
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to 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, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

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

LU YONGDE

TOMO HOLDINGS LIMITED

萬馬控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

**COMPOSITE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY GENERAL CASH OFFER
FOR SHARES BY OPUS SECURITIES LIMITED
FOR AND ON BEHALF OF LU YONGDE
TO ACQUIRE ALL THE ISSUED SHARES OF
TOMO HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LU YONGDE AND
PARTIES ACTING IN CONCERT WITH HIM)**

Financial Adviser to the Company



Financial Adviser to the Offeror



Offer Agent to the Offeror



Independent Financial Adviser to the Independent Board Committee



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

A letter from Opus Securities, containing among other things, principal terms of the Offer is set out on pages 8 to 16 of this Composite Document. A letter from the Board is set out on pages 17 to 24 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 25 to 26 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 27 to 48 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Form of Acceptance should be received by the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on Thursday, 16 May 2024, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any 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 paragraphs headed "Overseas Shareholders" in the "Letter from Opus Securities" and "Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents or any registration or filing which may be required and the compliance with other necessary formalities or legal requirements and payment of any transfer or other taxes due by such Overseas Shareholder in respect of such jurisdiction. Each Overseas Shareholder is advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.tomogroupltd.com/>) as long as the Offer remains open.

25 April 2024

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, 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 accompanying Form of Acceptance and commencement date of the Offer (*Note 1*) Thursday, 25 April 2024

Latest time and date for acceptance of the Offer on the Closing Date (*Notes 2 and 5*) 4:00 p.m. on Thursday, 16 May 2024

Closing Date (*Notes 3 and 5*) Thursday, 16 May 2024

Announcement of the results of the Offer as at the Closing Date, to be posted on the website of the Stock Exchange (*Notes 2 and 5*) by 7:00 p.m. on Thursday, 16 May 2024

Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offer on the Closing Date (*Notes 4 and 5*) Monday, 27 May 2024

Notes:

1. The Offer, which is unconditional, is open for acceptance on and from Thursday, 25 April 2024, being the date of posting of this Composite Document, until 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will initially remain open for acceptances until 4:00 p.m. on Thursday, 16 May 2024 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended or revised, or has expired. The Offeror has the right under the Takeovers Code to extend the Offer until such date as he may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror and the Company will jointly issue an announcement in relation to any extension of the Offer, in which the announcement will state either the next closing date or, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

EXPECTED TIMETABLE

4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event no later than seven (7) Business Days following the date of receipt by the Registrar of all relevant documents to render the acceptance under the Offer complete and valid. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed "4. Right of Withdrawal" in Appendix I to this Composite Document.

5. If there is a tropical cyclone warning signal no. 8 or above, or a "black rainstorm warning signal":
 - (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 despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the latest date for despatch of remittances will remain 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 and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. and the latest date for despatch of remittances will be rescheduled to the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

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

DEFINITIONS

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

“acting in concert”	has the meaning given to it in the Takeovers Code
“associate(s)”	has the meaning given to it in the Takeovers Code
“Billion Legend”	Billion Legend Company Limited, a company incorporated in the British Virgin Islands with limited liability
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	16 May 2024, being the closing date of the Offer, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	TOMO Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6928)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Completion Date”	20 March 2024, being the date on which Completion took place
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in accordance with the Takeovers Code

DEFINITIONS

“connected person(s)”	has the same meaning given to it under the Listing Rules and the term “connected” shall be construed accordingly
“Directors”	director(s) of the Company
“Encumbrance(s)”	means and includes any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set-off, claim, counterclaim, trust arrangement or other security, any equity or restriction (including any restriction imposed under the Companies Ordinance) or other adverse rights and interests of all kinds and descriptions
“Enforcement Notice”	has the meaning given to this term in the section headed “Introduction” in the “Letter from Opus Securities” and the “Letter from the Board” to this Composite Document
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Cheng Wai Hei and Mr. Lam Chi Wing, established by the Company to make recommendation to the Independent Shareholders in relation to the Offer

DEFINITIONS

“Independent Financial Adviser” or “Euto Capital”	Euto Capital Partners Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee in relation to the Offer and as to acceptance of it
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with him
“Joint Announcement”	the announcement jointly issued by the Company and the Offeror dated 26 March 2024 in relation to, among others, the sale and purchase of the Sale Shares and the Offer
“Last Trading Day”	20 March 2024, being the last full trading day immediately prior to the suspension of trading in the Shares pending the publication of the Joint Announcement
“Latest Practicable Date”	22 April 2024, 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
“Loan”	has the meaning given to this term in the section headed “Introduction” in the “Letter from Opus Securities” and the “Letter from the Board” to this Composite Document below
“Loan Agreement”	has the meaning given to this term in the section headed “Introduction” in the “Letter from Opus Securities” and the “Letter from the Board” to this Composite Document below
“Offer”	the mandatory unconditional cash offer made by Opus Securities for and on behalf of the Offeror to acquire all the issued Shares in the share capital of the Company (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with him) in accordance with the Takeovers Code
“Offer Period”	the period commenced since 26 March 2024, being the date of the Joint Announcement and ending on Closing Date in accordance with the Takeovers Code

DEFINITIONS

“Offer Price”	the price at which the Offer is made, being HK\$0.131 per Offer Share
“Offer Share(s)”	issued Share(s) other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with him
“Offeror”	Mr. Lu Yongde
“Opus Capital”	Opus Capital Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity, being the financial adviser to the Offeror in relation to the Offer
“Opus Securities”	Opus Securities Limited, a corporate licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity, being the agent making the Offer on behalf of the Offeror
“Overseas Shareholders”	the Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the financial adviser to the Company
“Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period commencing from 26 September 2023, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date

DEFINITIONS

“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 March 2024 entered into between the Vendor and the Offeror in respect of the sale and purchase of the Sale Shares
“Sale Share(s)”	50,000 Shares, representing the entire issued share capital of the share capital of Billion Legend
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Mortgage”	the equitable mortgage over the Sale Shares dated 9 June 2023 executed by Ms. Ma Xiaoqiu in favour of the Vendor as security for the loan facility in the principal amount of HK\$40,000,000 granted by the Vendor
“Shareholder(s)”	registered holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning given to it under the Listing Rules
“S\$”	Singapore dollars, the lawful currency of Singapore
“Takeovers Code”	The Code on Takeovers and Mergers published by the SFC, as amended, supplemented or otherwise modified from time to time
“Vendor”	Mr. Leung Ka Fai
“%”	per cent.

* *For the purpose of this Composite Document, all amounts denominated in S\$ has been translated (for information only) into HK\$ using the exchange rate of S\$1.00: HK\$5.85. Such translation shall not be construed as a representation that amounts of S\$ was or may have been converted.*



25 April 2024

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER
FOR SHARES BY OPUS SECURITIES LIMITED
FOR AND ON BEHALF OF LU YONGDE
TO ACQUIRE ALL THE ISSUED SHARES OF
TOMO HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LU YONGDE AND
PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

Reference is made to the Joint Announcement.

Pursuant to a loan agreement dated 9 June 2023 (the “**Loan Agreement**”) entered into between Ms. Ma Xiaoqiu as borrower and the Vendor as lender, the Vendor agreed to make available to Ms. Ma Xiaoqiu a term loan of HK\$40,000,000 (the “**Loan**”) subject to and on the terms and conditions specified in the Loan Agreement. Interest on the Loan should accrue at the rate of 12% per annum and if the borrower fails to pay any sums payable under the Loan Agreement by the due date, the borrower should pay interest on such overdue sums at a rate of 18% per annum. The maturity date for repayment of the principal amount of the loan and the interest accrued therein was six months after the date of the Loan Agreement (i.e. 9 December 2023). The Loan has already become due but the borrower has yet to repay any of the principal amount of the Loan and the interest accrued therein such that it constituted an event of default under the Loan Agreement.

The Loan Agreement was secured by the Share Mortgage dated 9 June 2023 executed by Ms. Ma Xiaoqiu as mortgagor in favour of the Vendor as mortgagee over 50,000 Sale Shares, representing the entire issued share capital of Billion Legend. Pursuant to the Share Mortgage, the Vendor as mortgagee may at any time after the occurrence of an event of default under the Loan Agreement serve an enforcement notice (the “**Enforcement Notice**”) on the mortgagor and thereafter the mortgagee shall, without prejudice to any other right or remedy available under the Share Mortgage, sell the Sale Shares by such method, at such place and upon such terms as the mortgagee may in his absolute discretion determine and without notice to, or further consent or concurrence by the mortgagor.

LETTER FROM OPUS SECURITIES

Ms. Ma Xiaoqiu had issued a post-dated cheque in the amount of HK\$40,000,000 to the Vendor. On 7 March 2024, the Vendor attempted to deposit the cheque with the bank but the Vendor was informed by the bank on 8 March 2024 that the cheque was returned and could not be honoured. On 15 March 2024, the Vendor issued the Enforcement Notice to Ms. Ma Xiaoqiu and the Vendor is entitled to sell the Mortgaged Shares under the Share Mortgage by such method, at such place and upon such terms as the mortgagee may in his absolute discretion determine and without notice to, or further consent or concurrence by the mortgagor. As at the date of the Enforcement Notice, the total outstanding amount under the Loan Agreement was HK\$44,313,424.66 (of which HK\$40,000,000 was the principal amount of the Loan and HK\$4,313,424.66 was the interest accrued therein). Since 15 March 2024 and up to the date of the Joint Announcement, there was no response from Ms. Ma Xiaoqiu or any discussion between the Vendor and Ms. Ma Xiaoqiu in relation to the repayment of the principal amount of the Loan and the interest accrued.

The Board was informed that on 20 March 2024 (after trading hours of the Stock Exchange), the Vendor, as mortgagee under the Share Mortgage and by way of exercising his power of sale under the Share Mortgage, and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Offeror agreed to purchase, 50,000 Sale Shares, representing the entire issued share capital of Billion Legend, for an aggregate consideration of HK\$30,000,000 which was satisfied by the Offeror in full by his own financial resources. The consideration of HK\$30 million for the sale and purchase of 50,000 Sale Shares was agreed between the Vendor and the Offeror after arm's length negotiations with reference to (i) the market value of 230,000,000 Shares on the Last Trading Day in the amount of approximately HK\$25.5 million; and (ii) the principal amount of the Loan of HK\$40 million especially considering that the Vendor would not be able to recover the Loan. As at the Latest Practicable Date, Billion Legend holds 230,000,000 Shares, representing approximately 51.11% of the entire issued share capital of the Company. Completion took place on 20 March 2024 immediately after the entering into of the Sale and Purchase Agreement. Immediately upon Completion, the Offeror (through Billion Legend) and parties acting in concert with him own an aggregate of 230,000,000 Shares, representing approximately 51.11% of the entire issued share capital of the Company. The Vendor confirms that up to the Latest Practicable Date, he has not received any objection from Ms. Ma Xiaoqiu in respect of the Vendor's exercise of the power of sale under the Share Mortgage.

