
THIS CIRCULAR 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, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in TOMO Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank 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 of the Offer contained herein.

The Stock Exchange of Hong Kong Limited and Hong Kong Exchanges and Clearing 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.



BILLION LEGEND COMPANY LIMITED

(Incorporated in the British Virgin Islands with limited liability)

TOMO Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

**COMPOSITE DOCUMENT IN RELATION TO
MANDATORY UNCONDITIONAL CASH OFFER BY
VBG CAPITAL LIMITED FOR AND ON BEHALF OF
BILLION LEGEND COMPANY LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES OF
TOMO HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



**建泉融資有限公司
VBG Capital Limited**

Independent Financial Adviser to the Independent Board Committee



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

A letter from VBG Capital containing, among other things, details of the terms of the Offer is set out on pages 10 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 27 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer is set out on pages 28 to 29 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee is set out on pages 30 to 50 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I "FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER" to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar, Tricor Investor Services Limited, at Level 54 Hopewell Centre 183 Queen's Road East Hong Kong, no later than 4:00 p.m. on Tuesday, 20 July 2021 or such later time and/or date as the Offeror may determine and announce, in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Overseas Independent Shareholders" in the "LETTER FROM VBG CAPITAL" in this Composite Document before taking any action. It is the responsibility of each Overseas Independent Shareholder wishing to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Independent Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

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

29 June 2021

CONTENTS

| | <i>Page</i> |
|--|-------------|
| EXPECTED TIMETABLE | 1 |
| IMPORTANT NOTICE | 3 |
| DEFINITION | 4 |
| LETTER FROM VBG CAPITAL | 10 |
| LETTER FROM THE BOARD | 19 |
| LETTER FROM THE INDEPENDENT BOARD COMMITTEE | 28 |
| LETTER FROM THE INDEPENDENT FINANCIAL ADVISER | 30 |
| APPENDIX I — FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER | I-1 |
| APPENDIX II — FINANCIAL INFORMATION OF THE GROUP | II-1 |
| APPENDIX III — GENERAL INFORMATION OF THE GROUP | III-1 |
| APPENDIX IV — GENERAL INFORMATION OF THE OFFEROR | IV-1 |
| ACCOMPANYING DOCUMENT — FORM OF ACCEPTANCE | |

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be jointly made by the Company and the Offeror in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

Despatch date of this Composite Document and the Form of

Acceptance and commencement date of the Offer (*Note 1*) Tuesday, 29 June 2021

Latest time and date for acceptance of the Offer (*Notes 2, 4 and 6*) by 4:00 p.m. on
Tuesday, 20 July 2021

Closing Date (*Notes 2, 4 and 6*) Tuesday, 20 July 2021

Announcement of the results of the Offer as at the Closing Date
(or its extension or revision, if any) to be posted on the Stock
Exchange's website (*Notes 2 and 4*) not later than 7:00 p.m. on
Tuesday, 20 July 2021

Latest date for posting of remittances for the amounts due in
respect of valid acceptances received under the Offer (*Note 5*). Thursday, 29 July 2021

Notes:

1. The Offer, which is unconditional, is made on Tuesday, 29 June 2021, the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date. Acceptance of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the paragraph headed "Right of Withdrawal" in Appendix I "FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER" to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will be closed on the Closing Date. The latest time and date for acceptance is at 4:00 p.m. on Tuesday, 20 July 2021 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code.
3. The Independent Shareholders are required to submit the duly completed and signed Form of Acceptance to the Registrar on or before 4:00 p.m. on Tuesday, 20 July 2021, being the Closing Date, in order to accept the Offer.
4. In accordance with the Takeovers Code, an announcement will be published on the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating whether the Offer has been, where applicable, extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

EXPECTED TIMETABLE

5. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable in respect of acceptance of the Offer will be despatched to the accepting Shareholder(s) by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the date of receipt by the Registrar of the duly completed Form of Acceptance and all requisite documents to render the acceptance under the Offer complete and valid in accordance with the Takeovers Code.

6. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning or "Extreme Conditions":
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or

 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, as the case may be, will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force or Extreme Conditions at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code.

All times and dates in this Composite Document and the Form of Acceptance shall refer to Hong Kong times and dates. Save as mentioned above, if the latest time for acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will jointly notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

IMPORTANT NOTICE

NOTICE TO OVERSEAS INDEPENDENT SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Independent Shareholders should inform themselves about and observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction.

The Offeror's Concert Group, the Company, the Registrar, their respective ultimate beneficial owners, directors, officers, agents, professional advisers and associates and any other persons involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed "Overseas Independent Shareholders" in the "LETTER FROM VBG 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.

DEFINITION

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

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| “Acquisition” | the purchase of the Sale Shares by the Offeror from the Vendor in accordance with the terms and conditions of the Sale and Purchase Agreement |
| “acting in concert” or “concert parties” | has the meaning ascribed to it under the Takeovers Code |
| “associate(s)” | has the meaning ascribed to it under the Takeovers Code |
| “Board” | the board of Directors of the Company |
| “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” | 20 July 2021, being the closing date of the Offer, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror and approved by the Executive in accordance with the Takeovers Code |
| “Company” or “TOMO Holdings” | TOMO Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose ordinary shares are listed on the Main Board of the Stock Exchange (stock code: 6928) |
| “Completion” | completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement |
| “Completion Date” | the date of Completion, being 9 June 2021 |

DEFINITION

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| “Composite Document” | this composite offer and response document jointly issued by the Offeror and the Company to the Independent Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the forms of acceptance and transfer) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser of the Company |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Encumbrance(s)” | means any charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal or other third-party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any of his delegates |
| “Extreme Conditions” | extreme conditions caused by a super typhoon as announced by the Government of Hong Kong |
| “Form of Acceptance” | the form of acceptance and transfer of the Offer Share(s) in respect of the Offer accompanying this Composite Document |
| “Group” | the Company and its subsidiaries |
| “Guarantors” | Mr. Siew Yew Khuen and Ms. Lee Lai Fong, the legal and beneficial owners of the entire issued share capital of the Vendor |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |

DEFINITION

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| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | the independent committee of the Board, comprising Mr. Clarence Tan Kum Wah, Mr. Ng Chee Chin, being all the independent non-executive Directors, which has been formed for the purpose of advising the Independent Shareholders in respect of the Offer |
| “Independent Financial Adviser” or “Elstone Capital” | Elstone Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, being the independent financial adviser appointed by the Company to advise the Independent Board Committee in respect of the Offer |
| “Independent Shareholder(s)” | Shareholders other than the Offeror, Ms. Ma and parities acting in concert with any of them |
| “Joint Announcement” | the announcement dated 8 June 2021 jointly issued by the Company and the Offeror in relation to the Offer |
| “Last Trading Day” | 2 June 2021, being the last trading day immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the release of the Joint Announcement |
| “Latest Practicable Date” | 25 June 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 maintained and operated by the Stock Exchange |
| “Ms. Ma” | Ms. Ma Xiaoqiu, the sole ultimate beneficial owner and the sole director of the Offeror as at the Latest Practicable Date |

DEFINITION

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| “Offer” | the mandatory unconditional cash offer being made by VBG Capital, for and on behalf of the Offeror, to acquire the Offer Shares in accordance with the Takeovers Code |
| “Offer Period” | has the meaning ascribed to it in the Takeovers Code, being the period commencing from the date of publication of the Joint Announcement, namely, 8 June 2021 and ending on the Closing Date or such other later date as revised or extended by the Offeror, with the consent of the Executive, in accordance with the Takeovers Code |
| “Offer Price” | HK\$0.5667 per Offer Share under the Offer |
| “Offer Share(s)” | all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror, Ms. Ma and parties acting in concert with any of them |
| “Offeror” | Billion Legend Company Limited, a company incorporated in the British Virgin Islands with limited liability, being the purchaser under the Sale and Purchase Agreement. Ms. Ma Xiaoqiu is the sole director and sole ultimate beneficial shareholder of the Offeror |
| “Offeror’s Concert Group” | the Offeror, Ms. Ma and parties acting in concert with any of them |
| “Overseas Independent Shareholder(s)” | Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is/are outside Hong Kong |
| “PRC” or “China” | the People’s Republic of China excluding, for the purpose of this Composite Document, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Registrar” | Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company |

DEFINITION

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| “Relevant Period” | the period commencing on the date falling six months preceding the date of commencement of the Offer Period (being 8 June 2021), and ending on and including the Latest Practicable Date |
| “Relevant Date” | 8 June 2021, being the date of the Joint Announcement |
| “Sale Price” | the sale price of HK\$0.5667 per Sale Share |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 2 June 2020 and entered into by and among the Vendor, the Guarantors and the Offeror in relation to the sale and purchase of the Sale Shares |
| “Sale Shares” | 230,000,000 Shares sold by the Vendor and acquired by the Offeror pursuant to the terms and conditions of the Sale and Purchase Agreement, representing 51.11% of the entire issued share capital of the Company as at the date of the Joint Announcement |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “S\$” | Singapore dollar(s), the lawful currency of Singapore |
| “Takeovers Code” | the Code on Takeovers and Mergers published by the SFC |

DEFINITION

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| “VBG Asia” | VBG Asia Limited, a company incorporated in Hong Kong with limited liability and a fellow subsidiary of VBG Capital |
| “VBG Capital” | VBG Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror |
| “Vendor” | TOMO Ventures Limited, a company incorporated in the British Virgin Islands with limited liability, and is wholly and beneficially owned by Mr. Siew Yew Khuen and Ms. Lee Lai Fong, who are executive Directors as at the Latest Practicable Date |
| “%” | per cent |

Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments. Unless stated otherwise, in this Composite Document, amounts denominated in S\$ have been converted into HK\$ at the rate of S\$1=HK\$ 5.784 according to the exchange rate cited from the Singapore Monetary Authority as at the Latest Practicable Date for the purpose of illustration. Such exchange rate is for illustration purpose only and does not constitute representations that any amount in S\$ or HK\$, could have been or may be converted at such rate.

