
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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

REACH GOAL DEVELOPMENT LIMITED

*(Incorporated in the British Virgin Islands
with limited liability)*

LING YUI HOLDINGS LIMITED

凌銳控股有限公司

*(Incorporated in the Cayman Islands
with limited liability)
(Stock code: 784)*

COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO MANDATORY UNCONDITIONAL CASH OFFER BY ASTRUM CAPITAL MANAGEMENT LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN LING YUI HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR'S CONCERT GROUP)

Financial Adviser to the Offeror

Offer Agent to the Offeror

MESSIS 大有融資



Joint Independent Financial Advisers to the Independent Board Committee



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document. A letter from Astrum Capital containing, among other things, details of the terms of the Offer is set out on pages 10 to 18 of this Composite Document.

A letter from the Board is set out on pages 19 to 26 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer is set out on pages 27 to 28 of this Composite Document. A letter of advice from the Joint Independent Financial Advisers to the Independent Board Committee in respect of whether the Offer is, or is not, fair and reasonable and to make recommendations in respect of the acceptance of the Offer is set out on pages 29 to 54 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I "Further Terms and Procedures for Acceptance of the Offer" to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harbour Road, Hong Kong, no later than 4:00 p.m. on Thursday, 12 September 2024 or such later time and/or date as the Offeror may determine and announce, in accordance with the requirements under the Takeovers Code.

Shareholders should inform themselves of and observe any applicable legal, tax or regulatory requirements set out in the "Important Notice" section of this Composite Document. 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 details in this regard which are contained in the paragraph headed "Overseas Shareholders" in the "Letter from Astrum Capital" in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer. This Composite Document is issued jointly by the Offeror and the Company.

This Composite Document is issued jointly by the Offeror and the Company. This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at www.lingyui.com.hk as long as the Offer remains open. In case of any inconsistency, the English language texts of this Composite Document and the enclosed Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

22 August 2024

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	1
IMPORTANT NOTICE	3
DEFINITION	4
LETTER FROM ASTRUM CAPITAL	10
LETTER FROM THE BOARD	19
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	27
LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS	29
APPENDIX I – FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER	I-1
APPENDIX II – FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – GENERAL INFORMATION OF THE GROUP	III-1
APPENDIX IV – GENERAL INFORMATION OF THE OFFEROR	IV-1
ACCOMPANYING DOCUMENT – FORM OF ACCEPTANCE	

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be jointly made by the Company and the Offeror in the event of any changes to the timetable as and when appropriate. 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, 22 August 2024

Latest time and date for acceptance
of the Offer (*Notes 2, 3 and 5*) by 4:00 p.m.
on Thursday, 12 September 2024

Closing Date (*Notes 3 and 5*) Thursday, 12 September 2024

Announcement of the results of the Offer
(or its extension or revision, if any) to be posted
on the website of the Stock Exchange (*Notes 3 and 5*) by 7:00 p.m.
on Thursday, 12 September 2024

Latest date for posting of remittances
for the amount due in respect of valid acceptances
received under the Offer (*Notes 4 and 5*) Tuesday, 24 September 2024

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “6. Right of withdrawal” in Appendix I to this Composite Document.
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 the paragraph headed “1. Procedures for Acceptance of the Offer” 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 opened for acceptance for at least 21 days after the date of this Composite Document. The latest time and date for acceptance of the Offer is at 4:00 p.m. on the Closing Date unless the Offeror decides to revise or extend the Offer in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror 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 revised or extended. In the event that the Offeror decides to extend the Offer, the joint announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days’ notice in writing will be given, before the Offer is closed, to those Offer Shareholders who have not accepted the Offer.
4. Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares and/or the Options tendered under the Offer will be posted to the Offer Shareholder(s) 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 after the date of receipt by the Registrar of duly completed Form(s) of Acceptance and all the relevant documents of title of the Offer Shares required to render the acceptance under the Offer complete and valid in accordance with the Takeovers Code.

EXPECTED TIMETABLE

5. If there is a tropical cyclone warning signal number 8 or above or “extreme conditions” or a “a black rainstorm warning signal” as issued by the Hong Kong Observatory and/or the government of Hong Kong(collectively, “**severe weather conditions**”) on any of the following deadlines (“**Key Deadlines**”):
- (a) the Closing Date and the latest time for acceptance of the Offer and the submission and publication deadline for a closing announcement under Rule 19.1 of the Takeovers Code;
 - (b) the last day for the Offeror to despatch or post relevant share certificates or make the share certificates available for collection; and
 - (c) the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances,
- (i) in case any severe weather condition is in force in Hong Kong at any local time before 12:00 noon but no longer in force at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will remain on the same Business Day; or
- (ii) in case any severe weather condition is in force in Hong Kong at any local time at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will be rescheduled to the following Business Day which does not have either of those warnings in force at any time at 12:00 noon and/or thereafter.

The Offeror and the Company will notify the Offer Shareholders by way of joint announcement(s) on any change to the expected timetable as soon as practicable.

IMPORTANT NOTICE

NOTICE TO OVERSEAS SHAREHOLDERS

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

The Offeror's Concert Group, the Company, Messis Capital, the Joint Independent Financial Advisers, the Registrar, their respective ultimate beneficial owners, directors, officers, agents, professional advisers and associates and any other persons involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Based on the register of members of the Company, as at the Latest Practicable Date, there is no Overseas Shareholder. Please see the paragraph headed "Overseas Shareholders" in the "Letter from Astrum Capital" and Appendix I to this Composite Document for details.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Offeror from the Vendor in accordance with the terms and conditions of the Sale and Purchase Agreement
“Astrum Capital”	Astrum Capital Management Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror
“acting in concert” or “concert parties”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
“Charged Accounts”	the Offeror’s margin account maintained with Astrum Capital pursuant to the Loan Agreement
“Clarification Announcement”	the announcement dated 6 August 2024 jointly issued by the Company and the Offeror in relation to the clarification on the Joint Announcement