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

LETTER FROM OPUS SECURITIES

THE OFFER

Principal terms of the Offer

Opus Securities, the offer agent to the Offeror, is, for and on behalf of the Offeror, making the Offer to acquire all the Offer Shares in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.131 in cash

Given the sole asset of the Billion Legend is the 230,000,000 Shares held by it, the Offer Price of HK\$0.131 per Offer Share is equivalent to the consideration for the Sale Shares under the Sale and Purchase Agreement of HK\$30,000,000 divided by 230,000,000 Shares held by Billion Legend, which was arrived after arm's length negotiations between the Offeror and the Vendor.

The Offer is unconditional in all respects. The Offer is extended to all Shares in issue other than those Shares held by the Offeror and parties acting in concert with him.

As at the Latest Practicable Date, 450,000,000 Shares were in issue and the Company does not have any outstanding options, derivatives, warrants 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 procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Offer price

The offer price of HK\$0.131 per Offer Share represents:

- (i) a premium of approximately 18.02% over the closing price of HK\$0.111 per Share as quoted on the Stock Exchange on 20 March 2024, being the Last Trading Day;
- (ii) a premium of approximately 25.48% over the average closing price of approximately HK\$0.1044 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 24.29% over the average closing price of approximately HK\$0.1054 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 15.49% over the average closing price of approximately HK\$0.1134 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM OPUS SECURITIES

- (v) a discount of approximately 57.71% to the net asset value per Share of approximately HK\$0.3098 as at 31 December 2022, calculated based on the Group's audited consolidated net asset value attributable to the Shareholders as at 31 December 2022 of S\$23,830,793 (equivalent to approximately HK\$139,410,000), divided by a total of 450,000,000 issued Shares as at the Latest Practicable Date;
- (vi) a discount of approximately 36.27% to the net asset value per Share of approximately HK\$0.2056 as at 30 June 2023, calculated based on the Group's unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2023 of S\$15,812,762 (equivalent to approximately HK\$92,505,000), divided by a total of 450,000,000 issued Shares as at the Latest Practicable Date;
- (vii) a discount of approximately 23.93% to the net asset value per Share of approximately HK\$0.1722 as at 31 December 2023, calculated based on the Group's audited consolidated net asset value attributable to the Shareholders as at 31 December 2023 of S\$13,248,602 (equivalent to approximately HK\$77,504,000), divided by a total of 450,000,000 issued Shares as at the Latest Practicable Date; and
- (viii) a discount of approximately 51.48% to the closing price of HK\$0.2700 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

The highest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.63 per Share on 26 September 2023.

The lowest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.10 per Share on 13 March 2024 to 18 March 2024.

Total value of the Offer

As at the Latest Practicable Date, there are 450,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer and on the basis of the Offer Price at HK\$0.131 per Offer Share, the entire issued share capital of the Company is valued at HK\$58.95 million. The Offer is made to the Independent Shareholders.

Excluding the 230,000,000 Shares held by the Offeror and parties acting in concert with him, the number of Shares subject to the Offer is 220,000,000 Shares. Based on the Offer Price of HK\$0.131 per Offer Share, the total consideration of the Offer would be HK\$28.82 million, which will be the maximum amount payable by the Offeror under the Offer in the event that the Offer is accepted in full.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and interests attached thereto, including all rights to

LETTER FROM OPUS SECURITIES

any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company does not have any dividend or distribution recommended, declared or made but unpaid and the Company does not intend to declare any dividend or make other distribution prior to the close of the Offer.

Financial resources available for the Offer

Completion took place on 20 March 2024 and the consideration has been paid by the Offeror to the Vendor in accordance with the Sale and Purchase Agreement. The consideration was satisfied by the Offeror in full by the Offeror's own financial resources.

The maximum amount of cash payable by the Offeror in respect of full acceptances of the Offer is HK\$28.82 million, assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer. The Offeror intends to satisfy the consideration payable under the Offer by his own internal resources. Opus Capital, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders shall sell their Shares to the Offeror free from all Encumbrance and third party rights and together with all rights attached to them including the right to all dividends and distributions which may be declared, paid or made on or after the date on which the Offer is made, being the date of despatch of this Composite Document. Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Independent Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which are included in the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as contained in this Composite Document.

Payment

Settlement of the consideration in respect of acceptances of the Offer will be made as soon as possible but in any event no later than seven (7) Business Days from the date of receipt of duly completed and valid acceptances in respect of the Offer Shares. 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 cash consideration payable to any Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

LETTER FROM OPUS SECURITIES

Hong Kong stamp duty

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

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Opus Securities, Opus Capital, Rainbow Capital, Euto Capital, the Registrar and (as the case may be) 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.

Overseas Shareholders

The Offer is made to all Independent Shareholders, including those who are not resident in Hong Kong. The making and the implementation of the Offer to Independent Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant overseas jurisdictions in which such Independent Shareholders are located. Such Independent Shareholders should observe any applicable requirements and restrictions in their own jurisdictions, and where necessary, seek independent legal advice in respect of the Offer. It is the responsibility of such Independent Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer to satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes payable by such Independent Shareholders in such jurisdiction).

Any acceptance of the Offer by any Independent Shareholders will be deemed to constitute a representation and warranty from such Independent Shareholders to the Offeror that the local laws and requirements have been complied with. The overseas Independent Shareholders should consult their professional advisers if in doubt. Save for one corporate Independent Shareholder incorporated in the British Virgin Islands, there are no overseas Independent Shareholders of the Company identified as at the Latest Practicable Date.

LETTER FROM OPUS SECURITIES

INFORMATION ON THE GROUP

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

INFORMATION ON THE OFFEROR

The Offeror, aged 56, was educated in Guangdong University of Technology and studied in Industrial and Building engineering. Mr. Lu received 高級專業技術職務任職資格 (for transliteration purpose only, Qualification Certificate of Senior Professional Rank) in 2008.

The Offeror has over 30 years management and construction experience in properties developments, property project management, restructuring of distressed debts, development projects and direct investments, e-commerce and big-health industry. He is currently the major shareholder and the supervisor of 廣州紅地集團有限公司 (for transliteration purpose only, Guangzhou Hongdi Holdings Limited), an investment holding company incorporated in the PRC. He was the executive director and chairman of the board of ACR Asian Capital Resources (Holdings) Limited, a company incorporated in the Cayman Island with limited liability, the issued shares of which were listed on GEM of the Stock Exchange (stock code: 8025) and the listing of the shares of the company was cancelled on 7 August 2023.

Prior to Completion, the Offeror and parties acting in concert with him are third parties independent of, and not connected with, either the Company or any of its connected persons.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Following the close of the Offer, the Offeror intends that the Group will continue the principal business of the Group and will maintain the listing status of the Company. The Offeror will conduct a review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group.

As at the Latest Practicable Date, the Offeror does not have any plan and/or intention to downsize or change the scale of the Group’s existing principal businesses.

Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, no investment or business opportunity has been identified nor have the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

Save for the Offeror’s intention regarding the Group as set out above, the Offeror has no intention to redeploy any fixed assets of the Group (other than in the ordinary and usual course

LETTER FROM OPUS SECURITIES

of business of the Group) or to discontinue the employment of the employees of the Group (except as set forth in the paragraph headed “Proposed change of Board composition” below) as at the Latest Practicable Date.

Proposed change of Board composition

As at the Latest Practicable Date, the Board is comprised of one executive Director, one non-executive Director and two independent non-executive Directors.

It is intended that all of the Directors will resign with effect from the earliest time permitted under the Takeovers Code. Following the close of the Offer, the Offeror intends to nominate new Directors for appointment to the Board and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new Director(s). Further announcement(s) will be made upon any changes to the composition to the Board in compliance with the Takeovers Code and Listing Rules as and when appropriate.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company as and when appropriate. Save as aforesaid, the Offeror has no intention to introduce any significant changes to the management of the Company following the close of the Offer.

Public float and maintaining the listing status of the Company

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

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror has undertaken to the Stock Exchange that he will and will procure the new Directors to be appointed by the Offeror to the Board to take appropriate steps to ensure that sufficient public float exists in the Shares, i.e. at least 25% of the entire issued share capital of the Company will be held by the public at all times following the close of the Offer.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

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

LETTER FROM OPUS SECURITIES

COMPULSORY ACQUISITION

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

GENERAL

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

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Independent Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with him, the Company, the Vendor, Opus Capital, Opus Securities, Rainbow Capital, Euto Capital, the Registrar and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

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

For and on behalf of
Opus Securities Limited
Cheung On Kit Andrew
Responsible Officer

LETTER FROM THE BOARD

TOMO HOLDINGS LIMITED

萬馬控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

Executive Director:

Mr. Tsang Chun Ho Anthony

Non-executive Director:

Mr. Choi Tan Yee

Independent non-executive Directors:

Mr. Cheng Wai Hei

Mr. Lam Chi Wing

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Singapore:*

Block 3018

Bedok North Street 5

#02-08 Eastlink

Singapore 486132

*Principal place of business in Hong
Kong registered under Part 16
of the Companies Ordinance:*

Unit 802, 8/F, LKF29

29 Wyndham Street

Central, Hong Kong

25 April 2024

To the Independent Shareholders

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER
FOR SHARES BY OPUS SECURITIES LIMITED
FOR AND ON BEHALF OF LU YONGDE
TO ACQUIRE ALL OF THE ISSUED SHARES OF
TOMO HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LU YONGDE AND
PARTIES ACTING IN CONCERT WITH HIM)**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Joint Announcement.

Pursuant to a loan agreement dated 9 June 2023 (the “**Loan Agreement**”) entered into between Ms. Ma Xiaoqiu as borrower and the Vendor as lender, the Vendor agreed to make available to Ms. Ma Xiaoqiu a term loan of HK\$40,000,000 (the “**Loan**”) subject to and on the terms and conditions specified in the Loan Agreement. Interest on the Loan should accrue at the rate of 12% per annum and if the borrower fails to pay any sums payable under the Loan Agreement by the due date, the borrower should pay interest on such overdue sums at a rate of 18% per annum. The maturity date for repayment of the principal amount of the loan and the interest accrued therein was six months after the date of the Loan Agreement (i.e. 9 December 2023). The Loan has already become due but the borrower has yet to repay any of the principal amount of the Loan and the interest accrued therein such that it constituted an event of default under the Loan Agreement.