LETTER FROM VBG CAPITAL



建泉融資有限公司
VBG Capital Limited

VBG Capital Limited
18/F, Prosperity Tower
39 Queen's Road Central
Hong Kong

29 June 2021

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
VBG CAPITAL LIMITED
FOR AND ON BEHALF OF
BILLION LEGEND COMPANY LIMITED TO
ACQUIRE ALL THE ISSUED SHARES OF
TOMO HOLDINGS LIMITED (OTHER THAN THOSE ALREADY
OWNED OR AGREED TO BE ACQUIRED BY BILLION LEGEND
COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement dated 8 June 2021, where the Company and the Offeror jointly announced, among other things, that the Vendor (as vendor), the Offeror (as purchaser) entered into the Sale and Purchase Agreement dated 2 June 2021, pursuant to which the Vendor conditionally agreed to sell, and the Offeror conditionally agreed to acquire, the Sale Shares at the total consideration of HK\$130,333,000 (equivalent to HK\$0.5667 per Sale Share).

As disclosed in the section headed “Conditions of the Sale and Purchase Agreement” in the Joint Announcement, completion of the Sale and Purchase Agreement is conditional upon the satisfaction (or waiver by the Offeror, where applicable) of certain conditions. Accordingly, Completion took place on 9 June 2021.

Upon Completion which took place on 9 June 2021 and as at the Latest Practicable Date, the Offeror's Concert Group owned in aggregate 230,000,000 Shares, representing 51.11% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror's Concert Group). VBG Capital is making the Offer for and on behalf of the Offeror.

LETTER FROM VBG CAPITAL

This letter forms part of this Composite Document which sets out, among other things, the principal terms of the Offer, the information of the Offeror and the Offeror's intentions on the Group. Further details on the terms of the Offer and procedures of acceptance and settlement are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to consider carefully the information contained in sections headed "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from the Independent Financial Adviser" and the appendices as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Principal terms of the Offer

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

For each Offer Share HK\$0.5667 in cash

The price of HK\$0.5667 for each Offer Share is the same as the price paid for each Sale Share by the Offeror to the Vendor pursuant to the Sale and Purchase Agreement.

As at the Latest Practicable Date, there were 450,000,000 Shares in issue and the Company did not have any outstanding options, warrants or derivatives or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

As at the Latest Practicable Date, none of the members of the Offeror's Concert Group has received any irrevocable commitment not to accept the Offer. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made. The Company has not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer.

Comparison of value

The Offer Price of HK\$0.5667 per Offer Share represents:

- (a) a discount of approximately 80.12% on the closing price of HK\$2.850 per Share as quoted on the Stock Exchange on 2 June 2021, being the Last Trading Day;

LETTER FROM VBG CAPITAL

- (b) a discount of approximately 80.70% on the average closing price of approximately HK\$2.936 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a discount of approximately 77.64% on the average closing price of approximately HK\$2.534 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 64.31% on the average closing price of approximately HK\$1.588 per Share as quoted on the Stock Exchange for the 30 consecutive trading days prior to and including the Last Trading Day;
- (e) a discount of approximately 55.46% over the average closing price of approximately HK\$1.272 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day; and
- (f) a premium of approximately 69.78% over the audited consolidated net asset value of the Group of approximately HK\$0.334 per Share as at 31 December 2020 calculated based on the audited consolidated net asset value of the Group as at 31 December 2020 of approximately HK\$150,206,000 and 450,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share price

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$3.0 per Share on 1 June 2021; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.76 per Share on 7 Apr 2021.

Total value of the Offer

As at the Latest Practicable Date, there were 450,000,000 Shares in issue. On the basis of the Offer Price of HK\$0.5667 per Sale Share, the entire issued share capital of the Company would be valued at HK\$255,007,000.

LETTER FROM VBG CAPITAL

Immediately after Completion and on the basis that there are 220,000,000 Shares subject to the Offer and assuming that there is no change in the issued share capital of the Company, in the event that the Offer is accepted in full, the aggregate value of the Offer is HK\$124,674,000.

Confirmation of financial resources available to the Offeror

The Offeror intends to finance the consideration payable by the Offeror under the Offer by its internal resources.

VBG Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the offer.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders shall sell their Shares free from all Encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made (i.e. the date of this Composite Document).

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

The Offer is unconditional in all respects. 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 but in any event within seven Business Days following the date of receipt of a duly completed acceptance of the Offer. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

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

LETTER FROM VBG CAPITAL

Hong Kong stamp duty

The seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the vendor's ad valorem stamp duty on behalf of accepting Independent Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

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

Overseas Independent Shareholders

As the Offer to persons not being resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident, Overseas Independent 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 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 governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in respect of such jurisdictions).

Any acceptance of the Offer by such Overseas Independent Shareholders will be deemed to constitute a representation and warranty from such Overseas Independent Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Independent Shareholders should consult their professional advisers if in doubt. The Overseas Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

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 members of the Offeror's Concert Group, the Company, the Guarantors and their respective

LETTER FROM VBG CAPITAL

ultimate beneficial owners, directors, advisers, agents or associates, or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the paragraph headed “Information on the Group” in the “Letter from the Board” in this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror was incorporated in the British Virgin Islands with limited liability as an investment holding company. As at the Latest Practicable Date, the Offeror was wholly and beneficially owned by Ms. Ma Xiaoqiu (“**Ms. Ma**”). Ms. Ma is the sole director of the Offeror.

Ms. Ma, age 60, is a seasoned investor with over 20 years’ experience in the area of culture and tourism, technology and healthcare. Ms. Ma is the non-executive Chairman of China Investment Fund Company Limited (formerly known as China Ding Yi Feng Holdings Limited) (HKEx: 00612) and Fullwealth International Group Limited (HKEx: 01034). Ms. Ma has invested in majority interest in a chip manufacturer (深圳市豐源芯科技產業控股有限公司), a medical and healthcare services (深圳天成銘道醫學科技股份有限公司) and a movie making company (深圳秋豪影視有限公司). Ms. Ma was responsible for the management, business development, and assessment of the companies’ investment projects in the areas of culture and tourism, technology and healthcare. Ms. Ma has since gained extensive experience in corporate management, development and investment evaluation. Ms. Ma is also the legal representative or an executive director of the abovementioned companies. Ms. Ma is a non-executive Chairman of China Investment Fund Company Limited (formerly known as China Ding Yi Feng Holdings Limited), a company listed on the Main Board of the Stock Exchange, principally engaged in the investments of listed and unlisted securities (stock code: 0612) and Fullwealth International Group Holdings Limited, a company listed on the Main Board of the Stock Exchange principally engaged in the civil engineering and building works in Hong Kong and education and training business in the PRC (stock code: 1034). Ms. Ma currently spends approximately 10% of her time as non-executive chairman for the two companies. Her responsibilities include formulate corporate strategies, planning and business development and oversee the governance of the two companies.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue (i) the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at such time permitted under the Listing Rules and the Takeovers Code); (ii) the existing principal business of

LETTER FROM VBG CAPITAL

the Group following Completion. The Offeror has no intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the existing businesses of the Group. However, the Offeror also intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group. However, as at the Latest Practicable Date, no opportunities have been identified and Ms. Ma has no intention to change the Company's business focus or alter the geographical coverage of the leather upholstery business and electronic accessories business of the Group. While Ms. Ma does not have immediate experience in similar business of the Group, Ms. Ma's experience in formulate corporate strategies, planning and business development in, among other things, technology-related area shall be valuable in the digital age and assist the Group in the transformation to/tap into e-commerce business. In addition, Ms. Ma believes her previous investment experience, especially her network in the PRC, can add value to the future development of the Group. For example, Ms. Ma's experience in culture and technology, together with her business networks in PRC, may add value to the sourcing of leather and electronic accessories, and provide some insights into the Group's sales and marketing efforts and the upgrade of information technology system, as disclosed in the management discussion and analysis section of the Company's 2020 annual report.

Save for the Offeror's intention regarding the Group as set out above, (i) 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 (ii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group. The Offeror intends to nominate new director(s) to the Board with effect from the earliest time permitted under the Takeovers Code. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new director(s) of the Company. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and the Listing Rules and further announcement(s) will be made as and when appropriate.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of four Directors, comprising four executive Directors, being Mr. Siew Yew Khuen, Ms. Lee Lai Fong, Mr. Siew Yew Wai and Mr. Zha Jianping, and two independent non-executive Directors, being Mr. Clarence Tan Kum Wah and Mr. Ng Chee Chin.

The Offeror intends to nominate new director(s) to the Board with effect after the completion of the Offer. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new director(s) of the Company.

LETTER FROM VBG CAPITAL

Any changes to the members of the Board will be made in compliance with the Takeovers Codes and the Listing Rules and further announcement(s) will be made as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

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

The Offeror intends to maintain the listing of the Shares on the Main Board after the close of the Offer. The Directors and the sole director of the Offeror have jointly and severally undertaken and procure the proposed new director(s) by the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer.

GENERAL

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

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

The attention of the Overseas Independent Shareholders is drawn to the section headed "Important Notices" contained in this Composite Document and the paragraph headed "Overseas Independent Shareholders" in Appendix I to this Composite Document.

LETTER FROM VBG CAPITAL

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. None of the members of the Offeror's Concert Group, the Company, VBG Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

WARNING

Independent Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from the Board" and the "Letter from the Independent Board Committee" as set out in this Composite Document, the accompanying Forms of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document and to consult your professional advisers, before deciding whether or not to accept the Offer.