DEFINITIONS

“Closing Date”	12 September 2024, being the being the closing date of the Offer, which is 21 days after the date of this Composite Document, or if the Offer are extended, any subsequent closing date of the Offer as may be determined by the Offeror and jointly announced by the Offeror and the Company in accordance with the Takeovers Code
“Company”	Ling Yui Holdings Limited (凌銳控股有限公司), an exempted 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: 784)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which the Completion took place, being 15 July 2024
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Offer Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the relevant form(s) of acceptance and transfer) and the respective letters of advice from the Independent Board Committee and the Joint Independent Financial Advisers
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the amount of HK\$4,000,000, being the consideration payable by the Offeror to the Vendor for the acquisition of the Sale Shares
“Director(s)”	the director(s) of the Company
“Encumbrance(s)”	any charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal or other third-party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of such Executive Director
“Facility”	a loan facility in the sum of HK\$4,000,000 granted by Astrum Capital in favour of the Offeror pursuant to the Loan Agreement
“Financial Adviser” or “Messis Capital”	Messis Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror
“Form of Acceptance”	the relevant form(s) of acceptance and transfer of the Offer Share(s) in respect of the Offer accompanying this Composite Document
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Observatory”	a government department of Hong Kong responsible for monitory and forecasting weather, as well as issuing warnings on weather related hazards
“Independent Board Committee”	the independent board committee of the Board, comprising Mr. Chong Kam Fung, Mr. Ho Chun Chung Patrick and Mr. Shi Wai Lim William, being all the independent non-executive Directors, which has been established for the purpose of advising the Offer Shareholders in respect of the Offer
“Irrevocable Undertaking”	the irrevocable undertaking dated 15 July 2024 given by the Vendor to the Offeror relating to, inter alia, the Vendor’s undertaking not to accept the Offer with respect to the Remaining Shares held by the Vendor

DEFINITIONS

“Joint Announcement”	the announcement dated 25 July 2024 jointly issued by the Company and the Offeror in relation to the Offer
“Joint Independent Financial Advisers”	Silverbricks Securities and VBG Capital, the joint independent financial advisers appointed by the Company (with approval from the Independent Board Committee) to advise the Independent Board Committee in respect of the Offer
“Last Trading Day”	15 July 2024, being the last trading day immediately prior to the date of the Joint Announcement
“Latest Practicable Date”	19 August 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 Agreement”	the loan agreement entered into by and among the Offeror (as borrower), Astrum Capital (as lender) and Mr. Ling (as guarantor) dated 16 July 2024 in relation to the Facility
“Mr. Lee”	Mr. Lee Kim Ming, the sole director and sole ultimate beneficial shareholder of the Vendor
“Mr. Ling”	Mr. Ling Chi Fai, an executive Director and substantial shareholder of the Company and the sole director and the sole ultimate beneficial shareholder of the Offeror
“Offer”	the mandatory unconditional cash offer made by Astrum Capital, for and on behalf of the Offeror, to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror’s Concert Group)
“Offer Period”	has the meaning ascribed to it in the Takeovers Code, being the period commencing from 25 July 2024 (i.e. the date of the Joint Announcement), and ending on the Closing Date
“Offer Price”	HK\$0.04 per Offer Share under the Offer
“Offer Share(s)”	any of the 267,090,000 Shares that are subject to the Offer
“Offer Shareholder(s)”	Shareholders other than the Offeror’s Concert Group

DEFINITIONS

“Offeror”	Reach Goal Development Limited, a company incorporated in the BVI with limited liability, being the purchaser under the Sale and Purchase Agreement. Mr. Ling is the sole director and sole ultimate beneficial shareholder of the Offeror
“Offeror’s Concert Group”	the Offeror, Mr. Ling and parties acting in concert with any of them (other than the Vendor and Mr. Lee)
“Overseas Shareholder(s)”	Offer Shareholder(s) whose address(es) as shown on the register of members of the Company is/are outside Hong Kong
“Pledged Shares”	the Sale Shares that have been pledged by the Offeror to Astrum Capital on 16 July 2024 and all the Offer Shares that will be pledged (if there are acceptances under the Offer) by the Offeror to Astrum Capital, respectively, pursuant to the Facility
“Personal Guarantee”	the personal guarantee provided by Mr. Ling to Astrum Capital in respect of the performance of the Offeror’s obligations under the Facility
“Registrar”	Tricor Investor Services Limited, the Hong Kong share registrar of the Company
“Relevant Period”	the period commencing on 25 January 2024, being the date falling six months preceding the date of commencement of the Offer Period, up to and including the Latest Practicable Date
“Remaining Shares”	the 202,910,000 Shares (representing approximately 25.36% of the issued share capital of the Company as at the Latest Practicable Date) held by the Vendor upon Completion, which are subject to the Irrevocable Undertaking
“Sale and Purchase Agreement”	the agreement dated 15 July 2024 entered into by and among the Vendor and the Offeror in relation to the sale and purchase of the Sale Shares
“Sale Shares”	an aggregate of 100,000,000 Shares sold by the Vendor to the Offeror pursuant to the terms and conditions of the Sale and Purchase Agreement, representing 12.50% of the total issued share capital of the Company as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in issue of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Silverbricks Securities”	Silverbricks Securities Company Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the Joint Independent Financial Advisers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs as issued by the Securities and Futures Commission of Hong Kong, as amended, modified or otherwise supplemented from time to time
“treasury shares”	has the same meaning ascribed to it under the Listing Rules
“VBG Capital”	VBG Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the Joint Independent Financial Advisers
“Vendor”	Simple Joy Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially wholly-owned by Mr. Lee. Simple Joy Investments Limited, immediately prior to Completion, was interested in 302,910,000 Shares, representing approximately 37.86% of the total issued share capital of the Company
“%”	per cent.

LETTER FROM ASTRUM CAPITAL

22 August 2024

To the Offer Shareholders:

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED FOR AND ON BEHALF
OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN LING YUI HOLDINGS
LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO
BE ACQUIRED BY THE OFFEROR'S CONCERT GROUP)**

INTRODUCTION

References are made to the Joint Announcement and the Clarification Announcement in relation to, among other things, the Sale Shares and the Offer. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

The Sale Shares

As disclosed in the Joint Announcement, on 15 July 2024 (after trading hours), the Vendor (as vendor) and the Offeror (as purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase 100,000,000 Shares, representing 12.50% of the total issued share capital of the Company as at the date of the Joint Announcement, for the consideration of HK\$4,000,000 (being HK\$0.04 per Sale Share).

Completion took place immediately upon the signing of the Sale and Purchase Agreement on the Completion Date, being 15 July 2024. Pursuant to the Sale and Purchase Agreement, the Consideration was settled by the Offeror to the Vendor in cash in Hong Kong dollars at Completion. Other than the Consideration for the Sale Shares under Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form provided by the Offeror's Concert Group to the Vendor, its ultimate beneficial owner and parties acting in concert with any of them (excluding the Offeror's Concert Group).