The Loan Agreement was secured by the Share Mortgage dated 9 June 2023 executed by Ms. Ma Xiaoqiu as mortgagor in favour of the Vendor as mortgagee over 50,000 Sale Shares, representing the entire issued share capital of Billion Legend. Pursuant to the Share Mortgage, the Vendor as mortgagee may at any time after the occurrence of an event of default under the Loan Agreement serve an enforcement notice (the “**Enforcement Notice**”) on the mortgagor and thereafter the mortgagee shall, without prejudice to any other right or remedy available under the Share Mortgage, sell the Sale Shares by such method, at such place and upon such terms as the mortgagee may in his absolute discretion determine and without notice to, or further consent or concurrence by the mortgagor.

Ms. Ma Xiaoqiu had issued a post-dated cheque in the amount of HK\$40,000,000 to the Vendor. On 7 March 2024, the Vendor attempted to deposit the cheque with the bank but the Vendor was informed by the bank on 8 March 2024 that the cheque was returned and could not be honoured. On 15 March 2024, the Vendor issued the Enforcement Notice to Ms. Ma Xiaoqiu and the Vendor is entitled to sell the Mortgaged Shares under the Share Mortgage by such method, at such place and upon such terms as the mortgagee may in his absolute discretion determine and without notice to, or further consent or concurrence by the mortgagor. As at the date of the Enforcement Notice, the total outstanding amount under the Loan Agreement was HK\$44,313,424.66 (of which HK\$40,000,000 was the principal amount of the Loan and HK\$4,313,424.66 was the interest accrued therein). Since 15 March 2024 and up to the date of the Joint Announcement, there was no response from Ms. Ma Xiaoqiu or any discussion between the Vendor and Ms. Ma Xiaoqiu in relation to the repayment of the principal amount of the Loan and the interest accrued.

The Board was informed that on 20 March 2024 (after trading hours of the Stock Exchange), the Vendor, as mortgagee under the Share Mortgage and by way of exercising his power of sale under the Share Mortgage, and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Offeror agreed to purchase, 50,000 Sale Shares, representing the entire issued share capital of Billion Legend, for an

LETTER FROM THE BOARD

aggregate consideration of HK\$30,000,000 which was satisfied by the Offeror in full by his own financial resources. As at the Latest Practicable Date, Billion Legend holds 230,000,000 Shares, representing approximately 51.11% of the entire issued share capital of the Company. Completion took place on 20 March 2024 immediately after the entering into of the Sale and Purchase Agreement. Immediately upon Completion, the Offeror (through Billion Legend) and parties acting in concert with him own an aggregate of 230,000,000 Shares, representing approximately 51.11% of the entire issued share capital of the Company. The Vendor confirms that up to the Latest Practicable Date, he has not received any objection from Ms. Ma Xiaoqiu in respect of the Vendor's exercise of the power of sale under the Share Mortgage.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) the information relating to the Group, the Offeror and parties acting in concert with him; (ii) the letter from Opus Securities containing, among others, the details of the Offer; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer; and (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer.

Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Cheng Wai Hei and Mr. Lam Chi Wing, has been established to make a recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Mr. Choi Tan Yee, a non-executive Director, is the managing director and responsible officer of Rainbow Capital, being the financial adviser to the Company, and is therefore not considered independent to be a member of the Independent Board Committee and has declared his interest to the Board accordingly.

Euto Capital has been appointed as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in connection with the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

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

LETTER FROM THE BOARD

THE OFFER

Opus Securities, the offer agent to the Offeror, is, for and on behalf of the Offeror, making the Offer to acquire all the Offer Shares on the terms in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.131 in cash

Given the sole asset of the Billion Legend is the 230,000,000 Shares held by it, the Offer Price of HK\$0.131 per Offer Share is equivalent to the consideration for the Sale Shares under the Sale and Purchase Agreement of HK\$30,000,000 divided by 230,000,000 Shares held by Billion Legend, which was arrived after arm's length negotiations between the Offeror and the Vendor. The Offer is unconditional in all respects.

The Offer is extended to all Shares in issue other than those Shares held by the Offeror and parties acting in concert with him.

As at the Latest Practicable Date, 450,000,000 Shares were in issue and the Company does not have any outstanding options, derivatives, warrants 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.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the "Letter from Opus Securities" and Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "Information on the Offeror" in the "Letter from Opus Securities" in this Composite Document for information on the Offeror.

INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Company acts as an investment holding company and its subsidiaries are principally engaged in the sale of automotive parts and motor vehicles, as well as the passenger vehicle (PV) leather upholstery and electronic accessories businesses in Singapore.

Your attention is also drawn to Appendices II and IV to this Composite Document which contain further financial and general information of the Group.

In deciding whether or not to accept the Offer, the Independent Shareholders should consider the qualified opinion issued by the independent auditor of the Company on the consolidated financial statements of the Group for the year ended 31 December 2023.

LETTER FROM THE BOARD

The following is an extract of the independent auditor's report on the Group's financial statements for the year ended 31 December 2023:

“QUALIFIED OPINION

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (the “**IFRS Accounting Standards**”) issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

During the year ended 31 December 2022, the Group acquired 49% equity interest in Ocean Dragon Group Limited and its subsidiary, namely, Hua Bright International Limited (collectively the “**Target Group**”), specialises in the provision of electric charging solutions and which was accounted for an associate under the equity method. In the past, the Group relied on the financial information by local management of the Target Group to account for the share of results and to assess the impairment of its investments in associates at each reporting period. During the year, the Group did not have access to a set of complete and accurate accounting books and records of the Target Group, all key personnel of the local management and responsible for finance and accounting matters had left and despite the best endeavour of the directors of the Company, they were unable to recover or access the accounting books and records of the Target Group as a result of local management not being contactable. Apart from that, the current directors of the Company raised concerns over the genuineness of the acquisition of the Target Group during the year, a special investigation committee has been formed to investigate such matters pertaining to the acquisition. As at the date of this consolidated financial statements, the investigation is still in progress. Due to the absence of sufficient supporting documents and explanations in relation to the accounting books and records made available to the directors of the Company in respect of the Target Group, they consider that the Group is unlikely to recover the entire value of the Target Group as the Company could not access to the substances of the Target Group, and hence, the investments in associates of S\$6,421,491 would be fully impaired during the year.

Given the above circumstances on scope limitation, we were unable to obtain sufficient appropriate audit evidence in respect of the financial information of the investments in associates of the Group as their accounting books and records were not available to us for audit purpose. As a result, we were unable to carry out necessary audit procedures to determine whether the impairment of investments in associates of S\$6,421,491 and share of nil result of associates for the year ended 31 December 2023, the investments in associates carried at nil as at 31 December 2023 and the related disclosures notes in relation to the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the

LETTER FROM THE BOARD

consolidated financial statements. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments were necessary or might have a consequential effect of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, and related disclosures thereof for the year ended 31 December 2023.

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) issued by the International Auditing and Assurance Standards Board (“the IAASB”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.”

Pursuant to Note 3 to Rule 2 of the Takeovers Code, the Board would like to draw the attention of the Independent Shareholders to the qualified opinion issued by the independent auditor of the Company.

As disclosed in the annual results announcement of the Company for the year ended 31 December 2023 dated 28 March 2024, the Group acquired 49% equity interest in Ocean Dragon Group Limited and its subsidiary, namely, Hua Bright International Limited (collectively the “**Target Group**”), specialising in the provision of electric charging solutions and which was accounted for an associate under the equity method. In the past, the Group relied on the financial information by local management of the Target Group to account for the share of results and to assess the impairment of its investments in associates at each reporting period. During the year ended 31 December 2023, the Group did not have access to a set of complete and accurate accounting books and records of the Target Group, all key personnel of the local management and responsible for finance and accounting matters had left and despite the best endeavour of the directors of the Company, they were unable to recover or access the accounting books and records of the Target Group as a result of local management not being contactable. Apart from that, the current directors of the Company raised concerns over the genuineness of the acquisition of the Target Group during the year, a special investigation committee has been formed to investigate such matters pertaining to the acquisition and the investigation is still in progress. Due to the absence of sufficient supporting documents and explanations in relation to the accounting books and records made available to the directors of the Company in respect of the Target Group, they consider that the Group is unlikely to recover the entire value of the Target Group as the Company could not access to the substances of the Target Group, and hence, the investments in associates of S\$6,421,491 would be fully impaired during the year.

Given that the investments in associates of S\$6,421,491 were fully impaired, there was share of nil result of associates for the year ended 31 December 2023 and the investments in associates carried at nil as at 31 December 2023, the Board considers that the qualified opinion issued by the independent auditor of the Company for the year ended 31 December 2023 would not have any material implication on the Offer and the Company.

LETTER FROM THE BOARD

The Independent Shareholders are advised to take into account the foregoing and consider carefully the terms of the Offer. If the Independent Shareholders decide not to accept the Offer, they should be aware of the potential risks associated with the uncertainties in consolidated financial statements of the Group for the year ended 31 December 2023.

SHAREHOLDING STRUCTURE OF THE COMPANY

There is no change in the shareholding structure of the Company immediately prior to Completion and immediately upon Completion that the Company is owned as to approximately 51.11% by Billion Legend and approximately 48.89% by public Shareholders.

Immediately prior to Completion, Billion Legend was wholly and beneficially owned by Ms. Ma Xiaoqiu. Immediately upon Completion and as at the Latest Practicable Date, Billion Legend is wholly and beneficially owned by the Offeror.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Opus Securities” in this Composite Document. The Board is pleased to note that, as at the Latest Practicable Date, the Offeror intended to continue the existing principal business of the Group and had no intention to discontinue the employment of the employees (save for changes in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business, and the Offeror had no definitive plan, and had not engaged in any discussion or negotiation, on any injection of any assets or businesses into the Group.

The Offeror intends to nominate new directors to the Board with effect after the posting of this Composite Document and it is intended that all the executive Directors, non-executive Directors and independent non-executive Directors will resign with effect from the earliest time permitted under the Takeovers Code. Your attention is drawn to the paragraph headed “Proposed change of Board composition” in the “Letter from Opus Securities” in this Composite Document.

Any further changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules and the articles of association of the Company and further announcement(s) will be made as and when appropriate in accordance with the Listing Rules.

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, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. Therefore, upon the close of the Offer, there may be insufficient public float of

LETTER FROM THE BOARD

the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror has undertaken to the Stock Exchange that he will and will procure the new Directors to be appointed by the Offeror to the Board to take appropriate steps to ensure that sufficient public float exists in the Shares, i.e. at least 25% of the entire issued share capital of the Company will be held by the public at all times following the close of the Offer.

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 25 to 26 of this Composite Document which contains its recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to their acceptance of the Offer; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 27 to 48 of this Composite Document which contains its advice to the Independent Board Committee in connection with the Offer and the principal factors considered by it in arriving at its advice.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I “Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance.