Yours faithfully
For and on behalf of
VBG Capital Limited
Hui Ringo Wing Kun
Group General Manger

LETTER FROM THE BOARD



TOMO Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

Executive Directors:

Mr. Siew Yew Khuen
Ms. Lee Lai Fong
Mr. Siew Yew Wai
Mr. Zha Jianping

Registered office in Cayman Islands:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Independent non-executive Directors:

Mr. Clarence Tan Kum Wah
Mr. Ng Chee Chin

Principal place of business in Hong Kong:

57/F, The Center
99 Queen's Road
Central
Hong Kong

29 June 2021

To the Independent Shareholders:

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER
BY VBG CAPITAL LIMITED
FOR AND ON BEHALF OF
BILLION LEGEND COMPANY LIMITED TO
ACQUIRE ALL OF THE ISSUED SHARES IN
TOMO HOLDINGS LIMITED (OTHER THAN THOSE ALREADY
OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement issued by the Offeror and the Company in relation to, among others, the Sale and Purchase Agreement and the Offer. Unless the context requires otherwise, terms defined in this Composite Document shall have the same meanings when used herein.

LETTER FROM THE BOARD

On 2 June 2021 (after trading hours), the Offeror and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 230,000,000 Shares, for a total cash consideration of HK\$130,333,000, being HK\$0.5667 per Sale Share, which was agreed between the Vendor and Offeror after arm's length negotiations. Completion took place on 9 June 2021. The Sale Shares, being all the Shares held by the Vendor, represent 51.11% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement. The Vendor ceased to be a Shareholder immediately after Completion.

Immediately following the Completion and as at the Latest Practicable Date, the Offeror's Concert Group were interested in 230,000,000 Shares, representing 51.11% of the total issued share capital of the Company.

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

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Clarence Tan Kum Wah and Mr. Ng Chee Chin, has been established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Elstone Capital, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the fairness and reasonableness of the Offer and as to the acceptance of the Offer.

LETTER FROM THE BOARD

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.**

PRINCIPAL TERMS OF THE OFFERS

As disclosed in the “Letter from VBG Capital”, VBG Capital is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.5667 in cash

As at the Latest Practicable Date, there were 450,000,000 Shares in issue and the Company did not have any outstanding options, warrants or derivatives or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

As at the Latest Practicable Date, none of the members of the Offeror’s Concert Group has received any irrevocable commitment to accept or not to accept the Offer. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made. The Company has not declared and has no intention of declaring any interim dividend before the close of the Offer.

The Offer is unconditional in all respects.

Further details of the Offer are set out in the “Letter from VBG Capital” and the additional information contained in appendices to the Composite Document and the accompanying Form of Acceptance.

LETTER FROM THE BOARD

The Offer Price

The Offer Price of HK\$0.5667 per Offer Share represents:

- a discount of approximately 80.12% on the closing price of HK\$2.850 per Share as quoted on the Stock Exchange on 2 June 2021, being the Last Trading Day;
- a discount of approximately 80.70% on the average closing price of approximately HK\$2.936 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 77.64% on the average closing price of approximately HK\$2.534 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 64.31% on the average closing price of approximately HK\$1.588 per Share as quoted on the Stock Exchange for the 30 consecutive trading days prior to and including the Last Trading Day;
- a discount of approximately 55.46% over the average closing price of approximately HK\$1.272 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day; and
- a premium of approximately 69.78% over the audited consolidated net asset value of the Group of approximately HK\$0.334 per Share as at 31 December 2020 calculated based on the audited consolidated net asset value of the Group as at 31 December 2020 of approximately HK\$150,206,000 and 450,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest trading prices

- During the six-month period immediately preceding and including the Last Trading Day: (a) the highest closing price of the Shares quoted on the Stock Exchange was HK\$3.0 per Share on 1 June 2021; and (b) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.76 per Share on 7 Apr 2021.

The Offer is unconditional in all respects when made.

LETTER FROM THE BOARD

Total value of the offer

As at the Latest Practicable Date, there are 450,000,000 Shares in issue. On the basis of the Offer Price of HK\$0.5667 per Sale Share, the entire issued share capital of the Company would be valued at HK\$255,007,000.

Further details of the Offers

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

INFORMATION ON THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its issued shares were listed on GEM of the Stock Exchange on 13 July 2017 and were transferred to be listed on the Main Board of the Stock Exchange on 23 December 2019. The Company is an investment holding company and its subsidiaries are principally engaged in the (i) sales and installation of passenger vehicle leather upholstery and electronic accessories; and (ii) sales of electronic accessories in Singapore.

Financial and general information in relation to the Group are set out in “Appendix II — Financial Information of the Group” and “Appendix IV — General Information of The Group” to this Composite Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

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

| Shareholders | Immediately Prior to Completion | | Immediately after Completion and as at the Latest Practicable Date | |
|---------------------|--|---|---|---|
| | <i>Numbers of Shares held</i> | <i>Percentage of approximate shareholding</i> | <i>Numbers of Shares held</i> | <i>Percentage of approximate shareholding</i> |
| The Offeror | — | 0.00% | 230,000,000 | 51.11% |
| Vendor | 230,000,000 | 51.11% | — | 0.00% |
| Public Shareholders | 220,000,000 | 48.89% | 220,000,000 | 48.89% |
| TOTAL | 450,000,000 | 100.00% | 450,000,000 | 100.00% |

Note:

1. The Company adopted a share option scheme on 23 June 2017. As at the Latest Practicable Date, there was no outstanding share option and no share option will be granted pursuant to the share option scheme prior to the expiry of the Offer Period.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “INFORMATION OF THE OFFEROR” in the “LETTER FROM VBG CAPITAL” and Appendix IV “GENERAL INFORMATION OF THE OFFEROR” to the Composite Document.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the section headed “Intentions of the Offeror regarding the Group” in the “Letter from VBG Capital” to the Composite Document. The Board is aware of the Offeror’s intention 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 such time permitted under the Listing Rules and the Takeovers Code). The Board is aware that the Offeror also intends to continue the existing principal business of the Group immediately following Completion. The Board is also aware that the Offeror intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group and subject to the results of the

LETTER FROM THE BOARD

review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group, including business opportunities in the Greater Bay Area, in addition to the market of Hong Kong. The Board is aware that, as at the Latest Practicable Date, no opportunities have been identified and the Offeror has no intention to change the Company's business focus or alter the geographical coverage of the leather upholstery business and electronic accessories business within the Group. While Ms. Ma does not have immediate experience in similar business of the Group, Ms. Ma's experience in formulate corporate strategies, planning and business development in, among other things, technology-related area shall be valuable in the digital age and assist the Group in the transformation to/tap into e-commerce business. In addition, Ms. Ma believes her previous investment experience, especially her network in the PRC, can add value to the future development of the Group. For example, Ms. Ma's experience in culture and technology, together with her business networks in PRC, may add value to the sourcing of leather and electronic accessories, and provide some insights into the Group's sales and marketing efforts and the upgrade of information technology system, as disclosed in the management discussion and analysis section of the Company's 2020 annual report. The Board is aware that save for the Offeror's intention regarding the Group as set out above, (i) 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; (ii) the Offeror has no intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the existing businesses of the Group; 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.

TAXATION ADVICE

Your attention is drawn to the paragraph headed "Taxation advice" in the "Letter from VBG Capital" to the Composite Document.

Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting or rejecting the Offer.

None of the members of the Offeror's Concert Group, the Company, VBG Capital and Elstone Capital (as the case may be) and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

LETTER FROM THE BOARD

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Board is aware that the Offeror has not yet determined the composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that:

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

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends to maintain the listing of the Shares on the Main Board after the close of the Offer. The Directors and the sole director of the Offeror have jointly and severally undertaken and the proposed new director(s) by the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

GENERAL

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

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 28 to 29 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders in respect of the Offer.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

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

By order of the Board of
TOMO Holdings Limited
Siew Yew Khuen
Chairman



TOMO Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

29 June 2021

To the Independent Shareholders:

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER
BY VBG CAPITAL LIMITED
FOR AND ON BEHALF OF
BILLION LEGEND COMPANY LIMITED TO
ACQUIRE ALL OF THE ISSUED SHARES IN
TOMO HOLDINGS LIMITED (OTHER THAN THOSE ALREADY
OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite offer and response document dated 29 June 2021 issued jointly by the Offeror and the Company (the “**Composite Document**”), of which this letter forms part. Unless the context requires otherwise, capitalised 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 form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Elstone Capital has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the fairness and reasonableness of the Offer and as to the acceptance of the Offer. Your attention is drawn to the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” set out on pages 30 to 50 of the Composite Document which contains the details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation in respect of the Offer.

We also wish to draw your attention to the “Letter from VBG Capital” set out on pages 10 to 18 of the Composite Document which contains, inter alia, information about the Offer, the “Letter from the Board” set out on pages 19 to 27 of the Composite Document and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and acceptance and settlement procedures for the Offer.

RECOMMENDATION

Taking into account the terms of the Offer and the independent advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are not fair and reasonable so far as the Independent Shareholders are concerned. Having considered that the Offer Price has been consistently below the daily closing prices of the Shares since the listing of the Shares on 23 December 2019 and up to the Latest Practicable Date, and the Offer Price represents a significant discount to the closing price of the Shares as at the Latest Practicable Date, we are of the view that the Offer Price is not attractive. Accordingly, we recommend the Independent Shareholders not to accept the Offer.

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

Yours faithfully,

The Independent Board Committee

TOMO Holdings Limited

Mr. Clarence Tan Kum Wah

Mr. Ng Chee Chin

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Elstone Capital Limited setting out its advice to the Independent Board Committee and Independent Shareholders in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.