Presumed acting in concert

Immediately prior to Completion, the Offeror's Concert Group held 230,000,000 Shares, representing 28.75% of the issued share capital of the Company and the Vendor held 302,910,000 Shares, representing approximately 37.86% of the issued share capital of the Company.

LETTER FROM ASTRUM CAPITAL

Immediately following Completion, the Offeror's Concert Group is interested in an aggregate of 330,000,000 Shares, representing 41.25% of the total issued share capital of the Company and the Vendor is interested in 202,910,000 Shares, representing approximately 25.36% of the total issued share capital of the Company.

As the Offeror and the Vendor each owns 20% or more of the voting rights of the Company, the Offeror and the Vendor are (i) each associated company of the Company pursuant to the Takeovers Code; and (ii) presumed to be parties acting in concert by virtue of class (1) of the definition of "acting in concert" under the Takeovers Code.

Mandatory unconditional cash offer

Immediately prior to Completion, the Offeror's Concert Group held 230,000,000 Shares, representing 28.75% of the issued share capital of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror's Concert Group is interested in an aggregate of 330,000,000 Shares, representing 41.25% of the total issued share capital of the Company as at the Latest Practicable Date. Since the Offeror and the Vendor are presumed to be parties acting in concert by virtue of class (1) of the definition of "acting in concert" under the Takeovers Code, they are interested in an aggregate of 532,910,000 Shares, representing approximately 66.61% of the total issued share capital of the Company upon Completion. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror's Concert Group). The Offer will be made to the Offer Shareholders. Astrum Capital, the offer agent of the Offeror, will make the Offer for and on behalf of the Offeror.

Purpose of this letter

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer and the procedures for accepting and settlement of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The Offer Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" to the Offer Shareholders, the "Letter from the Joint Independent Financial Advisers" to the Independent Board Committee and the Offer Shareholders and the appendices as set out in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

IRREVOCABLE UNDERTAKING

Irrevocable Undertaking not to accept the Offer

Immediately after Completion, the Vendor will continue to be the beneficial owner of the 202,910,000 Remaining Shares, representing approximately 25.36% of the total number of Shares in issue. The Vendor has given the Irrevocable Undertaking in favour of the Offeror, pursuant to which, the Vendor has undertaken that it shall (a) not accept the Offer in respect of the Remaining Shares and any other Shares of which it may become the

LETTER FROM ASTRUM CAPITAL

registered holder or beneficial owner or in which it may become so interested after the date of the Irrevocable Undertaking, and (b) not dispose of, transfer, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal in any of relevant Shares mentioned above or any interest in them (whether conditionally or unconditionally) or enter into any transaction having a similar economic effect.

The Irrevocable Undertaking shall be effective from the Completion Date until the Closing Date and will cease upon the close of the Offer.

THE OFFER

Principal terms of the Offer

Astrum Capital is making the Offer, for and on behalf of the Offeror, to acquire the Offer Shares on the following basis:

The Offer

For each Offer Share HK\$0.04 in cash

The Offer Price of HK\$0.04 per Offer Share is the same as the price of HK\$0.04 per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

As at the Latest Practicable Date, there are 800,000,000 Shares in issue and the Company does not have any outstanding options, warrants or securities derivatives 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 Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrance and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, i.e. the date of this Composite Document.

The Offer is unconditional in all respects and extended to all Offer Shareholders in accordance with the Takeovers Code.

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\$0.04 per Offer Share represents:

- (i) a discount of approximately 31% on the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

LETTER FROM ASTRUM CAPITAL

- (ii) a discount of approximately 20% on the closing price of HK\$0.05 per Share as quoted on the Stock Exchange on 15 July 2024, being the Last Trading Day;
- (iii) a discount of approximately 15% on the average closing price of approximately HK\$0.0472 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 17% on the average closing price of approximately HK\$0.0481 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 34% on the average closing price of approximately HK\$0.0603 per Share as quoted on the Stock Exchange for the 30 consecutive trading days prior to and including the Last Trading Day;
- (vi) a discount of approximately 42% on the average closing price of approximately HK\$0.0695 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days immediately prior to and including the Last Trading Day; and
- (vii) a discount of approximately 59% or HK\$0.06 per Share over the audited consolidated net assets value of the Group of approximately HK\$0.10 per Share as at 31 March 2024 calculated based on the audited consolidated net assets value of the Group as at 31 March 2024 of approximately HK\$77,448,000 and 800,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period: (a) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.114 per Share on 15 and 16 January 2024; and (b) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.045 per Share on 5 July 2024 and 8 July 2024 to 10 July 2024.

Total value of the Offer

As at the Latest Practicable Date, there are 800,000,000 Shares in issue. The offer price of HK\$0.04 per Offer Share under the Offer is the same as the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement. Assuming that there is no change in the issued share capital of the Company and on the basis of the offer price of HK\$0.04 per Share, the entire issued ordinary share capital of the Company would be valued at HK\$32,000,000.

As the Offeror's Concert Group is interested in an aggregate of 330,000,000 Shares as at the Latest Practicable Date, 470,000,000 Shares will be subject to the Offer. 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 based on the Offer Price of HK\$0.04 per Offer Share, the aggregate value of the Offer would be HK\$18,800,000 in the event that the Offer is accepted in full.

LETTER FROM ASTRUM CAPITAL

Financial resources available for the Offer

Based on the Irrevocable Undertaking, the Offeror anticipates that the Offer made in respect of the 202,910,000 Shares held by the Vendor will not be accepted and the maximum amount of cash payable by the Offeror in respect of full acceptances of the Offer (other than the Remaining Shares subject to Irrevocable Undertaking) is HK\$10,683,600, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer. The Offeror will finance and satisfy the consideration payable under the Offer by (i) its own internal resources with cash amounting to HK\$6,840,000 which is not subject to any form of encumbrances, and (ii) the Facility in the sum of HK\$4,000,000 granted to the Offeror by Astrum Capital.

The Facility is secured by (i) the share charges of the Pledged Shares; (ii) the charge over the Charged Account; and (iii) the Personal Guarantee. The Offeror confirms that the repayment of the Facility including interest thereon is not dependent on the business of the Group.

Messis Capital, the Financial Adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, 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 Offer Shareholders shall sell their Shares to the Offeror free from all Encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

The Company confirmed that as at the Latest Practicable Date, the Company has not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer.