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

By order of the Board of
TOMO Holdings Limited
Tsang Chun Ho Anthony
Executive Director

TOMO HOLDINGS LIMITED

萬馬控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

25 April 2024

To the Independent Shareholders

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER
FOR SHARES BY OPUS SECURITIES LIMITED
FOR AND ON BEHALF OF LU YONGDE
TO ACQUIRE ALL OF THE ISSUED SHARES OF
TOMO HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LU YONGDE AND
PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

We refer to the composite offer and response document (the “**Composite Document**”) jointly issued by the Company and the Offeror dated 25 April 2024, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Company to form the Independent Board Committee to consider the Offer and to advise the Independent Shareholders as to, in our opinion, whether or not the Offer is fair and reasonable and to make recommendation in respect of acceptance of the Offer.

Euto Capital has been appointed as the Independent Financial Adviser with our approval to make recommendation to us in respect of the Offer and, in particular, whether the Offer is fair and reasonable and to make recommendation in respect of the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from the Independent Financial Adviser” in this Composite Document.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Taking into account the terms of the Offer and the independent advice and recommendations from Euto Capital, we consider that the Offer to be fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

The Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” set out in this Composite Document.

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

Mr. Cheng Wai Hei
Independent non-executive Director

Mr. Lam Chi Wing
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Euto Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer, which has been prepared for the purpose of incorporation in this Composite Document.



Room 1204, Jubilee Centre
18 Fenwick Street, Wan Chai
Hong Kong

25 April 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER
FOR SHARES BY OPUS SECURITIES LIMITED
FOR AND ON BEHALF OF LU YONGDE
TO ACQUIRE ALL THE ISSUED SHARES OF
TOMO HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LU YONGDE AND
PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, details of which are set out in the Composite Document dated 25 April 2024, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

Reference is made to the Joint Announcement in which the Offeror and the Company jointly announced that on 26 March 2024 (after trading hours of the Stock Exchange), the Vendor, as mortgagee under the Share Mortgage and by way of exercising his power of sale under the Share Mortgage, and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Offeror agreed to purchase, 50,000 Sale Shares, representing the entire issued share capital of Billion Legend as at the date of the Joint Announcement, for an aggregate consideration of HK\$30 million which was satisfied by the Offeror in full by his own financial resources. The consideration of HK\$30 million for the sale and purchase of 50,000 Sale Shares was agreed between the Vendor and the Offeror after arm's length negotiations with reference to (i) the market value of 230,000,000 Shares on the Last

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Trading Day in the amount of approximately HK\$25.5 million; and (ii) the principal amount of the Loan of HK\$40 million especially considering that the Vendor would not be able to recover the Loan.

Completion took place on 20 March 2024, immediately upon Completion, the Offeror (through Billion Legend) and parties acting in concert with him own an aggregate of 230,000,000 Shares, representing approximately 51.11% of the entire issued share capital of the Company. Accordingly, the Offeror is required under Note 8 to Rule 26.1 of the Takeovers Code to make an unconditional mandatory cash offer to acquire all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with him).

As at the Latest Practicable Date, the Company has 450,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants 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.

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Cheng Wai Hei, and Mr. Lam Chi Wing, has been established to make a recommendation to the Independent Shareholders in relation to the Offer as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. Mr. Choi Tan Yee, a non-executive Director, is the managing director and responsible officer of Rainbow Capital, being the financial adviser to the Company, and is therefore not considered independent to be a member of the Independent Board Committee and has declared his interest to the Board accordingly.

We, Euto Capital Partners Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. Pursuant to Rule 2.1 of the Takeovers Code, our appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not associated or connected financially or otherwise with any member of the Group or the Offeror, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the Latest Practicable Date, save for this appointment as the Independent Financial Adviser, there were no other engagements between Euto Capital Partners Limited and the Group or the Offeror or the parties acting in concert with it and us. 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

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will receive any fees or benefits from the Group or the Offeror, their respective substantial or controlling shareholders and financial or other professional advisers 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 advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information provided to us by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all respects as at the date thereof and may be relied upon. Shareholders will be notified for any subsequent material changes to such statements, information, opinions and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all the statements contained and representations made or referred to in the Composite Document are true in all material respects at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted 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 respects at the time they were made and continued to be so until the date of the Latest Practicable Date.

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

Should there be any subsequent material changes (including changes to this letter) which occur during the period from the date of the Composite Document up to the close of the Offer, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

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We consider that we have reviewed sufficient information available, among others: (i) the annual reports of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”); (ii) the annual results announcement of the Company for the year ended 31 December 2023 (the “**2023 Annual Results Announcement**”); and (iii) the Joint Announcement which are made available to us. We have taken all reasonable steps to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

We have not considered the tax implications on the Independent Shareholders of their acceptances or non-acceptances of the Offer (as the case may be) since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offer and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

Opus Securities, the offer agent of the Offeror, for and on behalf of the Offeror, making the Offer to acquire all the Offer Shares on the terms in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.131 in cash

Given the sole asset of the Billion Legend is the 230,000,000 Shares held by it, the Offer Price of HK\$0.131 per Offer Share is equivalent to the consideration for the Sale Shares under the Sale and Purchase Agreement of HK\$30 million divided by 230,000,000 Shares held by Billion Legend, which was arrived after arm’s length negotiations between the Offeror and the Vendor. The Offer is unconditional in all respects.

The Offer is extended to all Shares in issue other than those Shares held by the Offeror and parties acting in concert with him.

As at the Latest Practicable Date, the Company does not have any dividend or distribution recommended, declared or made but unpaid and the Company does not intend to declare any dividend or make other distribution during the Offer Period.

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

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Offer and in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background information of the Group

(a) Information of the Group

The Company is incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and its subsidiaries are principally engaged in the sale of automotive parts and motor vehicles, as well as the passenger vehicle (PV) leather upholstery and electronic accessories businesses in Singapore.

(b) Historical financial performance and future developments of the Group

The following tables set out key financial information of the Group for the years ended 31 December 2021 (the “FY2021”), 31 December 2022 (the “FY2022”) and 31 December 2023 (the “FY2023”), as extracted from the 2022 Annual Report and the 2023 Annual Results Announcement:

	For the FY2023	For the FY2022	For the FY2021
	S\$	S\$	S\$
	(audited)	(audited)	(audited)
Revenue	9,071,257	16,340,186	9,709,963
Gross profits	420,395	925,492	1,567,743
Profit/(loss) for the year	(10,582,191)	(1,869,568)	118,031

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	As at 31 December 2023 S\$ (audited)	As at 31 December 2022 S\$ (audited)	As at 31 December 2021 S\$ (audited)
Assets			
Non-current assets			
Investment properties	3,740,000	3,300,000	3,000,000
Property, plant and equipment	882,168	1,019,071	859,022
Intangible asset	461,652	95,060	100,353
Right of use asset	44,529	82,696	6,455
Investment in associate	–	6,421,491	–
Deferred tax assets	–	172,000	–
Current assets			
Amount due from a shareholder	–	–	93,197
Inventories	284,821	629,745	443,578
Trade and other receivables	907,279	1,240,623	1,472,070
Financial assets at fair value through profit or loss	–	5,000,000	–
Cash and bank balances	8,317,344	7,015,867	20,364,047
TOTAL ASSETS	<u>14,637,793</u>	<u>24,976,553</u>	<u>26,338,722</u>
Liabilities			
Non-current liabilities			
Lease liabilities	6,797	46,473	–
Deferred tax liability	–	–	12,000
Current liabilities			
Trade and other payables	1,068,115	221,555	404,583
Contract liabilities	244,322	810,550	180,600
Lease liabilities	39,676	37,839	6,945
Current income tax liabilities	374	374	6,000
Provision	29,907	28,969	28,233
TOTAL LIABILITIES	<u>1,389,191</u>	<u>1,145,760</u>	<u>638,361</u>
NET ASSETS	<u>13,248,602</u>	<u>23,830,793</u>	<u>25,700,361</u>

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Operating Results

FY2023 compared to FY2022

The Group's revenue decreased by approximately 44.5%, such a decrease was attributable to the decrease in the sales of automotive parts and motor vehicles of approximately 49.0%. The gross profit decreased by approximately 54.6%. Despite the economic slowdown and pandemic, the Group was still able to achieve its gross profit margin of approximately 4.6% for FY2023, as compared to gross profit margins of approximately 5.7% for FY2022.

The Group reported a loss of approximately S\$10.6 million for FY2023, as compared to a loss of approximately S\$1.9 million for FY2022. The increase in net loss was mainly attributable to the following reasons: (i) the increase in employee benefits costs from approximately S\$3.3 million in FY2022 to around S\$4.6 million in FY2023, due to the increase in salary for the management as an incentive to improve the business of the Group in FY2023; (ii) the decrease in sales of motor vehicles due to (a) a significant increase in the price of the Certificate of Entitlement (the "COE") resulting from a reduction in the COE quota for newly registered passenger vehicles; and (b) the imposition of higher import duties on premium vehicles by the Singapore government in FY2023; and (iii) the impairment loss on investment in associates of approximately S\$6.4 million in relation to the acquisition of 49% equity interest in Ocean Dragon Group Limited (together with its subsidiary, the "Target Group") in 2022. Based on the assessment of the Board, the Board considers that the Group is unlikely to recover any value from the Target Group as the Company could not access to its substances, hence the investment in the Target Group would be fully impaired. For details, please refer to the announcements of the Company dated 24 April 2023, 12 May 2023 and 7 June 2023.

FY2022 compared to FY2021

The Group's revenue increased by approximately 68.3%, such an increase was attributed to the increase in the sales of automotive parts and motor vehicles of approximately 164.0% and offset by a decrease in the passenger vehicle leather upholstery and passenger vehicle electronic accessories of approximately 45.0% and approximately 39.8% respectively. The gross profit decreased by approximately 41.0%. The Group's gross profit margin was approximately 5.7% for FY2022, as compared to gross profit margins of approximately 16.1% for FY2021. This was mainly due to the increase in sales of automotive parts and motor vehicles which are lower in profit margin as compared to the decrease but in higher profit margin in sales and installation of leather upholstery and electronic accessories.

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The loss of the Group was approximately S\$1.9 million for FY2022, as compared to the profit of approximately S\$118,000 for FY2021. The loss-making situation of the Group was mainly attributable to the following reasons: (i) the decrease in gross profit and gross profit margin; (ii) other income of the Group decreased by approximately S\$697,000 from approximately S\$855,000 for FY2021 to approximately S\$158,000 for FY2022 due to the absence of consultancy income and lower in Singapore government COVID-19 Support Grants such as Jobs Support Scheme, Foreign Worker Levy Rebate, Rental Relief Framework in FY2022; and (iii) administrative expenses of the Group increased by approximately S\$1.1 million from approximately S\$1.9 million for FY2021 to S\$3 million for FY2022 due to higher salary and related expenses, increase in legal and professional fee and written off of amounts due from shareholder.