29 June 2021

To the Independent Board Committee and Independent Shareholders,

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER
BY VBG CAPITAL LIMITED
FOR AND ON BEHALF OF
BILLION LEGEND COMPANY LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
TOMO HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
BILLION LEGEND COMPANY LIMITED
AND 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 connection with the Offer, details of which are contained in the Composite Document dated 29 June 2021, of which this letter forms a part. Terms used in this letter shall have the same meanings as those in the Composite Document unless the context otherwise requires.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 2 June 2021 (after trading hours), the Vendor, the Guarantors and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase the Sale Shares, being 230,000,000 Shares, for a total cash consideration of HK\$130,333,000, being HK\$0.5667 per Sale Share, which was agreed between the Vendor and the Offeror after arm's length negotiations. Completion took place on 9 June 2021. The Sale Shares, being all the Shares held by the Vendor, represent 51.11% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement. The Vendor ceased to be a Shareholder immediately after Completion.

Immediately following the Completion and as at the Latest Practicable Date, the Offeror's Concert Group owned in aggregate 230,000,000 Shares, representing 51.11% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, Ms. Ma and parties acting in concert with them). VBG Capital is making the Offer for and on behalf of the Offeror to acquire the Offer Shares on the following basis:

For each Offer Share HK\$0.5667 in cash

The price of HK\$0.5667 for each Offer Share is the same as the price paid for each Sale Share by the Offeror to the Vendor pursuant to the Sale and Purchase Agreement.

As at the Latest Practicable Date, there were 450,000,000 Shares in issue and the Company did not have any outstanding options, warrants or derivatives or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Clarence Tan Kum Wah and Mr. Ng Chee Chin, has been established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of Offer are fair and reasonable and as to acceptance of the Offer.

We, Elstone Capital Limited, have been appointed by the Company 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 fairness and reasonableness of the Offer and as to acceptance of the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not associated or connected with the Company or the Offeror, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. In the past two years, there was no engagement between Elstone Capital on the one hand and the Group or the Offeror or the parties acting in concert with them on the other. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or the Offeror, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice in respect of the Offer.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on (i) the statements, information, facts and representations contained or referred to in the Composite Document; (ii) the information provided to us by the Directors and the management of the Company; (iii) the opinions expressed by and the representations of the Directors and the management of the Company; and (iv) our review of the relevant public information, among others, the Joint Announcement, the audited annual report of the Group for the year ended 31 December 2020 (“**2020 Annual Report**”), and the announcements issued by the Company up to the Latest Practicable Date.

We have relied on the above information and representations, and the opinions expressed by the Directors and the management of the Group, and have assumed that such information and statements, and representations made to us or referred into the Composite Document, for which they are solely responsible, are true, accurate and complete in all material respects at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinions, expectations and intentions made by the Directors and the Offeror respectively in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been omitted or withheld from the information contained or opinion expressed in the Composite Document or to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group and the Offeror.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also sought and received confirmation from the Directors that no material facts have been omitted or withheld from the information provided and referred to in the Composite Document and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continue to be so until the Latest Practicable Date. Should there be any subsequent material change in the information disclosed in the Composite Document during the Offer Period that would affect or alter our opinion, we will notify the Independent Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code.

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

We have not considered the tax, regulatory and legal implications on the Independent Shareholders in formulating our opinion in respect of the Offer since these depend on their individual circumstances. We are not responsible for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxation or Hong Kong taxation on securities dealing should consider their own tax position and, if in any doubt, should consult their own professional advisers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information and prospects of the Group

Background and financial information of the Group

As set out in the Letter from the board, the Group is principally engaged in the (i) sales and installation of passenger vehicle leather upholstery and electronic accessories and (ii) sales of electronic accessories in Singapore. Set out below is a summary of consolidated income statement and consolidated statement of financial position of the Group for the years ended 31 December 2019 and 2020 with reference to the 2020 Annual Report:

| | For the year ended | |
|---|--------------------|--------------|
| | 31 December | |
| | 2020 | 2019 |
| | ("FY2020") | ("FY2019") |
| | S\$'000 | S\$'000 |
| | (Audited) | (Audited) |
| Revenue | 6,185 | 16,487 |
| Cost of sales | (4,326) | (9,907) |
| Gross profit | 1,859 | 6,580 |
| Other income | 438 | 160 |
| Other losses — net | (167) | 38 |
| Selling and distribution expenses | (377) | (433) |
| Administration expenses | (1,539) | (3,337) |
| Profit from operations | 213 | 2,923 |
| Finance income, net | 60 | 146 |
| Profit before taxation | 273 | 3,069 |
| Income tax | (100) | (830) |
| Profit and total comprehensive income for the year attributable to equity holders of the Company | 173 | 2,239 |
| Earnings per share for profit attributable to equity holders of the Company | | |
| Basic and diluted (Singapore cents) | 0.04 | 0.50 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| | As at 31 December | |
|---|--------------------------|----------------|
| | 2020 | 2019 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Audited) | (Audited) |
| Non-current assets | | |
| Investment properties | 3,000 | 3,150 |
| Property, plant and equipment | 1,003 | 1,075 |
| Right-of-use asset | 45 | 84 |
| Deferred tax asset | — | 1 |
| Total | 4,048 | 4,310 |
| Current assets | | |
| Inventories | 668 | 791 |
| Trade and other receivables | 1,456 | 3,260 |
| Fixed deposits | — | 9,263 |
| Cash and cash equivalents | 20,639 | 10,272 |
| Total | 22,763 | 23,586 |
| Total assets | 26,811 | 27,896 |
| Current liabilities | | |
| Trade and other payables | 775 | 1,366 |
| Lease liabilities | 40 | 38 |
| Current income tax liabilities | 316 | 851 |
| Provision | 85 | 184 |
| Total | 1,216 | 2,439 |
| Non-current liabilities | | |
| Lease liabilities | 7 | 47 |
| Deferred tax liabilities | 6 | — |
| Total | 13 | 47 |
| Total liabilities | 1,229 | 2,486 |
| Net current assets | 21,547 | 21,147 |
| Net assets | 25,582 | 25,410 |
| Net asset value attributable to the equity holders of the Company per Share (HK\$) | 0.334 | 0.332 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Revenue

The Group's revenue represents amounts received and receivable from (i) sales and installation of passenger vehicle leather upholstery and electronic accessories and (ii) sales of electronic accessories in Singapore. As illustrated from the above table, the Group's revenue decreased from approximately S\$16.5 million in FY2019 to approximately S\$6.2 million in FY2020, representing a decrease of approximately 62.49%, which was mainly attributable to the decrease in the demand of leather upholstery, navigation and multimedia accessories and safety and security accessories and the temporary closure of the business operation from April to June 2020 arisen from quarantine measures imposed by the government of Singapore in response to the outbreak of COVID-19.

Gross profit and gross margin

The Group's gross profit decreased from approximately S\$6.6 million in FY 2019 to approximately S\$1.9 million in FY 2020, representing a decrease of approximately 71.7%, which was mainly attributable to the decrease in sales and temporarily closure of the business in FY2020. Despite the economic slowdown, the Group was able to achieve its gross profit margin to approximately 30.1% in FY 2020, as compared to profit margin of approximately 39.9% in FY 2019, which was mainly due to lower selling prices being offset by the reduction of warranty costs.

Net profit and total comprehensive income for the year

The Group's net profit and total comprehensive income decreased from approximately S\$2.2 million in FY2019 to approximately S\$0.20 million in FY2020, representing a decrease of approximately 92.3%. Despite the non-recurring transfer of listing expenses incurred in FY2019, the decrease in FY2020 was mainly due to (i) decrease in gross profit margin as a result of reduced selling price as discussed above; (ii) fair value loss on investment properties in FY2020 as compared to no fair value gain or loss on the respective investment properties in FY2019; and (iii) lower finance income in FY2020.

Total assets

The total assets of the Group decreased from approximately S\$27.9 million as at 31 December 2019 to approximately S\$26.8 million as at 31 December 2020, which was mainly due to (i) the decrease in trade and other receivables as at 31 December 2020; (ii) the decrease in investment properties due to revaluation loss as at 31 December 2020; and (iii) offset by the increase in cash and cash equivalents as at 31 December 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Total liabilities

The total liabilities of the Group decreased from approximately S\$2.5 million as at 31 December 2019 to approximately S\$1.2 million as at 31 December 2020, which was mainly due to the decrease in trade and other payables as at 31 December 2020 and the decrease in current income tax liabilities as at 31 December 2020.

Prospects and outlook of the Group

As stated in the paragraph headed “Background and financial information of the Group” above, the Group is principally engaged in the (i) sales and installation of passenger vehicle leather upholstery and electronic accessories and (ii) sales of electronic accessories in Singapore. As stated in the 2020 Annual Report, Singapore marked its worst ever recession in 2020 due to the COVID-19 pandemic. The Group experienced challenging business operation condition, severely impacted by the pandemic, lockdowns, safe management measures and temporary closure of the Group’s businesses. Economic recovery will be gradual, surrounded by geopolitical volatility and trade tensions. Both business and consumer sentiment are expected to remain weak.

According to the Land Transport Authority in Singapore, a Certificate of Entitlement (“COE”) quota, in the appropriate vehicle category, must first be obtained to own a new vehicle in Singapore and the COE allows the vehicle owners use of road space for 10 years. With reference to the announcement made by the Land Transport Authority in Singapore in April 2021, the COE quota for 1 May 2021 to 31 July 2021 is 16,010, representing a decrease of approximately 8.6% when compared to 17,511 COE quota for 1 February 2021 to 30 April 2021. The tightening in supply of COE quota could lead to higher bidding price for COE quota, which would in turn discourage consumer to purchase vehicles and decrease in sales of newly registered passenger vehicles in Singapore. Hence, the Group’s current performance may be impacted.