The Offer is unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions, and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code, details of which are set out in the section headed “6. Right of withdrawal” in Appendix I to this Composite Document.

Payment

Payment in cash in respect of acceptances of the Offer will be made pursuant to Rule 20.1 of the Takeovers Code as soon as possible but in any event no later than seven (7) Business Days following the date on which the duly completed acceptance of the Offer and

LETTER FROM ASTRUM CAPITAL

the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror to render each such acceptance complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code.

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

Hong Kong Stamp duty

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

Taxation advice

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

Overseas Shareholders

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

Any acceptance of the Offer by such Overseas 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. The Overseas Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

LETTER FROM ASTRUM CAPITAL

Based on the register of members of the Company, as at the Latest Practicable Date, there is no Overseas Shareholder.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares were listed on the main board of the Stock Exchange on 28 December 2017. The Group is principally engaged in the provision of foundation engineering services to customers mainly consisting of main contractors of private foundation projects in Hong Kong.

The financial information of the Group is set out in Appendix II to this Composite Document. Your attention is also drawn to the general information in relation to the Group as set out in Appendix III to this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror was incorporated in the BVI with limited liability on 10 July 2019 and has since been an investment holding company without business operations. As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Mr. Ling, who is also the sole director of the Offeror. Mr. Ling, aged 61, was appointed as an executive Director on 1 September 2022. Mr. Ling is also the Company's chairman and the chairman of the nomination committee of the Company and a member of the remuneration committee of the Company. Mr. Ling has approximately 44 years of experience in the construction industry. Mr. Ling joined the Group in 2000 and has accumulated extensive experience in the operations of the foundation industry from working on various projects involving sheet piling, site formation, and excavation and lateral support works. Mr. Ling was previously a general manager of the Group from 2016 to 2022 and project manager of the Group from 2000 to 2016. Since 2000, Mr. Ling has been primarily responsible for daily monitoring and supervision of the operations of construction sites in Hong Kong as well as in charge of the tendering procedure for the Group's construction projects.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Prior to completion of acquisition of the Sale Shares from the Vendor, Mr. Ling was the second largest shareholder of the Company. It is the intention of Mr. Ling and the Offeror to further consolidate their interests in the Company through the Acquisition which enables Mr. Ling to gain control over the Company and become the single largest shareholder of the Company. Mr. Ling has joined the Group in 2000 and is currently the Chairman and executive Director leading the development of the Group. Mr. Ling and the Offeror believe that the Offer would send a positive signal to the stakeholders of the Company, especially to its staff, customers and contractors, and demonstrate their confidence in, and strengthen their relationship with, the Group whilst reinforcing their commitment and dedication to the Group. The Offeror intends to continue the employment of the existing management and employees of the Group. The Offeror also intends to continue the existing principal business of the Group after the end of the Offer Period unless appropriate opportunities arise. The Offeror will, following the completion of the Offer, review the operation and business activities of the Group to formulate a long-term business strategy for

LETTER FROM ASTRUM CAPITAL

the Group. Subject to the results of such review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group. However, as of the Latest Practicable Date, no opportunities have been identified and Mr. Ling has no intention to change the Company's business focus or alter the geographical coverage of the principal business of the Group. Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror did not have any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cessation or dispose of existing business of the Group; (ii) the Offeror had no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (iii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

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 (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

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

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

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

The Offeror intends the Company to remain listed on the main board of the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer. The Offeror intends to maintain the listing of the Shares on the main board of the Stock Exchange and will take appropriate steps (including but not limited to placement of Shares) as soon as possible following the close of the Offer to ensure that a sufficient public float exists in the Shares after the close of the Offer.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

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

COMPULSORY ACQUISITION

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

LETTER FROM ASTRUM CAPITAL

GENERAL

To ensure equality of treatment of all Offer Shareholders, those Offer 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 Offer 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 Offer Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with the Offeror, the Vendor, the Company, Astrum Capital, Messis Capital, the Joint Independent Financial Advisers, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, 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. You are also reminded to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Joint Independent Financial Advisers” contained in this Composite Document and to consult your professional advisers as you see fit, before deciding whether or not to accept the Offer.

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

LETTER FROM THE BOARD



LING YUI HOLDINGS LIMITED

凌銳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 784)

Executive Directors:

Mr. Ling Chi Fai (*Chairman*)

Mr. Leung Cheuk Ho (*Chief Executive Officer*)

(Appointed on 29 September 2023)

Independent non-executive Directors:

Mr. Chong Kam Fung

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

Registered office:

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

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

Units 1702-03

Stelux House

698 Prince Edward Road East

San Po Kong

Kowloon

Hong Kong

22 August 2024

To the Offer Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN
LING YUI HOLDINGS LIMITED (OTHER THAN
THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR'S CONCERT GROUP)**

INTRODUCTION

References are made to the Joint Announcement and Clarification Announcement issued by the Offeror and the Company in relation to, among others, the Sale and Purchase Agreement and the Offer. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

LETTER FROM THE BOARD

As disclosed in the Joint Announcement, on 15 July 2024 (after trading hours), the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase 100,000,000 Shares (representing 12.50% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement), for the consideration of HK\$4,000,000 (being HK\$0.04 per Sale Share), which was agreed between the Offeror and the Vendor after arm's length negotiations, taking into account the audited consolidated net asset value per Share as at 31 March 2024 of approximately HK\$0.10, the financial performance of the Group the financial performance of the Group, and the business prospect of the Group. In particular, the Offeror and the Vendor considered (i) the disposal of Shares by the Vendor to the Offeror pursuant to the sale and purchase agreement dated 12 January 2024 (the “**Disposal**”), as disclosed in the announcement by the Company dated 12 January 2024. Since the Disposal, the Share price has remained sluggish in a general downward trend. The Share price declined from a high of HK\$0.114 per Share recorded after the Disposal on 15 January 2024 to a low of HK\$0.045 per Share on 5 July 2024, before the release of the annual report of the Company for the year ended 31 March 2024 (the “**FY2024 Annual Report**”), representing a decrease in value of over 60% during that period. Following the release of the FY2024 Annual Report, the Share price showed no signs of improvement, hovering around HK\$0.05 per Share; (ii) the Company's financial performance, noting that despite the turnaround from a loss of approximately HK\$30.0 million for the year ended 31 March 2023 to a profit of approximately HK\$0.7 million for the year ended 31 March 2024, revenue dropped approximately 18.8% year-over-year; and (iii) the understanding that the general outlook for the construction industry and the broader business environment is likely to remain challenging. Considering all the aforementioned factors, after arm's length negotiations, an approximate 20% discount on the prevailing market price was agreed upon for the price per Sale Share.