Financial Position

FY2023 compared to FY2022

The Group's non-current assets mainly include investment properties, which are industrial units in Singapore and the Group's current assets mainly include cash and bank balance as at 31 December 2023. The Group's total assets decreased by approximately S\$10.3 million, or approximately 41.4%, from approximately S\$25.0 million as at 31 December 2022 to approximately S\$14.6 million as at 31 December 2023. It was mainly attributable to the decreases in the Group's investment in associate from approximately S\$6.4 million to nil and financial assets at fair value through profit or loss from approximately S\$5.0 million to nil as at 31 December 2022 and 2023, respectively.

The Group's current liabilities mainly include trade and other payables as at 31 December 2023. The Group's total liabilities increased by approximately S\$243,000, or approximately 21.3% from approximately S\$1.1 million as at 31 December 2022 to approximately S\$1.4 million as at 31 December 2023.

The Group's net asset value decreased by approximately S\$10.6 million, or approximately 44.4% from approximately S\$23.8 million as at 31 December 2022 to approximately S\$13.2 million as at 31 December 2023.

FY2022 compared to FY2021

The Group's non-current assets mainly include investment properties which are industrial units in Singapore, property, plant and equipment, and investment in associates. The Group's current assets mainly include financial asset at fair value through profit or loss and cash and cash equivalents as at 31 December 2022. The Group's total assets slightly decreased by approximately S\$1.4 million, or approximately 5.2% from approximately S\$26.4 million as at 31 December 2021 to approximately S\$25.0 million as at 31 December 2022. It was

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mainly attributable to the decrease in cash and cash equivalents from approximately S\$20.4 million to approximately S\$7.0 million and offset by the increase in investment in associates from nil to approximately S\$6.4 million and financial assets at fair value through profit or loss from nil to S\$5.0 million.

The Group's total liabilities increased by approximately S\$507,000, or approximately 79.5% from approximately S\$638,000 as at 31 December 2021 to approximately S\$1.1 million as at 31 December 2022. It was mainly attributable to the increase in contract liabilities from S\$180,600 to S\$810,550.

The Group's net asset value decreased by approximately S\$1.9 million, or approximately 7.27% from approximately S\$25.7 million as at 31 December 2021 to approximately S\$23.8 million as at 31 December 2023.

(c) Qualified opinion by the auditor of the Group

With reference to the 2023 Annual Results Announcement, the independent auditor of the Company pointed out that they were unable to obtain sufficient appropriate audit evidence in respect of the financial information of the investments in associates of the Group as their accounting books and records were not available for audit purpose and issued the qualified opinion on the consolidated financial statements of the Group for FY2023. Please refer to the 2023 Annual Results Announcement for more details on the qualified opinion.

Pursuant to Note 3 to Rule 2 of the Takeovers Code, the Board would like to draw the attention of the Independent Shareholders to the qualified opinion by the independent auditor of the Company. As disclosed in the 2023 Annual Results Announcement, during FY2022 the Group acquired 49% equity interest in Ocean Dragon Group Limited and its subsidiary, namely, Hua Bright International Limited (collectively the "**Target Group**"), specialising in the provision of electric charging solutions and which was accounted for an associate under the equity method. In the past, the Group relied on the financial information by local management of the Target Group to account for the share of results and to assess the impairment of its investments in associates at each reporting period. During FY2023, the Group did not have access to a set of complete and accurate accounting books and records of the Target Group, all key personnel of the local management and responsible for finance and accounting matters had left and despite the best endeavour of the Directors, they were unable to recover or access the accounting books and records of the Target Group as a result of local management not being contactable. Apart from that, the current Directors raised concerns over the genuineness of the acquisition of the Target Group during the year, a special investigation committee has been formed to investigate such matters pertaining to the acquisition and the investigation is still in progress. Due to the absence of sufficient supporting documents and explanations in relation to the accounting books and records made available to the Directors in respect of the Target Group, they consider that the Group is unlikely to recover the entire

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value of the Target Group as the Company could not access to the substances of the Target Group, and hence, the investments in associates of S\$6,421,491 would be fully impaired during the year.

Given that the investments in associates of S\$6,421,491 were fully impaired, there was share of nil result of associates for FY2023 and the investments in associates carried at nil as at 31 December 2023, we are of the view that this is an one-off event and concur with the Board that the qualified opinion issued by the independent auditor of the Company for FY2023 would not have any material implication on the Offer and the Company.

The Independent Shareholders are advised to take into account the foregoing and consider carefully the terms of the Offer. If the Independent Shareholders decide not to accept the Offer, they should be aware of the potential risks associated with the uncertainties in consolidated financial statements of the Group for FY2023.

(d) Prospects of the Group

As stated in the 2023 Annual Results Announcement, the Group has faced challenging operational conditions due to the Sino-U.S. trade tensions and a worsening global economic climate. The COE quota for new passenger vehicles in Singapore drastically declined from around 90,000 units annually in 2018 and 2019 to about 30,000 to 40,000 units annually from 2020 to 2023. This reduction led to a significant increase in COE prices by over 100% for 2022 and 2023 compared to 2020 and 2021, reaching a peak in the latter half of 2023. The surge in COE prices notably reduced the demand for mass-market vehicles, as customers in this segment were deterred by the high costs of S\$90,000 to S\$110,000 for COE registration of smaller vehicles. While the premium vehicle sector was somewhat less impacted by soaring COE prices, the Singaporean government raised import duties on premium vehicles, further affecting the vehicle accessories market. The import duty for premium vehicles with an open market value over S\$80,000 escalated from 220% to 320%. The adverse market conditions and government policies have led to consistently low business and consumer confidence, significantly affecting the Group's performance in the current year.

We understand that in Singapore, obtaining a COE is mandatory for vehicle registration. Individuals must bid for a COE within the relevant vehicle category, and a successful bid grants the right to own and operate a vehicle for a decade. COE allocations are determined through open bidding sessions held twice a month, with prices varying based on demand and supply dynamics, directly influencing vehicle ownership costs. According to the data from the Land Transport Authority of Singapore shows a continuous rise in COE prices, peaking in October 2023 at nearly twice the price of January 2022, Subsequently, there was a price decline in January 2024 followed by a gradual recovery. Recent bidding results reveal that received bids

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outnumber the available quota across all categories, suggesting that COE prices may not decrease substantially soon and are expected to remain elevated.

According to the Budget 2023 Statement by Deputy Prime Minister Lawrence Wong, it was announced that vehicles with an open market value exceeding S\$80,000 will be subject to an Additional Registration Fee of 320%, essentially a luxury vehicle tax. This significant tax increase has imposed financial constraints on owners of Category B vehicles, typically larger and more powerful, possibly deterring continued ownership within this category. Consequently, many consumers have shifted towards smaller or second-hand vehicles, contributing to the potential surge in COE prices for Category A vehicles.

According to the data from the Land Transport Authority of Singapore reveals a notable decline in total annual new vehicle registrations: from approximately 45,400 in 2021 to around 31,000 in 2022, and further to about 30,200 in 2023. This represents a decrease of nearly 32.72% in 2022 and 2.58% in 2023, with the figures for 2023 being the lowest recorded since 2015.

Notwithstanding that (i) the Offeror's commitment to continuing its existing business operations; and (ii) the Group's management's efforts to implement effective business strategies – such as cost control, maintaining high-quality customer service, and nurturing relationships with key suppliers, having considered that (i) the Group recorded consecutive net losses in FY2022 and FY2023 with an escalating net loss in FY2023, signifying a tough business environment; (ii) the notable rise in COE prices, with expectations of them staying high, coupled with the Singapore government's increased import duties on luxury vehicles in FY2023, adversely impacts luxury vehicles demand and potentially pressures COE prices of Category A vehicles; and (iii) the ongoing Sino-U.S. trade tensions and a deteriorating global economic landscape further complicate the Group's outlook.

Given these factors, we consider that the future prospects of the Group appear challenging and uncertain in the short term, dependent on the Offeror's future business strategies and plans.

2. Information on the Offeror and the Offeror's intention regarding the Group

(a) Information on the Offeror

The Offeror, aged 56, was educated in Guangdong University of Technology and studied in Industrial and Building engineering. Mr. Lu received 高級專業技術職務任職資格 (for transliteration purpose only, Qualification Certificate of Senior Professional Rank) in 2008.

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The Offeror has over 30 years management and construction experience in properties developments, property project management, restructuring of distressed debts, development projects and direct investments, e-commerce and big-health industry. The big-health industry represents an emerging sector, encompassing a wide range of production and service fields directly related to human health. He is currently the major shareholder and the supervisor of 廣州紅地集團有限公司 (for transliteration purpose only, Guangzhou Hongdi Holdings Limited), an investment holding company incorporated in the PRC. He was the executive director and chairman of the board of ACR Asian Capital Resources (Holdings) Limited, a company incorporated in the Cayman Island with limited liability, the issued shares of which were listed on GEM of the Stock Exchange (stock code: 8025) and the listing of the shares of the company was cancelled on 7 August 2023.

(b) Intention of the Offeror in relation to the Group

The following information of the intention of the Offeror in relation to the Group has been extracted from the “Letter from Opus Securities”. It is stated that following the close of the Offer, the Offeror intends that the Group will continue the principal business of the Group and will maintain the listing status of the Company.

The “Letter from Opus Securities” also sets out that the Offeror will conduct a review on the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. As at the Latest Practicable Date, the Offeror does not have any plan and/or intention to downsize or change the scale of the Group’s existing principal businesses. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fundraising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, no investment or business opportunity has been identified nor have the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

Save for the Offeror’s intention regarding the Group as set out above, the Offeror has no intention to redeploy any fixed assets of the Group (other than in the ordinary and usual course of business of the Group) or to discontinue the employment of the employees of the Group as at the Latest Practicable Date. The Offeror intended to continue the existing principal businesses of the Group and had no intention to discontinue the employment of the employees (save for changes in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business, however, based on the background of Mr. Lu Yongde, it appears that he does not have immediate experience in similar business of the Group and he has yet to conduct a detailed review of the operations of the Group and formulate business strategies of the Group’s long term development, therefore, we are

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of the view that the Offeror may not have sufficient industry knowledge to capture the business opportunities within the passenger vehicle interior accessories and electronic components industries to enhance the future business development of the Group.

(c) Proposed change to the Board composition of the Company

As at the Latest Practicable Date, the Board is comprised of one executive Director, one non-executive Director and two independent non-executive Directors.

It is intended that all of the Directors will resign with effect from the earliest time permitted under the Takeovers Code. Following the close of the Offer, the Offeror intends to nominate new Directors for appointment to the Board and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new Director(s). Further announcement(s) will be made upon any changes to the composition to the Board in compliance with the Takeovers Code and Listing Rules as and when appropriate.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company as and when appropriate. Save as aforesaid, the Offeror has no intention to introduce any significant changes to the management of the Company following the close of the Offer.

