no material contract entered into by the Offeror in which any Director had a material personal interest.

8. SERVICE CONTRACTS WITH DIRECTORS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period:

Name of Director	Term of service contract/appointment	Amount of remuneration
Mr. Wu An Ming	For a term of 3 years, commencing from 18 October 2019	The remuneration under the service contract is HK\$660,000 per annum subject to adjustment.
		There is no variable remuneration payable under the service contract.

9. MATERIAL CONTRACTS

No contracts which are or may be material (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) have been entered into by the members of the Group after the date two (2) years before the commencement of the Offer Period up to the Latest Practicable Date.

10. MATERIAL 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.

11. CONSENT(S) AND QUALIFICATIONS OF PROFESSIONAL ADVISER(S)

The following are the qualifications of the expert(s) who have given its report, opinion or advice which are contained in this Composite Document:

Name	Qualifications
INCUB Corporate Finance Limited	a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

INCUB has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, report and references to its name, in the form and context in which they are included.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the websites of the SFC at www.sfc.hk and the Company at www.hwakoon.com; (ii) at the head office and principal place of business of the Company in Hong Kong at Unit 2004, 20/F., K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays), from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual report of the Company for the year ended 30 June 2019;
- (c) the annual report of the Company for the year ended 30 June 2020;
- (d) the interim report of the Company for the six (6) months ended 31 December 2020;
- (e) the letter from the Board, the text of which is set out on pages 18 to 23 of this Composite Document;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 24 to 25 of this Composite Document;
- (g) the letter from Independent Financial Adviser, the text of which is set out on pages 26 to 49 of this Composite Document;

- (h) the written consent referred to under the paragraph headed “Consent(s) and qualification of professional adviser(s)” in this Appendix IV;
- (i) the written consent of Sorrento Capital Limited to the publication of its name in this Composite Document; and
- (j) the service contract referred to in the paragraph headed “Service Contracts with Directors” in this Appendix IV.