Completion took place on 15 July 2024. Immediately following Completion and as at the Latest Practicable Date, (i) the Vendor was interested in the Remaining Shares of 202,910,000 Shares, representing approximately 25.36% of the issued share capital of the Company; and (ii) the Offeror's Concert Group was interested in an aggregate of 330,000,000 Shares, representing approximately 41.25% of the total issued share capital of the Company. As the Offeror and the Vendor each owns 20% or more of the voting rights of the Company, the Offeror and the Vendor are (i) each associated company of the Company pursuant to the Takeovers Code; and (ii) presumed to be parties acting in concert by virtue of class (1) of the definition of acting in concert under the Takeovers Code. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror's Concert Group). Astrum Capital is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Offeror's Concert Group and the Offer; (ii) the letter from Astrum Capital containing, among others, the details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Offer Shareholders in respect of the Offer; and (iv) the letter from

LETTER FROM THE BOARD

the Joint Independent Financial Advisers containing its advice to the Independent Board Committee in respect of whether the Offer is, or is not, fair and reasonable and to make recommendations in respect of the acceptance of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

An Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely, Mr. Chong Kam Fung, Mr. Ho Chun Chung Patrick and Mr. Shi Wai Lim William, has been established in accordance with Rules 2.1 and 2.8 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders in respect of the Offer as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer.

As announced in the announcement of the Company dated 1 August 2024, Silverbricks Securities and VBG Capital have been appointed as the joint independent financial advisers with the approval of the Independent Board Committee to advise the Independent Board Committee and the Offer Shareholders in connection with the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer.

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

CONFLICTS OF INTEREST

As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Mr. Ling, being an executive Director and a substantial shareholder. To avoid any conflict of interest, Mr. Ling will not join the remainder of the Board in the expression of his views on the Offer.

PRINCIPAL TERMS OF THE OFFER

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

For each Offer Share HK\$0.04 in cash

LETTER FROM THE BOARD

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

Save for the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” below, as at the Latest Practicable Date, none of the members of the Offeror’s Concert Group and the Vendor and Mr. Lee had received any irrevocable commitment to accept or not to accept the Offer. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights and benefits attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, i.e. the date of this Composite Document.

As at the Latest Practicable Date, the Company had not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer.

The Offer is unconditional in all respects.

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

The Irrevocable Undertaking

As at the Latest Practicable Date, the Vendor held the Remaining Shares of 202,910,000, representing approximately 25.36% of the issued share capital of the Company. The Vendor has given the Irrevocable Undertaking in favour of the Offeror, pursuant to which, the Vendor has undertaken that it shall (a) not accept the Offer in respect of the Remaining Shares and any other Shares of which it may become the registered holder or beneficial owner or in which it may become so interested after the date of the Irrevocable Undertaking, and (b) not dispose of, transfer, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal in any of relevant Shares mentioned above or any interest in them (whether conditionally or unconditionally) or enter into any transaction having a similar economic effect. The Irrevocable Undertaking shall become effective from the Completion Date until the Closing Date.

Save as disclosed above, there are no restrictions on the disposition of the Remaining Shares held by the Vendor under the terms of the Sale and Purchase Agreement after the close of the offer period (as defined in the Takeovers Code) of the Offer nor other arrangement between the Offeror and the Vendor regarding the Remaining Shares.

The Offer Price

Please see the paragraphs headed “Offer Price” and “Highest and lowest Share prices” in the “Letter from Astrum Capital” for details of the Offer price.

LETTER FROM THE BOARD

Total value of the Offer

As at the Latest Practicable Date, there were 800,000,000 Shares in issue. On the basis of the Offer Price of HK\$0.04 per Sale Share, the Consideration, together with the value of the Offer, would be valued at HK\$22,800,000.

Immediately following Completion, 470,000,000 Shares will be subject to the Offer and taking into account the Irrevocable Undertaking in relation to 202,910,000 Shares, in the event that the Offer is accepted in full, the aggregate value of the Offer is HK\$10,683,600.

Further details of the Offer

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

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares were listed on Main Board of the Stock Exchange on 28 December 2017. The Group is principally engaged in provision of foundation engineering services in Hong Kong.

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

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 ordinary shares, and there were 800,000,000 Shares in issue. The Company did not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares as at the Latest Practicable Date.

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

LETTER FROM THE BOARD

	Immediately prior to Completion		Immediately upon Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate (%)</i>	<i>Number of Shares</i>	<i>Approximate (%)</i>
The Offeror and parties acting in concert with it (Note 1)				
-The Offeror (Note 2)	230,000,000	28.75	330,000,000	41.25
-The Vendor (Note 3)	302,910,000	37.86	202,910,000	25.36
Sub Total	532,910,000	66.61	532,910,000	66.61
Public Shareholders	267,090,000	33.39	267,090,000	33.39
Total	<u>800,000,000</u>	<u>100</u>	<u>800,000,000</u>	<u>100</u>

Notes:

1. As the Offeror and the Vendor each own 20% or more of the voting rights of the Company, the Offeror and the Vendor are (i) each associated company of the Company pursuant to the Takeovers Code; and (ii) presumed to be parties acting in concert by virtue of class (1) of the definition of acting in concert under the Takeovers Code.
2. The Offeror is a company incorporated in the BVI with limited liability, which is wholly owned by Mr. Ling, an executive Director and substantial shareholder of the Company. Therefore, Mr. Ling is deemed to be interested in all the Shares held by the Offeror under the SFO.
3. The Vendor is beneficially wholly-owned by Mr. Lee. Therefore, Mr. Lee is deemed to be interested in all the Shares held by the Vendor under the SFO.
4. Save as disclosed above, none of the Directors held any Shares immediately before and following the completion of the Acquisition and as at the Latest Practicable Date.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information of the Offeror” in the “Letter from Astrum Capital” and “Appendix IV – General Information of the Offeror” to this Composite Document.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the section headed “Intentions of the Offeror regarding the Group” in the “Letter from Astrum Capital” of this Composite Document. The Board is aware of (i) the Offeror’s intention to continue the employment of the existing management and employees of the Group; (ii) the Offeror’s intention to continue the existing principal business of the Group after the end of the Offer Period; (iii) the Offeror’s intention to conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group and that subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. However, as at the Latest Practicable Date, no investment or business

LETTER FROM THE BOARD

opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group. The Board is aware that the Offeror has no intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cessation or disposal of existing business of the Group. The Board is also aware that the Offeror has no intention to redeploy any fixed assets and downscale or change the scale of the Group's existing principal business.