(d) Listing status of the Company and public float

As set out in the “Letter from Opus Securities” in the Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror has undertaken to the Stock Exchange that he will and will procure the new Directors to be appointed by the Offeror to the Board to take appropriate steps to ensure that sufficient public float exists in the Shares, i.e. at least 25% of the entire issued share capital of the Company will be held by the public at all times following the close of the Offer.

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3. Analysis of the Offer Price

(a) Offer Price comparison

As set out in the “Letter from Opus Securities” to the Composite Document, the Offer price of HK\$0.131 per Offer Share paid by the Offeror represents:

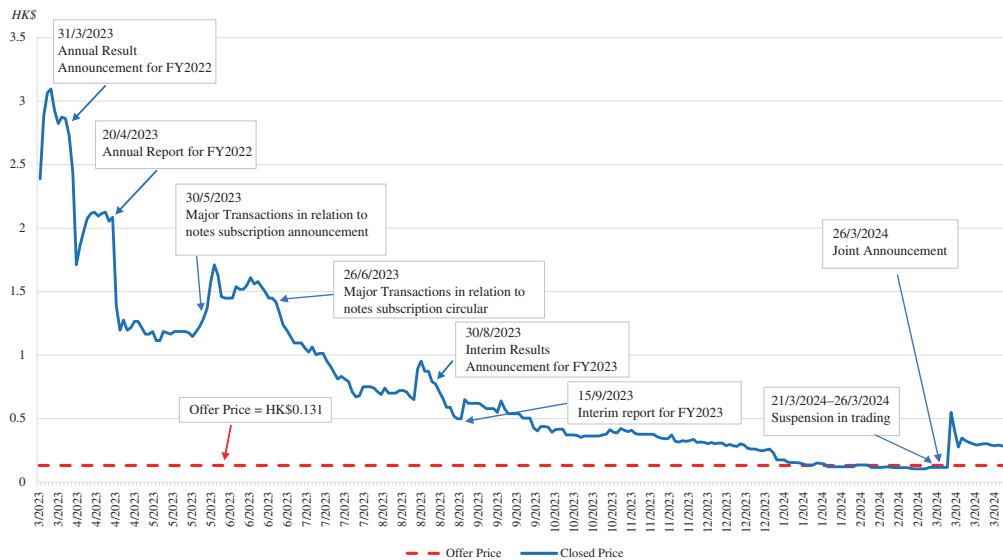
- (i) a premium of approximately 18.02% over the closing price of HK\$0.111 per Share as quoted on the Stock Exchange on 20 March 2024, being the Last Trading Day;
- (ii) a premium of approximately 25.48% over the average closing price of approximately HK\$0.1044 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 24.29% over the average closing price of approximately HK\$0.1054 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 15.49% over the average closing price of approximately HK\$0.1134 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 51.48% to the closing price of HK\$0.2700 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 57.71% to the net asset value per Share of approximately HK\$0.3098 as at 31 December 2022, calculated based on the Group’s audited consolidated net asset value attributable to the Shareholders as at 31 December 2022 of S\$23,830,793 (equivalent to approximately HK\$139,410,000), divided by a total of 450,000,000 issued Shares as at the Latest Practicable Date;
- (vii) a discount of approximately 36.27% to the net asset value per Share of approximately HK\$0.2056 as at 30 June 2023, calculated based on the Group’s unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2023 of S\$15,812,762 (equivalent to approximately HK\$92,505,000), divided by a total of 450,000,000 issued Shares as at the Latest Practicable Date; and

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(viii) a discount of approximately 23.93% to the net asset value per Share of approximately HK\$0.1722 as at 31 December 2023, calculated based on the Group’s unaudited consolidated net asset value attributable to the Shareholders as at 31 December 2023 of S\$13,248,602 (equivalent to approximately HK\$77,504,000), divided by a total of 450,000,000 issued Shares as at the Latest Practicable Date.

(b) *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 20 March 2023 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**”). We are of the view that the price performance of the Shares during the Review Period, which cover the annual operating cycle of the Company, provides a comprehensive and fair reflection of the market’s perception of the Company’s performance, future outlook, and the impact of specific events.



Source: Website of the Stock Exchange

Note: Trading in the Shares was halted from 21 March 2024 to 26 March 2024 (both days inclusive) pending the release of the Joint Announcement.

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As shown in the above chart, during the Pre-Announcement Review Period, the Shares were traded in a generally declining trend from 20 March 2023 to 20 March 2024. The closing price of the Shares ranged from HK\$0.1 to HK\$3.06. The average closing price of the Shares during the Pre-Announcement Review Period was approximately HK\$0.77. From March 2023 to April 2023, the Shares experienced a significant downward trend. Save for the publication of the annual results announcement for FY2022 dated 31 March 2023 and the annual report for FY2022 on 20 April 2023, which highlighted the Group's shift from profit to net loss, we are not aware of any information of material change of the Company published in the public available domain and we were advised by the management of the Group that they are not aware of any particular reason that led to the price drop.

During the Post-Announcement Review Period, the closing price of the Shares ranged from HK\$0.27 to HK\$0.54. The average closing price of the Shares during the Post-Announcement Review Period was approximately HK\$0.31. After the publication of the Joint Announcement, the closing price of the Shares has further surged sharply to HK\$0.54 per Share on 27 March 2024 and significantly declined to HK\$0.395 on 28 March 2024 and further to HK\$0.27 on 2 April 2024. After that, the Shares closed at a range of HK\$0.27 to HK\$0.34. The closing prices of the Shares during the Post-Announcement Review Period were volatile and substantially higher than the Offer Price as to a range of approximately 106.1% to 312.2%. 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\$0.10 per Share recorded on 13, 14, 15 and 18 March 2024 to the highest of HK\$3.06 per Share recorded on 23 March 2023. The average daily closing price of Shares during the Review Period was HK\$0.73 per Share. The Offer Price of HK\$0.131 per Share represents (i) a premium of approximately 31.00% to the lowest closing price of Shares during the Review Period; (ii) a discount of approximately 95.72% to the highest closing price of Shares during the Review Period; and (iii) a discount of approximately 82.05% to the average daily closing price of Shares during the Review Period.

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Despite the Shares closed at the price level above the Offer Price during the Post-Announcement Review Period, and the Offer Price represents a considerable discount of approximately 82.05% to the average daily closing price of the Shares during the Review Period, having considered that (i) the Shares experienced a long-term downward trend during the Pre-Announcement Review Period; (ii) the Offer Price represents a premium of approximately 15.49% to 25.48% over the average closing price as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day and the last 30 consecutive trading days immediately prior to and including the Last Trading Day, respectively; (iii) the decreasing trend of the historical price of the Shares during the Pre-Announcement Review Period and significant volatility of the Share price during the Post-Announcement Review Period that there is no guarantee that the Share price will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer, we consider that the Offer Price at HK\$0.131 is fair and reasonable. However, Independent Shareholders should consider the overall perspective of the various factors contained in different sections of this letter before making their decision on the acceptance of the Offer.

Independent Shareholders should note that the information set out above is not an indication of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Review of the 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 <i>(note 4)</i>
2023					
March	1,252,000	10	125,200	0.03%	0.06%
April	108,904,000	17	6,406,118	1.42%	2.91%
May	8,413,000	21	400,619	0.09%	0.18%
June	9,564,000	21	455,429	0.10%	0.21%
July	6,702,000	20	335,100	0.07%	0.15%
August	2,328,000	23	101,217	0.02%	0.05%
September	4,860,000	19	255,789	0.06%	0.12%
October	2,312,000	20	115,600	0.03%	0.05%
November	4,796,000	22	218,000	0.05%	0.10%
December	6,884,000	19	362,316	0.08%	0.16%
2024					
January	5,876,000	22	267,091	0.06%	0.12%
February	700,000	19	36,842	0.01%	0.02%
March <i>(note 5)</i>	17,496,000	20	874,800	0.19%	0.4%
April (up to Latest Practicable Date)	7,984,000	14	570,286	0.13%	0.26%
Review Period	188,071,000	267	704,386	0.16%	0.32%

Source: Website of the Stock Exchange

Notes:

- 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.

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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 21 March 2024 to 26 March 2024 (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 0.01% to approximately 1.42%, 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 0.02% to approximately 2.91%. 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 2023, where the Shares experienced significant price drops with substantially high transaction volumes immediately following the publication of the annual results announcement for FY2022 dated 31 March 2023 and the 2022 Annual Report on 20 April 2023, the average daily trading volume remained at a low level throughout the Review Period. We were advised by the management of the Group that other than the publication of the annual results announcement for FY2022 and the 2022 Annual Report, they are not aware of any particular reason that led to the price drops with substantially high transaction volumes. 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.

5. Comparable analysis

In order to further assess the fairness and reasonableness of the Offer Share, we have considered the price-to-book ratio (the “**P/B Ratio**”), the price-to-earnings ratio (the “**P/E Ratio**”) and dividend yield which are commonly adopted trading multiple analyses. The P/B ratio analysis is the assessment methodology that commonly adopted for evaluating the value of a company as a reference for the independent shareholders’ consideration. Given that the Group was loss-making for FY2023, recorded net assets as at 31 December 2023 and no dividend was distributed for the years ended 31 December 2022 and 2023, the P/E Ratio analysis and dividend yield analysis are not applicable. We consider P/B Ratio to be an appropriate indicator of the fair values of the comparable companies which are comparable to the Company in terms of business with implied P/B Ratio (the “**Implied P/B Ratio**”) of the Offer Share using the Offer Price.

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As stated in the section headed “1. Background information 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 in Singapore; (iii) derived not less than 80% total revenue from sales and installation of passenger vehicle interior accessories and/or electronic components in their latest financial year; and (iv) the companies with market capitalisation as at the Last Trading Day of not less than HK\$25 million and not more than HK\$500 million, respectively represent approximately half and 10 times the market capitalisation of the Company, which was approximately HK\$50 million based on the closing price per Share as at the Last Trading Day quoted on the Stock Exchange.

However, no market comparable was identified based on the above criteria, we, therefore, expanded our review to companies principally engaged in sales and installation of vehicle interior accessories and electronic components in Hong Kong and PRC, and we only have identified two comparable companies which represent an exhaustive list of comparable companies identified on the website of the Stock Exchange. Given that only two comparable companies can be identified, we consider that using comparable analysis to evaluate the fairness and reasonableness of the Offer Price is not feasible. Therefore, Independent Shareholders were advised to focus on our other analysis of the Offer Price stated in this letter.