According to the 2020 Annual Report, the Board expects the business to continue to face headwinds from vast geopolitical uncertainty and tensions, barriers to free trade punishing businesses with global supply chains, and the COVID-19 virus continuing to ravage across continents. The Group will remain focused on its business objectives and will continue to enhance and improve awareness of the brand, and actively engage with existing and potential customers to promote the products and services and maintain a long-term relationship. The Group will endeavour to adopt appropriate business strategies and measures, leveraging its market position as the market leader in Singapore.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the tightening of the COE quota in Singapore recently which would have negative impact to the Group's current performance; and (ii) the outbreak of COVID-19 has slowed down the economic activities and lowered the consumer sentiment, we consider that the Group's business prospects and outlook would be subject to uncertainties in short run to medium run.

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

Information of the Offeror

As stated in the Letter from VBG Capital, the Offeror was incorporated in the British Virgin Islands with limited liability as an investment holding company. As at the Latest Practicable Date, the Offeror was wholly and beneficially owned by Ms. Ma Xiaoqiu ("**Ms. Ma**"). Ms. Ma is the sole director of the Offeror.

As stated in the Letter from VBG Capital, Ms. Ma, age 60, is a seasoned investor with over 20 years' experience in the area of culture and tourism, technology and healthcare. Ms. Ma is the non-executive Chairman of China Investment Fund Company Limited (formerly known as China Ding Yi Feng Holdings Limited) (stock code: 00612) ("**China Investment Fund**") and Fullwealth International Group Limited (stock code: 01034) ("**Fullwealth**"). China Investment Fund is principally engaged in the investments of listed and unlisted securities and Fullwealth is principally engaged in civil engineering and building works in Hong Kong and education and training business in PRC. Ms. Ma currently spends approximately 10% of her time as non-executive chairman for the two companies. Her responsibilities include formulate corporate strategies, planning and business development and oversee the governance of the two companies.

Ms. Ma has also invested in majority interest in private companies including a chip manufacturer (深圳市豐源芯科技產業控股有限公司), a medical and healthcare services (深圳天成銘道醫學科技股份有限公司) and a movie making company (深圳秋豪影視有限公司). Ms. Ma was responsible for the management, business development, and assessment of the companies' investment projects in the areas of culture and tourism, technology and healthcare. Ms. Ma, being the legal representative or an executive director of the abovementioned companies, has since gained extensive experience in corporate management, development and investment evaluation.

Intentions of the Offeror regarding the Group

As set out in the Letter from VBG 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 such time permitted under the Listing Rules and the Takeovers Code). The Offeror also intends to continue the existing principal business of the Group immediately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

following Completion. The Offeror has no intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the existing businesses of the Group. However, the Offeror also intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group. However, as at the Latest Practicable Date, no opportunities have been identified and Ms. Ma has no intention to change the Company's business focus or alter the geographical coverage of the leather upholstery business and electronic accessories business of the Group. While Ms. Ma does not have immediate experience in similar business of the Group, Ms. Ma's experience in formulate corporate strategies, planning and business development in, among other things, technology-related area shall be valuable in the digital age and assist the Group in the transformation to/tap into e-commerce business. In addition, Ms. Ma believes her previous investment experience, especially her network in the PRC, can add value to the future development of the Group. For example, Ms. Ma's experience in culture and technology, together with her business networks in PRC, may add value to the sourcing of leather and electronic accessories, and provide insights in to the Group's sales and marketing efforts and the upgrade of information technology system, as disclosed in the 2020 Annual Report. Save for the Offeror's intention regarding the Group as set out above, (i) 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 (ii) 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.

As set out in the Letter from VBG Capital, the Offeror intends to nominate new director(s) to the Board with effect from the earliest time permitted under the Takeovers Code. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new director(s) of the Company. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and the Listing Rules and further announcement(s) will be made as and when appropriate.

Maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage to the Company, being 25% of the issued Shares, are held by the public at all times, 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 the public hands to maintain an orderly market;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Offer. The Directors and the sole director of the Offeror have jointly and severally undertaken and the proposed new director(s) by the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

Compulsory acquisition

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

3. Principal terms of the Offer

As stated in the Letter from VBG Capital, the Offer is being made by VBG Capital for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.5667 in cash

Comparison of value of the Offer Price

The Offer Price of HK\$0.5667 per Offer Share represents:

- (i) a discount of approximately 84.21% on the closing price of HK\$3.590 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 80.12% on the closing price of HK\$2.850 per Share as quoted on the Stock Exchange on 2 June 2021, being the Last Trading Day;
- (iii) a discount of approximately 80.70% on the average closing price of approximately HK\$2.936 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 77.64% on the average closing price of approximately HK\$2.534 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

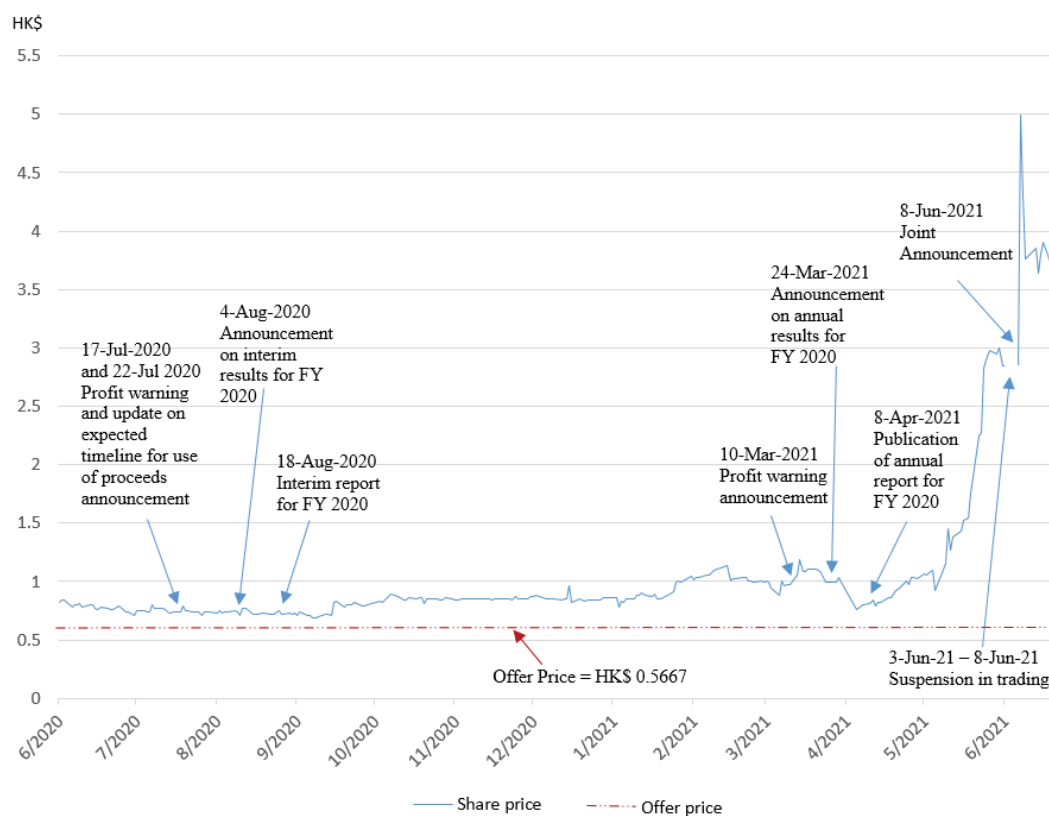
- (v) a discount of approximately 64.31% on the average closing price of approximately HK\$1.588 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 55.46% on the average closing price of approximately HK\$1.272 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day;
- (vii) a discount of approximately 52.03% on the average closing price of approximately HK\$1.181 per Share as quoted on the Stock Exchange for the last 90 trading days immediately prior to and including the Last Trading Day;
- (viii) a discount of approximately 48.47% on the average closing price of approximately HK\$1.100 per Share as quoted on the Stock Exchange for the last 120 trading days immediately prior to and including the Last Trading Day;
- (ix) a discount of approximately 43.80% on the average closing price of approximately HK\$1.008 per Share as quoted on the Stock Exchange for the last 180 trading days immediately prior to and including the Last Trading Day; and
- (x) a premium of approximately 69.78% over the audited consolidated net asset value of the Group of approximately HK\$0.334 per Share as at 31 December 2020 calculated based on the audited consolidated net asset value of the Group as at 31 December 2020 of approximately HK\$150,206,000 and 450,000,000 Shares in issue as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Analysis of the Offer Price

Historical price performance of the Shares

We have reviewed and analysed the closing prices of Shares (i) for approximately 12 months immediately prior to the Last Trading Day commencing on 3 June 2020 and up to and including the Last Trading Day (the “**Pre-Announcement Review Period**”); and (ii) from the day immediately following the date of the Joint Announcement up to and including the Latest Practicable Date (the “**Post-Announcement Review Period**” together with the Pre-Announcement Review Period, the “**Review Period**”) below:



Source: Website of the Stock Exchange

Note: Trading in the Shares was halted from 3 June 2021 to 8 June 2021 (both days inclusive) pending the release of the Joint Announcement.

As shown in the above chart, during the Pre-Announcement Review Period, the Shares were traded in a generally stable trend from 3 June 2020 to January 2021. From February 2021 to the Last Trading Day, the Shares were more fluctuated and experienced a generally upward trend. We also observed, during the Pre-Announcement Review Period, the movement of daily closing prices

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the Shares demonstrated several wavy patterns with significant price surge during the period from May 2021 to June 2021. Save for the profit warning announcement dated 10 March 2021 in relation to the net profit for FY2020 and the publication of the annual results announcement for FY2020 dated 24 March 2021, we are not aware of any information of material change of the Company published in the public available domain during the Pre-Announcement Review Period. We have discussed with the management of the Company for any possible reasons for the wavy pattern and surge of the Share price and they were not aware of any matters which might have impact on the Share price.