The Board is willing to cooperate with the Offeror and act in the best interests of the Company and its Shareholders as a whole. The Board (excluding Mr. Ling Chi Fai (being the sole director of the Offeror)) is of the view that the Offeror's intentions in relation to the Group and its employees are reasonable as it would ensure continuity and stability of the Group's business operations going forward. Such intentions of the Offeror are not expected to have material adverse impact on the existing businesses of the Group.

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 (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists in the Shares. All existing Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer. As stated in the letter from Astrum Capital contained in this Composite Document, the Offeror intends the Company to remain listed on main board of the Stock Exchange. The Board is aware that the sole director of the Offeror and the new directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

ADVICE AND RECOMMENDATION

Your attention is drawn to the "Letter from the Independent Board Committee" set out in this Composite Document which contains the recommendation of the Independent Board Committee to the Offer Shareholders as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer. Your attention is also drawn to the "Letter from the Joint Independent Financial Advisers" set out in this Composite Document, which contains its advice to the Independent Board Committee in respect of whether the Offer is, or is not, fair and reasonable and to make recommendations in respect of the acceptance of the Offer.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

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

By Order of the Board
Ling Yui Holdings Limited
Leung Cheuk Ho
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



LING YUI HOLDINGS LIMITED

凌銳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 784)

22 August 2024

To the Offer Shareholders:

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN
LING YUI HOLDINGS LIMITED (OTHER THAN
THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR'S CONCERT GROUP)**

INTRODUCTION

We refer to the composite offer and response document dated 22 August 2024 jointly issued by the Offeror and the Company (the “**Composite Document**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you (i.e. the Offer Shareholders) as to whether, in our opinion, the Offer is, or is not, fair and reasonable so far as the Offer Shareholders are concerned, and as to acceptance thereof.

Silverbricks Securities and VBG Capital have been appointed, with our approval, have been appointed as the Joint Independent Financial Advisers to advise us in respect of the fairness and reasonableness of the Offer and as to the acceptance of the Offer. Your attention is drawn to the “Letter from the Joint Independent Financial Advisers” set out on pages 29 to 54 of this Composite Document which contains the details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation in respect of the Offer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from Astrum Capital” set out on pages 10 to 18 of this Composite Document which contains, inter alia, information about the Offer, the “Letter from the Board” set out on pages 19 to 26 of this Composite Document and the additional information set out in this Composite Document, including the appendices to this Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and acceptance and settlement procedures for the Offer.

RECOMMENDATION

Taking into account the terms of the Offer and the independent advice from the Joint Independent Financial Advisers, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the Offer is not fair and reasonable and is not in the interests of the Offer Shareholders. Accordingly, we recommend the Offer Shareholders not to accept the Offer.

However, the Offer Shareholders who intend to accept the Offer are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period and carefully consider the relevant risks and uncertainties based on their individual preference and tolerance level. Should the net sale proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer, the Offer Shareholders may wish to consider selling their Shares in the open market, where possible, instead of accepting the Offer.

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

Yours faithfully,
The Independent Board Committee
Ling Yui Holdings Limited

Mr. Chong Kam Fung
*Independent non-executive
Director*

Mr. Ho Chun Chung Patrick
*Independent non-executive
Director*

Mr. Shi Wai Lim William
*Independent non-executive
Director*

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The following is the full text of a letter of advice from Silverbricks Securities Company Limited and VBG Capital Limited to the Independent Board Committee in respect of the Offer which has been prepared for the purpose of incorporation in the Composite Document.



Rooms 1601-07, 16/F
Nan Fung Tower
88 Connaught Road Central
Central, Hong Kong



建泉融資有限公司
VBG Capital Limited

21/F., Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

22 August 2024

To: The Independent Board Committee and the Offer Shareholders of Ling Yui Holdings Limited

Dear Sirs,

MANDATORY UNCONDITIONAL CASH OFFER BY ASTRUM CAPITAL MANAGEMENT LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN LING YUI HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR'S CONCERT GROUP)

INTRODUCTION

We refer to our appointment as the joint independent financial advisers ("**Joint Independent Financial Advisers**") to advise the Independent Board Committee and the Offer Shareholders in respect of the terms of the Offer and as to the acceptance of the Offer. Details of the Offer are set out in the composite document of the Company dated 22 August 2024 (the "**Composite Document**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

The Offer

On 15 July 2024, the Vendor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase the Sale Shares, being 100,000,000 Shares (representing 12.50% of the total issued share capital of the Company as at the Latest Practicable Date), for a total cash consideration of HK\$4,000,000 (being approximately HK\$0.04 per Sale Share). As disclosed in the announcement jointly issued by the Company and the Offeror on 25 July 2024, the Completion took place on 15 July 2024.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Immediately prior to Completion, the Offeror's Concert Group held 230,000,000 Shares, representing 28.75% of the issued share capital of the Company as there had been no change to the issued share capital from the date of Completion to the Latest Practicable Date. Immediately following Completion and as at the Latest Practicable Date, the Offeror's Concert Group is interested in an aggregate of 330,000,000 Shares, representing 41.25% of the total issued share capital of the Company as at the Latest Practicable Date. Immediately prior to Completion, the Vendor was interested in 302,910,000 Shares, representing approximately 37.86% of the issued share capital of the Company as at the Latest Practicable Date and following Completion and as at Latest Practicable Date, the Vendor is interested in 202,910,000 Shares, representing approximately 25.36% of the total issued share capital of the Company as at the Latest Practicable Date. As the Offeror and the Vendor each owns 20% or more of the voting rights of the Company after Completion, the Offeror and the Vendor are (i) each associated company of the Company pursuant to the Takeovers Code; and (ii) presumed to be parties acting in concert by virtue of class (1) of the definition of acting in concert under the Takeovers Code. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror's Concert Group).

Astrum Capital, the offer agent of the Offeror, is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

Offer Price for each Offer Share HK\$0.04 in cash

The Offer Price of HK\$0.04 per Offer Share is the same as the price of HK\$0.04 per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrance and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, i.e. the date of the Composite Document.

As set out in the "Letter from the Board", the Company confirms that as at the Latest Practicable Date, the Company has not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer.