RECOMMENDATIONS

When we come up with our recommendation, we have reviewed different factors of the Group and the Offer and we would like to summarise those principal factors discussed as below:

- (i) the Group reported net losses for FY2022 and FY2023 with an escalating net loss in FY2023, which suggest that the Group is operating in a tough business environment;
- (ii) the Offeror intended to continue the existing principal businesses of the Group and had no intention to discontinue the employment of the employees (save for changes in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business, however, based on the background of Mr. Lu Yongde, it appears that he does not have immediate experience in similar business of the Group and he has yet to conduct a detailed review of the operations of the Group and formulate business strategies of the Group’s long term development, therefore, we are of the view that the Offeror may not have sufficient industry knowledge to capture the business opportunities within passenger vehicle interior accessories and electronic components industries to enhance the overall development of the Group;

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- (iii) the Group's outlook remains challenging due to (i) the significant increase in COE prices, expected to remain elevated, along with the Singapore government's raised import duties on luxury vehicles in FY2023, which negatively affects luxury vehicles demand and may exert pressure on COE prices of Category A Vehicles; and (ii) the persistent Sino-U.S. trade tensions and a worsening global economic environment;
- (iv) Although during the Post-Announcement Review Period, the Shares closed at a range of HK\$0.27 to HK\$0.54, representing premiums over the Offer Price in the range of approximately 106.1% to 312.2%, it is important to consider that (i) the closing prices of the Shares during the Post-Announcement Review Period were volatile 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; and (ii) the trading in the Shares was generally inactive during the Post-Announcement Review Period, with the exception of the first two trading days, being 27 March 2024 and 29 March 2024, when the daily trading volume of the Shares as a percentage of the total number of issued Shares exceeded 1%. For the remaining of the Post-Announcement Review Period, the daily trading volume remained below 1%, and approximately 63% of the trading days during Post-Announcement Review Period saw the daily trading volume as a percentage of the total number of issued Shares fall below 0.1%;
- (v) Although the Offer Price represents a discount of approximately 23.93% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.1722 per Share as at 31 December 2023, and the Shares traded at a premium to the unaudited consolidated net asset value from 20 March 2023 to 16 January 2024 during the Pre-Announcement Review Period with a diminishing premium, it is important to consider that (i) for approximately two months immediately prior to the Last Trading Day, from 17 January 2024 to and including the Last Trading Day, the Shares began trading at a discount to the unaudited consolidated net asset value. The shift in market price reflects the most recent investor expectations regarding the Company's overall performance, encompassing the performance of all business segments, future prospects, and current market sentiment. Therefore, the prevailing market price serves as a more relevant benchmark for assessing the Offer Price; and (ii) the Offer Price represents a premium of approximately 15.49% to 25.48% over the average closing price as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day and the last 30 consecutive trading days immediately prior to and including the Last Trading Day, respectively; and
- (vi) the trading volume of the Shares was low during the Review Period. Such low level of liquidity would suggest that any sale of a significant number of Shares in the market may result in downward pressure on the market price of the Shares. The Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares, especially for those holding a large number of the Shares, at the Offer Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, we consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned. We advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

The Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period for acceptance and shall, having regard to their own circumstances and investment objectives, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer.

However, for those Independent Shareholders who are confident in the future prospects of the Group, they may consider retaining some or all of their interests in the Shares. These Independent Shareholders are reminded to monitor the development of the Group, in particular the Offeror's business strategy, and any announcements of the Company during and after the Offer Period.

Independent Shareholders are reminded that their investments in the Shares are subject to their individual circumstances and investment objectives. Independent Shareholders are advised to read the Composite Document and the acceptance form and transfer, carefully before taking any actions in respect of the Offers.

Yours faithfully
For and on behalf of
Euto Capital Partners Limited
Wendy Liu
Director

Ms. Wendy Liu ("Ms. Liu") is a licensed person registered with SFC and regarded as a responsible officer of Type 6 (advising on corporate finance) of Euto Capital Partners Limited. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2014 and has participated in and completed various independent financial advisory transactions in Hong Kong.

1. GENERAL 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 terms of the Offer.

- (i) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of the Shares for which you intend to accept the Offer, by post or by hand, to the Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in an envelope marketed “**TOMO Holdings Limited – Offer**” as soon as possible but in any event so as to reach the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (ii) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:
 - (a) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of the Shares for which you intend to accept the Offer with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked “**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) in respect of the number of the Shares for which you intend to accept the Offer to the Registrar; or
 - (b) 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) in respect of the number of the Shares for which you intend to accept the Offer to the Registrar; or

- (c) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf in respect of the number of the Shares for which you intend to accept the Offer on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (d) 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.
- (iii) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed, 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 receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar.
- (iv) If you have lodged transfer of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form 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 authority to the Offeror and/or Opus Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct

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

- (v) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance to the Takeovers Code) and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
 - (a) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer and, if that/those share certificate(s) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (b) from a registered Independent Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (v)); or
 - (c) certified by the Registrar or the Stock Exchange.
- (vi) If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (vii) 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 amount payable to the relevant Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the 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 Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (viii) No acknowledgement of receipt of any Form of Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (i) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance, and the Offer will be closed on the Closing Date.
- (ii) The Offeror and the Company will jointly issue an announcement in accordance with the Takeovers Code through the websites of the Stock Exchange and the Company by no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended or revised.
- (iii) In the event that the Offeror decides to extend the Offer, the Offeror will issue an announcement in relation to any extension of the Offer, which announcement will state either the next closing date or, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice by way of announcement will be given, before the Offer is closed, to those Independent Shareholders who have not accepted the Offer.
- (iv) If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (v) If the Closing Date of the Offer 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 of the Offer so extended.

3. ANNOUNCEMENTS

- (i) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of the Listing Rules by 7:00 p.m. on the Closing Date stating whether the Offer has been extended or revised. Such announcement must state the following:
 - (a) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
 - (b) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the parties acting in concert with him before the Offer Period;

- (c) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with him during the Offer Period;
 - (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and parties acting in concert with him have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and
 - (e) the percentages of the relevant classes of issued share capital of the Company, and the percentages of voting rights, represented by these numbers.
- (ii) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order, and which have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (iii) 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.
- (iv) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments, will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.tomogroupltd.com/>).

4. RIGHT OF WITHDRAWAL

Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below:

If the Offeror is unable to comply with the requirements set out in the paragraph headed “3. Announcements” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders who have tendered acceptances of the Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code are met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than (7) seven Business Days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s).

5. SETTLEMENT OF THE OFFER

Provided that the accompanying Form of Acceptance for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Shares tendered under the Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Independent Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) business days (as defined in the Takeovers Code) after the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this Appendix I) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

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

6. OVERSEAS SHAREHOLDERS

As the Offer to persons not being resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek professional advice in respect of the Offer. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders in respect of such jurisdictions).

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

7. TAXATION ADVICE

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with him, the Company, the Vendor, Rainbow Capital, Opus Securities, Opus Capital, Euto Capital, the Registrar and (as the case may be) their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

8. GENERAL

- (i) All communications, notices, Form of Acceptance, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with him, the Company, the Vendor, Rainbow Capital, Opus Securities, Opus Capital, Euto Capital, the Registrar and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.
- (ii) 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 Opus Securities that the Shares tendered under the Offer are sold or tendered by such Independent Shareholder(s) free from all encumbrances and together with all rights and benefits attached thereto, including all rights to any dividends or other distribution declared, made or paid on or after the date on which the Offer is made.
- (iii) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.
- (iv) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (v) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (vi) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

- (vii) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or Opus Securities and/or such person or persons as any of them may direct to complete and execute on behalf of the person(s) accepting the Offer, and to do any other act(s) that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as he may direct the Shares in respect of which such person has accepted the Offer.
- (viii) The Offer is made in accordance with the Takeovers Code.
- (ix) References to the Offer in this Composite Document and in the Form of the Acceptance shall include any extension and/or revision thereof.
- (x) The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.
- (xi) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and 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, the Company, Rainbow Capital, Opus Securities, Opus Capital, Euto Capital, the Registrar and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advice.

9. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the 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.

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited financial information of the Group for each of the three financial years ended 31 December 2021, 2022 and 2023 as extracted from the relevant annual reports and annual results announcement of the Company:

	For the year ended 31 December		
	2023	2022	2021
	S\$	S\$	S\$
	(Audited)	(Audited)	(Audited)
Revenue	9,071,257	16,340,186	9,709,963
Cost of sales	<u>(8,650,862)</u>	<u>(15,414,694)</u>	<u>(8,142,220)</u>
Gross profit/(loss)	420,395	925,492	1,567,743
Other income	207,268	157,765	854,595
Other gains – net	396,068	270,347	18,685
Selling and distribution expenses	(505,099)	(465,183)	(413,039)
Administrative expenses	(4,621,752)	(2,964,657)	(1,938,559)
Impairment of investments in associates	(6,421,491)	–	–
Finance income	117,618	25,551	698
Finance cost on lease liabilities	<u>(3,188)</u>	<u>(4,044)</u>	<u>(1,523)</u>
(Loss)/profit before income tax	(10,410,191)	(2,054,729)	88,600
Income tax (expense)/credit	<u>(172,000)</u>	<u>185,161</u>	<u>29,431</u>
(Loss)/profit for the financial year	(10,582,191)	(1,869,568)	118,031
(Loss)/profit and total comprehensive expense for the year attributable to equity holders of the Company	(10,582,191)	(1,869,568)	118,031
(Loss)/profit per share attributable to equity holders of the Company			
Basic and diluted (<i>Singapore cents</i>)	(2.35)	(0.42)	0.03

Assets and liabilities

	As at 31 December		
	2023	2022	2021
	S\$	S\$	S\$
	(Audited)	(Audited)	(Audited)
NON-CURRENT ASSETS	5,128,349	11,090,318	3,965,830
CURRENT ASSETS	9,509,444	13,886,235	22,372,892
NON-CURRENT LIABILITIES	6,797	46,473	12,000
CURRENT LIABILITIES	1,382,394	1,099,287	626,361
TOTAL EQUITY	13,248,602	23,830,793	25,700,361

No dividend was paid or proposed by the Company during each of the three years ended 31 December 2021, 2022 and 2023.

The consolidated financial statements of the Group for each of the two years ended 31 December 2022 and 2023 were audited by Prism Hong Kong and Shanghai Limited and the consolidated financial statements of the Group for the year ended 31 December 2021 was audited by Baker Tilly TFW LLP.

The consolidated financial statements of the Group for the years ended 31 December 2021 and 2022 did not contain any qualified or modified opinion, nor any emphasis of matter or material uncertainty related to going concern. The consolidated financial statements of the Group for the year ended 31 December 2023 contained qualified opinion issued by the independent auditor of the Company. Please see the annual results announcement of the Company for the year ended 31 December 2023 dated 28 March 2024 for more details on the qualified opinion.