After the publication of the Joint Announcement, the closing price of the Shares has further surged sharply to HK\$4.99 per Share on 9 June 2021, representing the highest closing price of the Shares during the Review Period. The closing prices of the Shares during the Post-Announcement Review Period were substantially higher than the Offer Price as to a range of approximately 587.6% to 880.5%. We have enquired into the possible reasons attributed to the notable increase in closing price of Shares subsequently after the publication of the Joint Announcement and as confirmed by the Directors, save for the information as set out in the Joint Announcement, the Directors were not aware of any matters which might have a material effect on the price of Shares. We consider that such increase in the price of Shares after the release of the Joint Announcement may be attributable to market reactions to the Offer and there is no assurance that the closing price of Shares will rise or continue to maintain at a level equal to or above the Offer Price after the Latest Practicable Date and/or after closing of the Offer.

During the Review Period, the closing price of Shares ranged from the lowest of HK\$0.69 per Share recorded on 10 September 2020 to the highest of HK\$4.99 per Share recorded on 9 June 2021. The average daily closing price of Shares during the Review Period was HK\$0.999 per Share. The Offer Price of HK\$0.5667 per Share represents (i) a discount of approximately 17.87% to the lowest closing price of Shares during the Review Period; (ii) a discount of approximately 88.64% to the highest closing price of Shares during the Review Period; and (iii) a discount of approximately 43.28% to the average daily closing price of Shares during the Review Period.

Independent Shareholders should note that despite the Offer Price has been below the daily closing prices of the shares during the Review Period, the Shares were consistently traded at closing price above the net asset value per Share during the Review Period, particularly the Offer Price represented a premium of approximately 70.69% and 69.78% over the net asset value per Share of approximately HK\$0.332 as at 31 December 2019 and approximately HK\$0.334 as at 31 December 2020, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical trading liquidity of the Shares

The following table sets out the historical monthly trading liquidity of the Shares during the Review Period:

| | Total trading volume of the Shares for the month/ period | Number of trading days of the Shares in the month/ period <i>(note 1)</i> | Average daily trading volume of the Shares for the month/ period <i>(note 2)</i> | Percentage of average daily trading volume of the Shares to the total number of the issued Shares <i>(note 3)</i> | Percentage of average daily trading volume of the Shares to the total number of the issued Shares held by the Independent Shareholders <i>(note 4)</i> |
|--|--|--|--|---|---|
| 2020 | | | | | |
| June | 14,516,000 | 21 | 691,238 | 0.15% | 0.31% |
| July | 12,104,000 | 22 | 550,182 | 0.12% | 0.25% |
| August | 15,360,000 | 21 | 731,429 | 0.16% | 0.33% |
| September | 42,968,000 | 22 | 1,953,091 | 0.43% | 0.89% |
| October | 20,412,000 | 18 | 1,134,000 | 0.25% | 0.52% |
| November | 16,668,000 | 21 | 793,714 | 0.18% | 0.36% |
| December | 25,436,000 | 22 | 1,156,182 | 0.26% | 0.53% |
| 2021 | | | | | |
| January | 12,440,000 | 20 | 622,000 | 0.14% | 0.28% |
| February | 18,524,000 | 18 | 1,029,111 | 0.23% | 0.47% |
| March | 15,432,000 | 23 | 670,957 | 0.15% | 0.30% |
| April | 53,360,000 | 19 | 2,808,421 | 0.62% | 1.28% |
| May | 43,224,000 | 20 | 2,161,200 | 0.48% | 0.98% |
| June (up to Latest Practicable Date) <i>(note 5)</i> | 23,062,200 | 14 | 1,647,300 | 0.37% | 0.75% |
| Review Period | 307,626,200 | 259 | 1,187,746 | 0.26% | 0.54% |

Source: Website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. Number of trading days of the Shares in the month/period 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.
2. Average daily trading volume of the Shares for the month/period is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days.
3. The calculation is based on the average daily trading volume of the Shares for the month/period divided by the number of the Shares in issue at the end of each month or as at the Latest Practicable Date.
4. The calculation is based on the average daily trading volume of the Shares for the month/period divided by the number of the Shares in issue held by the Independent Shareholders at the end of each month or as at the Latest Practicable Date.
5. Trading in the Shares was halted from 3 June 2021 to 8 June 2021 (both days inclusive) for the release of the Joint Announcement.

As illustrated in the above table, during the Review Period, the average daily trading volume of the Shares as a percentage of the total number of issued Shares for respective month/period ranged from approximately 0.12% to approximately 0.62%, and the average daily trading volume of the Shares as a percentage of the total number of issued Shares held by the Independent Shareholders ranged from approximately 0.25% to approximately 1.28%. The trading volume of the Shares during the Review Period was thin in general.

Other than the average daily trading volume of Shares observed in April, May and June 2021, the average daily trading volume remained at a low level throughout the Review Period. It is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the trading price of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparable Companies analysis

In order to assess the fairness and reasonableness of the Offer Price, we have considered analysis on price-to-earnings ratio (the “**P/E Ratio**”) and price-to-book ratio (the “**P/B Ratio**”) of companies which are listed on the Main Board of the Stock Exchange and are engaged in the similar businesses to those of the Group, which are commonly used benchmarks in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from public available information and reflect the value of a company determined by the open market.

As stated in the section headed “1. Information and prospects of the Group” in this letter, the Group is principally engaged in (i) sales and installation of passenger vehicle leather upholstery and electronic accessories and (ii) sales of electronic accessories in Singapore. As such, we have attempted to identify the companies for purpose of direct comparison which (i) are listed on the Main Board of the Stock Exchange; (ii) are principally engaged in sales and installation of vehicle interior accessories and electronic components; (iii) derived not less than 90% total revenue from sales and installation of passenger vehicle interior accessories and/or electronic components in their latest financial year; and (iv) the market capitalisation as at the Latest Practicable Date of not more than HK\$4,000 million, with reference to market capitalisation of the Company as at the Latest Practicable Date.

Based on the above criteria, we have identified four comparable companies (the “**Comparable Companies**”) which represent an exhaustive list of comparable companies identified on the website of the Stock Exchange. Although the Comparable Companies varied in market capitalisation, financial performance and position and capital structure as compared with the Company, the comparable analysis is to meant to cover a list of comparable companies listed on the Stock Exchange and form a reasonable sample size to reflect the value of comparable companies in the same industry and we believe that the foresaid selection criteria in general can serve as a fair and reasonable comparison.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 | Principal business <i>(note 1)</i> | Market capitalisation as at the Latest Practicable Date <i>(HK\$ million)</i> <i>(note 2)</i> | P/E ratio <i>(approximate times)</i> <i>(note 3, 9)</i> | P/B ratio <i>(approximate times)</i> <i>(note 4, 9)</i> |
|---|--|--|---|---|
| Xin Point Holdings Limited (1571.HK) | Manufacture and sale of automotive and electronic components | 3,851 | 9.67 | 1.31 |
| Huazhong In-Vehicle Holdings Company Limited (6830.HK) | Manufacture and sale of internal and external decorative and structural automobile parts, moulds and tooling, casing and liquid tank of air conditioning or heater units and other non-automobile products | 2,990 | 23.09 | 2.11 |
| China Tianrui Automotive Interiors Co., Ltd (6162.HK) | Manufacture and sale of automotive interior and exterior decorative components and parts | 326 | 5.33 | 1.01 |
| China Automotive Interior Decoration Holdings Limited (48.HK) | Manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and other parts | 124 | — <i>(note 5)</i> | 0.59 |
| | | Minimum | 5.33 | 0.59 |
| | | Maximum | 23.09 | 2.11 |
| | | Average | 12.70 | 1.25 |
| | | Median | 9.67 | 1.16 |
| | | Implied market capitalisation <i>(HK\$ million)</i> <i>(note 6)</i> | Implied P/E Ratio <i>(approximate times)</i> <i>(note 7, 9)</i> | Implied P/B Ratio <i>(approximate times)</i> <i>(note 8, 9)</i> |
| The Company | | 255 | 254.85 | 1.72 |

Source: Website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The information is extracted from the latest annual reports of the respective Comparable Companies.
2. The market capitalisation is calculated as the closing price of shares of the respective Comparable Companies as at the Latest Practicable Date multiplied by their respective number of issued shares as at the Latest Practicable Date.
3. The P/E Ratio is calculated based on the market capitalisation as described in point (2) above divided by the latest net profit of the respective Comparable Companies reported in their latest annual reports.
4. The P/B Ratio is calculated based on the market capitalisation as described in point (2) above divided by the net asset value attributable to equity holders of the respective Comparable Companies reported in their latest annual reports.
5. The P/E Ratio of China Automotive Interior Decoration Holdings Limited (48.HK) is unavailable due to the net loss and total comprehensive expense of the respective Comparable Companies for their latest financial year.
6. The implied market capitalisation of the Company is calculated as the Offer Price multiplied by the number of issued Shares as at the Latest Practicable Date.
7. The implied P/E Ratio under the Offer is calculated as the implied market capitalisation as described in point (6) above divided by the profit and total comprehensive income of the Company in FY2020 extracted from the 2020 Annual Report.
8. The implied P/B Ratio under the Offer is calculated as the implied market capitalisation as described in point (6) above divided by the net asset value of the Company as at 31 December 2020 extracted from the 2020 Annual Report.
9. For illustrative purpose, the translation of S\$ to HK\$ is based on the exchange rate of S\$1 to HK\$ 5.784 and the translation of RMB to HK\$ is based on the exchange rate of RMB1 to HK\$1.199 according to the exchange rates cited from the Singapore Monetary Authority and People's Bank of China as at the Latest Practicable Date respectively.