Irrevocable Undertaking not to accept the Offer

Immediately after Completion, the Vendor will continue to be the beneficial owner of the 202,910,000 Remaining Shares, representing approximately 25.36% of the total number of Shares in issue. The Vendor has given the Irrevocable Undertaking in favour of the Offeror, pursuant to which, the Vendor has undertaken that it shall (a) not accept the Offer in respect of the Remaining Shares and any other Shares of which it may become the registered holder or beneficial owner or in which it may become so interested after the date of the Irrevocable Undertaking, and (b) not dispose of, transfer, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal in any of relevant Shares mentioned above or any interest in them (whether conditionally or unconditionally) or enter into any transaction having a similar economic effect.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The Irrevocable Undertaking shall be effective from the Completion Date until the Closing Date and will cease upon the close of the Offer.

For the principal terms of the Offer, together with the information of the Offeror and the Offeror's intention regarding the Group, please refer to the "Letter from Astrum Capital" contained in the Composite Document.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Chong Kam Fung, Mr. Ho Chun Chung Patrick and Mr. Shi Wai Lim William, was established pursuant to Rule 2.1 of the Takeovers Code to advise the Offer Shareholders as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer.

We, Silverbricks Securities Company Limited and VBG Capital Limited, have been appointed with the Independent Board Committee's approval pursuant to Rule 2.1 of the Takeovers Code as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Offer Shareholders in respect of the Offer and, in particular, as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer. As at the Latest Practicable Date, we were independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules, and we have not acted as an independent financial adviser to the Company's other transactions in the past two years before the commencement of the Offer Period and including and up to the Latest Practicable Date. No arrangement exists whereby affects our independence in relation to our appointment as the Independent Financial Advisers. Therefore, we are considered eligible to give independent advice on the Offer under the requirement of the Listing Rules. Within two years before the commencement of the Offer Period and including and up to the Latest Practicable Date, we are not in the same group as the financial or other professional advisers (including a stockbroker) to the Company or the Offeror, and we are not associated with the Offeror or the Company or any party acting, or presumed to be acting in concert with any of them and we had not had any connection, financial or otherwise, with either the Offeror or the Company or the controlling shareholder(s) or the substantial shareholder(s) of either of them, therefore we are considered independent and suitable to give independent advice to the Independent Board Committee and the Offer Shareholders pursuant to Rule 2.6 of the Takeovers Code.

This letter contains our advice to the Independent Board Committee and the Offer Shareholders as to (i) whether the Offer is fair and reasonable; (ii) whether the Offer is in the interests of the Offer Shareholders as a whole; and (iii) the acceptance of the Offer.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Composite Document and the information and representations provided to us by the Group and/or the Directors and/or the senior management of the Company (the “**Management**”). We have assumed that all such statements, information, opinions and representations contained or referred to in the Composite Document or otherwise provided or made or given by the Group and/or the Directors and/or the Management are true, accurate and complete. We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, are true, accurate and complete at the time when they were provided and continue to be so as at the Latest Practicable Date. Should there be any subsequent material changes which occur during the period from the date of the Composite Document up to the date of closing of the Offer, we will notify the Independent Board Committee and the Offer Shareholders as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its adviser and/or the Directors, which have been provided to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable and there are no reasons to doubt the accuracy and reliability of such public information.

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

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

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided, nor have we

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

conducted any independent investigation into the business and affairs of the Offeror and the Group or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them.

We have not considered the tax implications on the Offer 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 Offer 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.

Where information in this letter has been extracted from published or otherwise publicly available sources, it is our responsibility to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

This letter is issued for the information of the Independent Board Committee solely in connection with their consideration of the Offers. Except for its inclusion in the Composite Document, this letter may not be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION ON THE OFFER

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

1. Background and financial information of the Group

Pursuant to the annual report of the Company for the year ended 31 March 2024 (“**2024 Annual Report**”), the Group is a Hong Kong-based main contractor that principally provides foundation works including excavation and lateral support works, pile cap works and pile construction, site formation works and other ancillary services such as road and drainage works for foundation projects in the private sector.

Set out below is a summary of the audited consolidated financial information of the Group for the year ended 31 March 2023 and 2024, respectively, as extracted from the 2024 Annual Report and the annual report of the Company for the year ended 31 March 2023 (the “**2023 Annual Report**”):

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

1.1 Financial results for the year ended 31 March 2024

1.1.1 Consolidated statement of profit or loss of the Group for the year ended 31 March 2023 and 2024

	For the year ended 31 March	
	2024	2023
	(audited) HK\$'000	(audited) HK\$'000
Revenue	194,043	238,957
Gross profit (Loss)	28,637	(6,591)
Gross profit margin	14.7%	(2.8%)
Profit (loss) before taxation	655	(32,722)

The total revenue of the Group was recorded as approximately HK\$194.0 million for the year ended 31 March 2024, representing a decrease of approximately 18.80% from approximately HK\$239.0 million for the year ended 31 March 2023. Referring to the 2024 Annual Report, the Directors are of the view that the decrease in revenue was due to the selection of customers with good track record of settlement of receivables for improving the Group's credit control in order to cope with the challenging business environment.

The Group recorded a profit before tax of approximately HK\$655 thousand for the year ended 31 March 2024, representing an increase of approximately HK\$33.4 million from the loss before taxation of approximately HK\$32.72 million for the year ended 31 March 2023. The profit was primarily attributable to the increase in gross profit by HK\$35.2 million from the loss of HK\$6.59 million for the year ended 31 March 2023 to the profit of approximately HK\$28.64 million for the year ended 31 March 2024. According to the 2024 Annual Report, during the year ended 31 March 2024, the Group closely monitor the cost and the timeline of the construction projects to improve the cost control. As advised by the Company, the Group identified inefficiencies and areas where costs could overrun by keeping a close watch on the expenses and schedules of each construction project. Also, the Group improved its resource management by allocating labor, materials, and capital more efficiently. Through these cost control measures, the Group maintained control over its expenditures and enhanced operational efficiency, leading the lower costs per project. Consequently, the gross profit margin increased.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