Save as disclosed above, there were no items of any income or expense which are material in respect of the consolidated financial results of the Company for each of the three years ended 31 December 2021, 2022 and 2023.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

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

The audited consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Financial Statements**”) have been set out in the annual results announcement of the Company for the year ended 31 December 2023 (the “**2023 Annual Results Announcement**”), which was published on 28 March 2024 on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.tomogroupltd.com/>), and is accessible via the following hyperlink:

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0402/2024032805158.pdf>)

The audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”) have been set out from page 68 to page 139 in the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”), which was published on 19 April 2023 on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.tomogroupltd.com/>), and is accessible via the following hyperlink:

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0419/2023041900887.pdf>)

The audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”) have been set out from page 50 to page 107 in the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), which was published on 12 April 2022 on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.tomogroupltd.com/>), and is accessible via the following hyperlink:

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0412/2022041200419.pdf>)

The 2023 Financial Statements, the 2022 Financial Statements and the 2021 Financial Statements (but not any other parts of the 2023 Annual Results Announcement, the 2022 Annual Report or the 2021 Annual Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 29 February 2024, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this Composite Document, the Group had outstanding indebtedness comprising lease liabilities amounting to approximately S\$40,000 (equivalent to approximately HK\$234,000).

Save as aforesaid or otherwise disclosed herein, and apart from the intra-group liabilities, the Directors confirm that, the Group did not, as at the close of business on 29 February 2024, have any loan capital issued and outstanding or agreed to be issued, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, term loans, other borrowings, bank overdraft, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2023 (being the date which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Offeror and parties acting in concert with him (through Billion Legend) owned an aggregate of 230,000,000 Shares, representing approximately 51.11% of the entire issued share capital of the Company. Save for the above, the Offeror and parties acting in concert with him did not have any other interest in any shares, warrants, options, derivatives or securities carrying conversion or subscription rights into Shares.

Save for the above, the Offeror and parties acting in concert with him did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the Latest Practicable Date.

3. DEALING IN SECURITIES OF THE COMPANY

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

- (i) the Offeror and/or parties acting in concert with him have not received any irrevocable commitment to accept or reject the Offer;
- (ii) save for the 230,000,000 Shares, representing approximately 51.11% of the entire issued shares capital of the Company, held by the Offeror and parties acting in concert with him, none of the Offeror and/or parties acting in concert with him holds, has control or has direction over any voting rights or rights over Shares, convertible securities, warrants, options, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest in the Company;
- (iii) save for the Sale Shares, none of the Offeror and/or parties acting in concert with him has acquired any voting rights in or otherwise dealt for value in the Shares or rights over the Shares during the Relevant Period;
- (iv) there is no agreement or arrangement in relation to outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror and/or parties acting in concert with him;

- (v) there is no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (vi) save for the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of Billion Legend or the Company and which might be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (vii) no benefit (other than statutory compensation) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (viii) save for the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, there is no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exists between the Offeror and parties acting in concert with him and any other person;
- (ix) there is no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror and parties acting in concert with him and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (x) there is no agreement or arrangement to which the Offeror and/or parties acting in concert with him is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a precondition or a condition to the Offer;
- (xi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or parties acting in concert with him have borrowed or lent;
- (xii) save for the consideration paid by the Offeror to the Vendor under the Sale and Purchase Agreement (i.e. HK\$30,000,000), there is no consideration, compensation or benefit in whatever form paid or to be paid by the Offeror and/or parties acting in concert with him to the Vendor and/or any parties acting in concert with him in connection with the sale and purchase of the Sale Shares;
- (xiii) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and/or parties acting in concert with him on one hand, and the Vendor and/or parties acting in concert with him on the other hand; and

- (xiv) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2) (a) the Offeror and/or parties acting in concert with him, or (b) the Company, its subsidiaries or associated companies.

4. EXPERTS AND CONSENTS

The following are the name and the qualifications of the experts whose letter, opinion or advice is contained or referred to in this Composite Document:

Name	Qualifications
Opus Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Opus Securities	a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO

As at the Latest Practicable Date, each of Opus Capital and Opus Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinion or advice and the references to its name, logo and/or its qualifications included herein in the form and context in which they appear.

5. MISCELLANEOUS

As at the Latest Practicable Date,

- (i) The correspondence address of the Offeror is Flat A, 26/F, Block 4, Bayshore Towers, 608 Sai Sha Road, Ma On Shan, New Territories, Hong Kong.
- (ii) The registered and correspondence address of Opus Capital is 18/F, Fung House, 19–20 Connaught Road Central, Hong Kong.
- (iii) The registered and correspondence address of Opus Securities is 8/F, Fung House, 19–20 Connaught Road Central, Hong Kong.
- (iv) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

6. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents are published (i) on the website of the SFC (www.sfc.hk) and (ii) on the website of the Company (<http://www.tomogroupltd.com/>) from the date of this Composite Document up to and including the Closing Date:

- (a) the Sale and Purchase Agreement;
- (b) the letter from Opus Securities, the text of which is set out in this Composite Document;
- (c) the written consents referred to in the paragraph headed “4. Experts and Consents” in this Appendix III; and
- (d) this Composite Document and the accompanying Form of Acceptance.

1. RESPONSIBILITY STATEMENTS

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Offeror and parties acting in concert with him) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by 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 statements in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company of HK\$0.01 each as at the Latest Practicable Date were as follows:

(i) As at 31 December 2023

<i>Authorised</i>	<i>HK\$</i>
<u>1,000,000,000</u> Shares	<u>10,000,000</u>
 <i>Issued</i>	
<u>450,000,000</u> Shares	<u>4,500,000</u>

(ii) As at Latest Practicable Date

<i>Authorised</i>	<i>HK\$</i>
<u>1,000,000,000</u> Shares	<u>10,000,000</u>
 <i>Issued</i>	
<u>450,000,000</u> Shares	<u>4,500,000</u>

As at the Latest Practicable Date, save for 450,000,000 Shares in issue, the Company did not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

All issued Shares rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital.

As at the Latest Practicable Date, the Company has not issued any Shares since 31 December 2023, the date to which the latest audited financial statements of the Group were made up.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought on any other stock exchange.

3. MARKET PRICES

The table below sets out the closing price of the Shares on the Stock Exchange on (1) the last business day of each of the calendar months during the Relevant Period, (2) the Last Trading Day, and (3) the Latest Practicable Date:

Date	Closing price of each Share (HK\$)
29 September 2023	0.53
31 October 2023	0.355
30 November 2023	0.335
29 December 2023	0.28
31 January 2024	0.13
29 February 2024	0.111
20 March 2024 (Last Trading Day)	0.111
28 March 2024	0.395
22 April 2024 (Latest Practicable Date)	0.270

During the Relevant Period, the highest and the lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.63 per Share on 26 September 2023 and HK\$0.10 per Share on 13 March 2024 to 18 March 2024.

4. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests in the securities of the Company and its associated companies

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

notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules; or (iv) which were required to be disclosed under the Takeovers Code.

Disclosure of interests of substantial Shareholders

As at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had an interest or a short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange:

Name	Capacity/ Nature of interest	Number of Shares held	Approximate Percentage of shareholding
The Offeror	Beneficial owner	230,000,000	51.11%

Save as disclosed herein, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

5. ADDITIONAL DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors was interested within the meaning of Part XV of the SFO in the Shares or any warrants, options, convertible securities or derivatives in respect of any Shares.
- (b) As at the Latest Practicable Date, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer.
- (c) During the Relevant Period and as at the Latest Practicable Date, none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal trader and exempt fund managers), had owned or controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

- (d) During the Offer Period and up to the Latest Practicable Date, save for the Sale and Purchase Agreement, there was no person who had arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) or (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares.
- (e) During the Offer Period and up to the Latest Practicable Date, no Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares.
- (f) As at the Latest Practicable Date, none of the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares.
- (g) During the Relevant Period, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

6. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;
- (c) there was no material contracts had been entered into by the Offeror in which any Director had a material personal interest; and
- (d) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder and (2) the Company, its subsidiaries or associated Companies.

7. LITIGATION

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

8. MATERIAL CONTRACTS

None of the members of the Group entered into any contract, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, within two years preceding the date of the commencement of the Offer Period and up to and including the Latest Practicable Date and which are material.

9. EXPERTS AND CONSENTS

The following are the name and qualifications of the experts whose letter, opinion or advice is contained or referred to in this Composite Document:

Name	Qualifications
Rainbow Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Euto Capital	a corporation license to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, each of Rainbow Capital and Euto Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinion or advice and the references to its name, logo and/or its qualifications included herein in the form and context in which they appear.

10. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, the Company had entered into the following service agreements and letters of appointment with the Directors:

Name	Position	Term	Amount of remuneration	Variable remuneration
Tsang Chun Ho Anthony	Executive Director	a term of 36 months commencing from 11 April 2023 to 11 April 2026	HK\$360,000 per annum, discretionary bonus as may be decided by the Board	–
Choi Tan Yee	Non-Executive Director	a term of 36 months commencing from 11 April 2023 to 11 April 2026	HK\$360,000 per annum, discretionary bonus as may be decided by the Board	–
Cheng Wai Hei	Independent non-Executive Director	a term of 36 months commencing from 17 May 2023 to 17 May 2026	HK\$120,000 per annum, discretionary bonus as may be decided by the Board	–
Lam Chi Wing	Independent non-Executive Director	a term of 36 months commencing from 2 January 2024 to 2 January 2027	HK\$120,000 per annum, discretionary bonus as may be decided by the Board	–

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

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong registered under Part 16 of the Companies Ordinance is situated at Unit 802, 8/F, LKF29, 29 Wyndham Street, Central, Hong Kong.
- (c) The headquarter and principal place of business of the Company in Singapore is situated at Block 2013, Bedok North Street 5, #02-08 Eastlink, Singapore 486132.

- (d) As at the Latest Practicable Date, the Board comprised Mr. Tsang Chun Ho Anthony as executive Director; Mr. Choi Tan Yee as non-executive Director and Mr. Cheng Wai Hei and Mr. Lam Chi Hing as independent nonexecutive Directors.
- (e) The registered office of Rainbow Capital is situated at Office No. 710, 7/F, Wing On House, 71 Des Voeux Road Central, Hong Kong.
- (f) The registered office of Euto Capital is situated at Room 1204 Jubilee Centre, 18 Fenwick Street, Wan Chai, Hong Kong.
- (g) The English text of this Composite Document shall prevail over their respective Chinese text in case of inconsistency.

12. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the websites of the SFC (<http://www.sfc.hk>); and the Company (<http://www.tomogroupltd.com/>), from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the 2021 Annual Report, the 2022 Annual Report and the 2023 Annual Results Announcement;
- (c) the letter from the Board, the text of which is set out in this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (e) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (f) the service contracts referred to in the paragraph headed “10. Directors’ service contracts” in this Appendix; and
- (g) the written consents referred to in the paragraph headed “9. Experts and Consents” in this Appendix.