As shown in the above table, the P/E Ratio of the Comparable Companies ranged from approximately 5.33 times to approximately 23.09 times, with an average of approximately 12.70 times and median of approximately 9.67 times. The implied P/E Ratio derived from the Offer Price of approximately 254.85 times is exceptionally large as the Company recorded minimal net profit for FY2020, which was mainly due to the decrease in demand of leather upholstery, navigation and multimedia accessories and safety and securities accessories and the temporary closure of business operation from April to June 2020 arisen from quarantine measures imposed by the government of Singapore in response to the outbreak of COVID-19 as discussed in the section headed "Background and financial information of the Group" above. Hence, the comparison of P/E Ratio is not meaningful.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the above table, the P/B Ratio of the Comparable Companies ranged from approximately 0.59 times to approximately 2.11 times, with an average of approximately 1.25 times and median of approximately 1.16 times. The implied P/B Ratio under the Offer of approximately 1.72 times is (i) within the range of the P/B Ratio of the Comparable Companies; and (ii) higher than both average and median of the P/B Ratio of the Comparable Companies.

RECOMMENDATION

Having considered on an overall basis the principal factors and reasons as discussed above, in particular the following:

- (i) the Group has recorded a decrease in revenue, gross profit and net profit in FY2020 compared with that of FY2019 mainly due to the impact of COVID-19 and the financial performance and prospects of the Group in future may remain uncertain;
- (ii) the discounts of the Offer Price to the closing prices of the Shares for the Last Trading Day, and discounts of the Offer Price to the average closing prices of the Shares for the last 5, 10, 30, 60, 90, 120, 180 consecutive trading days prior to and including the Last Trading Day were significant and in the range of approximately 43.80% to 80.70%; and the closing price of the Shares were above the Offer Price at all times during the Review Period;
- (iii) the Offer Price were significantly below the closing price of the Shares during the Post-Announcement Review Period, representing a substantial discount in the range of 82.98% to 88.64%, however, there is no assurance that the trading price will continue to maintain at a level higher than the Offer Price;
- (iv) the Offer Price represents a premium of approximately 69.78% over the audited consolidated net asset value per Share as at 31 December 2020;
- (v) the trading volume of the Shares during the Review Period was thin in general and it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the trading price of the Shares; and
- (vi) the implied P/B Ratio under the Offer of approximately 1.72 times is within the range of the P/B Ratio of the Comparable Companies and is higher than the average and the median of the P/B Ratio of the Comparable Companies.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above principal factors and reasons, particularly the substantial discounts of Offer Price to the closing price of the Shares, we are of the view that the Offer Price is not attractive, rendering the terms of the Offer not fair and reasonable and we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer. Independent Shareholders who intend to realise his/her investment in the Shares are reminded that they should closely monitor the market price and liquidity of the Shares during the Offer Period to sell their Shares in the open market instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under acceptance of the Offer.

As each individual Independent Shareholder would have different investment objectives and/or circumstances, we would recommend the Independent Shareholders 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.

Yours faithfully,

for and on behalf of

ELSTONE CAPITAL LIMITED

Ringo Kwan

Managing Director

Fanny Lee

Managing Director

Mr. Ringo Kwan and Ms. Fanny Lee have been responsible officers of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) since 2005 and 2006, respectively. Both of them have participated in the provision of independent financial advisory services for various types of transactions involving companies listed in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the Form of Acceptance duly completed and signed 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) to the Registrar, Tricor Investor Services Limited at Level 54 Hopewell Centre 183 Queen's Road East Hong Kong, by post or by hand, marked "TOMO Holdings Limited — Offer" on the envelope, in any event not later than 4:00 p.m., on the Closing Date or such later time and/or date as the Offeror may determine and announce 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 whether in full or in part of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "TOMO Holdings Limited — Offer" 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 deliver in an envelope marked "TOMO Holdings Limited — Offer" 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. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked "TOMO Holdings Limited — Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts 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, it/they 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 in an envelope marked "TOMO Holdings Limited — Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to VBG Capital and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such

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

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders 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 cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) The address of the Registrar is Level 54 Hopewell Centre 183 Queen's Road East Hong Kong.

2. SETTLEMENT

- (a) Provided that valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Shareholder, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to such 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 on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.
- (b) Settlement of the consideration to which any Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on Tuesday, 20 July 2021, being the Closing Date. The Offer is unconditional.
- (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 14 days' notice in writing will be given to the Shareholders who have not accepted the Offer before the Offer is closed, and an announcement in respect thereof shall be released. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The execution by or on behalf of any

Independent Shareholder who has previously accepted the Offer shall be deemed to constitute acceptance of the revised Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.

- (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.

4. NOMINEE REGISTRATION

To ensure equality of treatment of 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. ANNOUNCEMENTS

- (a) By 6:00 p.m. on Tuesday, 20 July 2021 (or such later time and/or date as the Executive may in exceptional circumstances permit) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended.

The announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror, Ms. Ma and parties acting in concert with any of them before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror, Ms. Ma and parties acting in concert with any of them.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, Ms. Ma and parties acting in concert with any of them has borrowed or lent (save for any

borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraph 1(e) of this Appendix, and which have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by any Independent Shareholder shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcements” above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.
- (c) In such case, if the Independent Shareholders withdraw their acceptances, the Offeror and Registrar 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) in respect of the Shares lodged with the Form of Acceptance to the relevant Independent Shareholders.

7. OVERSEAS INDEPENDENT SHAREHOLDERS

The making of the Offer to the Overseas Independent Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Independent Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due by the accepting Overseas Independent Shareholders).

Acceptance of the Offer by any Overseas Independent Shareholder will be deemed to constitute a warranty by such person that such person is permitted under applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

8. GENERAL

- (a) All communications, notices, Form 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 post at their own risk, and the Offeror's Concert Group, the Company, VBG Capital, the Independent Financial Adviser, the Registrar, the company secretary of the Company, any of their respective ultimate beneficial owners, directors, officers, agents, professional advisers and other parties involved in the Offer do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, VBG Capital or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares under the Offer are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer is made.
- (g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (h) The making of the Offer to the Overseas Independent Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Independent Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Independent Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions 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. Such Overseas Independent Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Independent Shareholders in respect of the relevant jurisdictions. The Overseas Independent Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

- (i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.

- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders and with registered address(es) outside Hong Kong or whom the Offeror or VBG Capital, knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

- (k) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror's Concert Group, the Company or its ultimate beneficial owners, directors, officers, agents, professional advisers or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advices.

- (l) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. SUMMARY FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for the three years ended 31 December 2018, 2019 and 2020, which are extracted from the audited annual reports of the Group for the three years ended 31 December 2018, 2019 and 2020.

Financial Summary

| | For the years ended 31 December | | |
|---|--|----------------|----------------|
| | 2018 | 2019 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| | (audited) | (audited) | (audited) |
| Revenue | 17,818 | 16,487 | 6,185 |
| Direct costs | (10,271) | (9,907) | (4,326) |
| Gross profit | 7,547 | 6,580 | 1,859 |
| Other income, net | 137 | 123 | 271 |
| General and administrative expenses | (2,530) | (3,780) | (1,917) |
| Profit from operations | 5,154 | 2,923 | 213 |
| Finance income, net | 98 | 146 | 60 |
| Profit before taxation | 5,252 | 3,069 | 273 |
| Income tax | (1,010) | (830) | (100) |
| Profit and total comprehensive income for the period attributable to: | | | |
| Owners of the Company | 4,242 | 2,239 | 173 |
| Non-controlling interests | — | — | — |
| | <u>4,242</u> | <u>2,239</u> | <u>173</u> |
| Basic and Diluted earnings per share (S\$ Cents) | <u>0.94</u> | <u>0.50</u> | <u>0.04</u> |
| Total Dividend and Dividend per share (S\$ Cents) | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |

Save as disclosed above, the Group did not have any item of any income or expense which was material during the three years ended 31 December 2018, 2019 and 2020.

The current auditor of the Company, Baker Tilly TFW LLP, and the resigned auditor PricewaterhouseCoopers did not issue any modified opinion, emphasis of matter or material uncertainty related to going concern on the respective financial statements of the Group for the three years ended 31 December 2018, 2019 and 2020.

2. FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer in this Composite Document the consolidated statements of profit or loss, the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements as shown in the audited consolidated financial statements of the Group for the years ended 31 December 2018 (the “**2018 Financial Statements**”), 31 December 2019 (the “**2019 Financial Statements**”) and 31 December 2020 (the “**2020 Financial Statements**”), together with the relevant notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2018 Financial Statements are set out from page 51 to page 95 in the annual report of TOMO Holdings for the year ended 31 December 2018 (the “**2018 Annual Report**”) which was published on 28 March 2019. The 2018 Annual Report was posted on the websites of the Stock Exchange (www.hkexnews.hk) and TOMO Holdings (<http://www.thetomogroup.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0328/gln20190328081.pdf>

The 2019 Financial Statements are set out from page 58 to page 107 in the annual report of TOMO Holdings for the year ended 31 December 2019 (the “**2019 Annual Report**”) which was published on 23 April 2020. The 2019 Annual Report was posted on the websites of the Stock Exchange (www.hkexnews.hk) and TOMO Holdings (<http://www.thetomogroup.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042301433.pdf>

The 2020 Financial Statements are set out from page 57 to page 107 in the annual report of TOMO Holdings for the year ended 31 December 2020 (the “**2020 Annual Report**”) which was published on 8 April 2021. The 2020 Annual Report was posted on the websites of the Stock Exchange (www.hkexnews.hk) and TOMO Holdings (<http://www.thetomogroup.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0408/2021040800892.pdf>

3. MATERIAL CHANGE

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

4. INDEBTEDNESS

As at the close of business on 31 May 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, details of the Group's indebtedness are as follows:

(i) Finance Leases

As at 31 May 2021, the Group did not have any finance lease.

(ii) Bank loans

As at 31 May 2021, the Group did not have any bank loan.

(iii) Lease liabilities — current

As at 31 May 2021, the Group had lease liabilities — current of approximately S\$30,780.

(iv) Lease liabilities — non-current

As at 31 May 2021, the Group had no lease liabilities — non-current.

Save as disclosed above, apart from intra-group liabilities, normal trade and other payables, the Group did not, as of 31 May 2021, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

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's Concert Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the 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

As at the Latest Practicable Date:

| | Number of Shares | Amount |
|----------------------------------|------------------|-----------------|
| Authorised share capital: | | |
| Ordinary Shares of HK\$0.01 each | 10,000,000,000 | HK\$100,000,000 |
| Issued and fully paid: | | |
| Ordinary Shares of HK\$0.01 each | 450,000,000 | HK\$ 4,500,000 |

All of the Shares currently in issue are fully paid up or credited as fully paid and rank *pari passu* in all respects with each other, including all rights in respect of dividends, voting rights and capital. The Shares are listed on the Stock Exchange and none of the securities of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

No Shares have been issued by the Company since 31 December 2020 (being the date on which its latest published audited accounts were prepared) and up to and including the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no outstanding warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and the Company had not entered into any agreement of the issue of any Shares or warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executives' interests in securities

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

(b) Substantial shareholders

As at the Latest Practicable Date, the interests and short positions of Shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code were as follows:

| Name of shareholder | Capacity | Number of Shares held | Approximate percentage of the issued share capital of the Company |
|-------------------------------|------------------------------------|--------------------------------|---|
| The Offeror | Beneficial owner | 230,000,000 (L) ⁽²⁾ | 51.11 |
| Ms. Ma Xiaoqiu ⁽¹⁾ | Interest of controlled corporation | 230,000,000 (L) ⁽²⁾ | 51.11 |

Notes:

- The Offeror is an investment holding company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Ms. Ma Xiaoqiu. Accordingly, Ms. Ma Xiaoqiu is deemed to be interested in all the Shares held by the Offeror by virtue of the SFO.
- The letter "L" denotes long position in the Shares.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which were notified to the Company and Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code.

(c) Interests in the Offeror

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares, convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

(d) Additional disclosure of interests in the Company and arrangements in connection with the Offer

As at the Latest Practicable Date, save as disclosed in paragraphs 3(a) to (b) above:

- (i) save for the Sale and Purchase Agreement entered into among the Vendor, the Offeror, and the Guarantors, none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (ii) none of the Directors and the Company have dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror during the Relevant Period;
- (iii) the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (iv) the Directors did not have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offer;
- (v) none of a subsidiary of the Company, pension fund of the Company or of a subsidiary of the Company, or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code, owned or controlled any Shares or any other

convertible securities, warrants, options or derivatives in respect of Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

- (vi) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (vii) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with Company and none of them had dealt for value in any relevant securities in the Company during the Relevant Period;
- (viii) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares; and
- (ix) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on one hand and (a) the Offeror, Ms. Ma and parties acting in concert with any of them; and (b) the Company, its subsidiaries or associate companies, on the other hand.

4. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against either any members of the Group.

5. MATERIAL CONTRACTS

There was no material contract (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) entered into by any member of the Group within the two years prior to the commencement of the Offer Period and ending on the Latest Practicable Date.

6. QUALIFICATIONS OF EXPERT

The following are the qualifications of the expert who has been named in this Composite Document or who have given its opinion or advice, which is contained in this Composite Document:

| Name | Qualification |
|-----------------|---|
| Elstone Capital | a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee in respect of the Offer |

7. DIRECTORS' SERVICE AGREEMENTS

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

8. CONSENT

The expert named in the paragraph headed "Qualifications of Expert" above has given and has not withdrawn its written consent to the issue of the Composite Document with the inclusion therein of the opinions, reports, advice, recommendations, and/or letters and/or the references to its name and/or opinions, reports, advice, recommendations, and/or letters in the form and context in which they respectively appear.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (a) at the offices of Messrs. CFN Lawyers in association with Broad & Bright at Units 4101–4104, 41/F., Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to

Friday (except public holidays); (b) on the website of the Company (<http://www.thetomogroup.com/>); and (c) on the website of the SFC (<http://www.sfc.hk>) from the date of this Composite Document up to and including the Closing Date

- (i) the amended and restated memorandum of association and articles of association of the Company;
- (ii) the prospectus of the Company dated 30 June 2017;
- (iii) the annual reports of the Group for the three years ended 31 December 2018, 2019 and 2020;
- (iv) the “LETTER FROM VBG CAPITAL”, the text of which is set out on pages 10 to 18 of the Composite Document;
- (v) the “LETTER FROM THE BOARD”, the text of which is set out on pages 19 to 27 of the Composite Document;
- (vi) the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE”, the text of which is set out on pages 28 to 29 of the Composite Document;
- (vii) the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER”, the text of which is set out on pages 30 to 50 of the Composite Document;
- (viii) the written consent from the Independent Financial Adviser referred to in the paragraph headed “Consent” in this Appendix;
- (ix) the memorandum of association and articles of association of the Offeror;
- (x) the written consent from VBG Capital referred to in the paragraph headed “Consent and Qualification of Professional Adviser” in Appendix III to the Composite Document; and
- (xi) this Composite Document.

10. MISCELLANEOUS

- (i) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and

- (ii) As at the Latest Practicable Date, there was no material contracts entered into by the Offeror in which any Director has a material personal interest.

1. RESPONSIBILITY STATEMENT

The sole director and sole shareholder of the Offeror, being Ms. Ma, accepts full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group, Vendor, Guarantors or the Directors), and confirms, having made all reasonable enquires, that to the best of her knowledge, opinions expressed in this Composite Document (other than opinions 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 statement in this Composite Document misleading.

2. MARKET PRICES

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

| Date | Closing price per Share (HK\$) |
|--|---|
| 31 Dec 2020 | 0.86 |
| 29 Jan 2021 | 0.99 |
| 26 Feb 2021 | 0.99 |
| 31 Mar 2021 | 1.03 |
| 30 Apr 2021 | 1.02 |
| 31 May 2021 | 2.95 |
| 2 Jun 2021 (<i>being the Last Trading Day</i>) (<i>Note</i>) | 2.85 |
| 25 Jun 2021 (<i>being the Latest Practicable Date</i>) | 3.59 |

Note: Trading of Shares was suspended from 3 June 2021 to 8 June 2021 pending the release of the Joint Announcement.

Source: https://www.hkex.com.hk/Market-Data/Securities-Prices/Equities/Equities-Quote?sym=6928&sc_lang=en

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$3.00 per Share on 01 June 2021 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.76 per Share on 7 Apr 2021.

3. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date:

- (a) save for the Sale Shares held by the Offeror, none of the members of the Offeror's Concert Group owned or had control or direction over or have any interest in any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (b) there was no arrangement of the kind referred to in the Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, the Offeror's associates (as defined under the Takeovers Code) or any person acting in concert with the Offeror and any other person;
- (c) there were no agreements or arrangements to which any of the members of the Offeror's Concert Group is a party which relates to circumstances in which the Offeror may or may not seek to invoke a condition to the Offer;
- (d) none of the members of the Offeror's Concert Group had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code including shares, warrants, options, derivatives or convertible securities) in the Company;
- (e) none of the members of the Offeror's Concert Group had received any irrevocable commitment to accept or reject the Offer;
- (f) save for the consideration for the Sale Shares paid by the Offeror to the Vendor under the Sale and Purchase Agreement, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror's Concert Group to the Vendor, its ultimate beneficial owners or any party acting in concert with any one of them in connection with the sale and purchase of the Sale Shares;
- (g) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror's Concert Group and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Offer;

- (h) there was no understanding, arrangement or agreement which would constitute a special deal (as defined in Rule 25 of the Takeovers Code) between the Offeror's Concert Group, and the Vendor, its ultimate beneficial owners and parties acting in concert with them, on the other hand;
- (i) no benefit (other than statutory compensation) will be given to any Director as compensation for loss of office or otherwise in connection with the Offer; and
- (j) there was no agreement, arrangement or understanding that any securities of the Company, acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons. VBG Asia did not have any interest in the Shares, options, derivatives, warrants or other securities convertible into Shares.

4. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

- (a) save for the Sale and Purchase Agreement, none of the members of the Offeror's Concert Group has dealt in or owned any Shares, warrants, options, derivatives or other securities convertible into Shares;
- (b) no person owning or controlling any shareholding in the Company with whom the Offeror's Concert Group had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company;
- (c) save for the Sale and Purchase Agreement, none of the director(s) of the Offeror had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- (d) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror's Concert Group had borrowed or lent.

5. CONSENT AND QUALIFICATION OF PROFESSIONAL ADVISER

The followings are the name and the qualification of the professional adviser whose letters, opinions or advices are contained or referred to in this Composite Document:

| Name | Qualifications |
|---------------------|---|
| VBG Capital Limited | a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |

VBG Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinions or advices and references to its name in the form and context in which it appear.

As at the Latest Practicable Date, VBG Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. GENERAL

As at the Latest Practicable Date:

- (a) The registered office of the Offeror was situated at the office of CCS Trustees Limited, Mandar House, 3rd Floor, Johnson's Ghut, Tortola, British Virgin Islands and the correspondence address of Ms. Ma, the sole director and sole shareholder of the Offeror, was Room C, 6/F, World Trust Tower, 50 Stanley Street, Central, Hong Kong.
- (b) The registered office of VBG Capital was situated at 18/F Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong.
- (c) The Offeror was wholly owned by Ms. Ma. The principal members of the Offeror's Concert Group were the Offeror, Ms. Ma, Leung Ho Chi, Axon Chain Medical Technology Limited and its sole director, Wong Yiu Kei.
- (d) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.