1.1.2 Consolidated statements of financial position of the Group as at 31 March 2023 and 2024

	As at 31 March 2024 (audited) <i>HK\$'000</i>	As at 31 March 2023 (audited) <i>HK\$'000</i>
Non-Current Assets	44,248	43,978
Property and equipment	39,196	39,623
Deposits and payment for life insurance policy	5,052	4,355
Current Assets	96,673	135,187
Trade receivables	19,954	38,949
Deposits, prepayments and other receivables	3,464	4,799
Contract assets	43,315	78,803
Tax recoverable	87	–
Bank balances	29,853	12,636
Total assets	140,921	179,165
Current Liabilities	58,734	98,888
Trade payables	15,519	37,043
Other payables and accrued charges	14,594	29,811
Lease liabilities	4,066	759
Contract liabilities	2,423	4,263
Bank borrowings	22,132	26,930
Tax payable	–	82
Non-Current Liabilities	4,739	3,484
Lease liabilities	4,568	974
Bank borrowings	36	2,375
Deferred tax liabilities	135	135
Total liabilities	63,473	102,372
Net assets	77,448	76,793
NAV per share (in HK\$)	0.10	0.10
Gearing ratio	82.0%	133.3%

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The Company's total assets decreased to approximately HK\$140.92 million as at 31 March 2024 from approximately HK\$179.17 million as at 31 March 2023, representing a decrease of approximately 21.35%.

Such decrease was attributable to the decrease in the current assets position, of which the trade receivables and contract assets, decreased by approximately 46.27% from approximately HK\$117.75 million as at 31 March 2023 to approximately HK\$63.27 million as at 31 March 2024, which was mainly due to the selection of customers with good track record of settlement of receivables as discussed above.

There is an increase of approximately 136.24% for the bank balance of HK\$12.64 million for 2023 to HK\$29.85 million for 2024, which was mainly due to the recovery of account receivables and the cost control measures as discussed above.

The total liabilities of the Company decreased to approximately HK\$63.47 million as at 31 March 2024 from approximately HK\$102.37 million as at 31 March 2023, representing a decrease of 38.00%. The gearing ratio indicates a reduction from approximately 133.3% in 2023 to 82.0% in 2024.

The improvement of the liability position of the Group was primarily due to the decrease in current liabilities, attributable to the decrease of 55.00% in trade and other payables, and accrued charges from approximately HK\$66.85 million as at 31 March 2023 to HK\$30.11 million as at 31 March 2024, mainly resulting from (i) the cost control measures as discussed above and (ii) the strategic selection of reliable customers, which improved the company's cash flow and provided more resources to reduce accounts payable.

The NAV of the Group remained stable from approximately HK\$76.79 million as at 31 March 2023 to approximately HK\$77.45 million as at 31 March 2024. The assets of the Group mainly consist of tangible asset such as property and equipment, trade receivables, and bank balances. Indeed, the contract asset of the Group, as the intangible asset, decreased significantly from HK\$78.80 million as at 31 March 2023 to HK\$43.32 million as at 31 March 2024 whilst the bank balances of the Group, increased from HK\$12.64 million as at 31 March 2023 to HK\$29.85 million as at 31 March 2024. Such transition demonstrate a better assets portfolio for the Group from 31 March 2023 to 31 March 2024.

After considering that (i) the Group's gross profit margin improved from -2.8% in 2023 to 14.7% in 2024, (ii) the transition from a financial loss in 2023 to a profit in 2024, (iii) the reduction of approximately 38.00% for total liabilities as at 31 March 2024, and (iv) the maintenance of a stable NAV per share at approximately HK\$0.10, coupled with a significant reduction in the gearing ratio from 133.3% in 2023 to 82.0% in 2024, we are of the view that the Group has demonstrated strong financial performance in 2024 under the efficient cost control measures.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

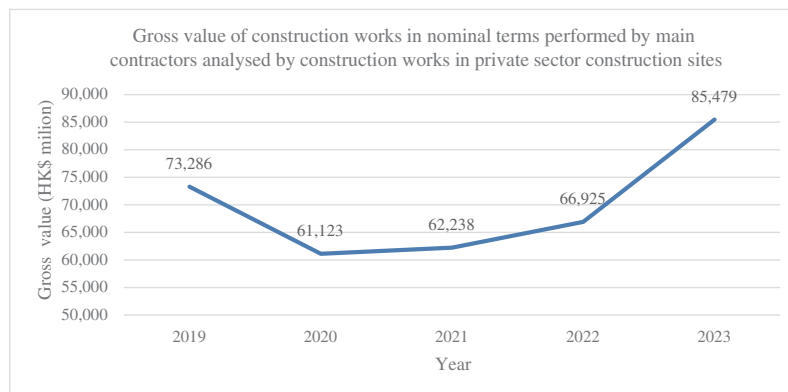
1.2 Dividends

No dividend had been declared for the year ended 31 March 2024 and 2023, respectively, according to 2024 Annual Report and 2023 Annual Report, respectively.

2. Overview of the construction industry in Hong Kong

Gross value of private sector construction works performed by main contractors in Hong Kong

Considering the Group is a main contractor in the private sector of the construction industry, we studied the trend of Gross value of private sector construction works to understand in historical trend of the Group's industry. The trend from the below graph of gross value of construction works in nominal terms performed by main contractors analysed by construction works in private sector construction sites has shown the same as the trend of the gross value of construction works in both private sector and public sector performed by main contractors in Hong Kong. It indicates a recovery and growth of approximately 1.82% at 2021 in gross value from the private sector construction works of the construction industry with a moderate increase to approximately 7.53% in 2022 but ending on a strong upward trajectory in 2023 of approximately 27.72%, the gross output value of private construction works performed by main contractors in Hong Kong was approximately HK\$85.48 billion in 2023.



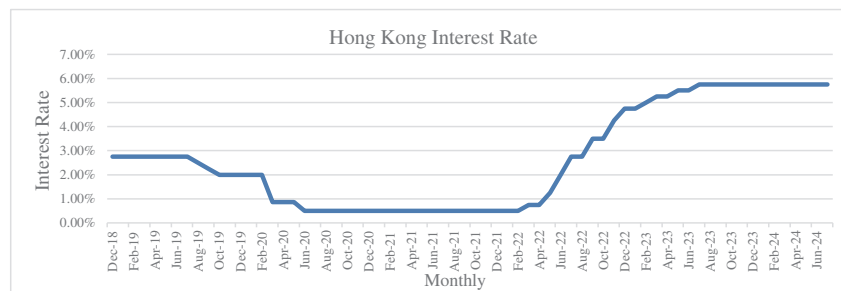
Source: Census and Statistics Department, Hong Kong (<https://www.censtatd.gov.hk>)

Hong Kong Interest Rate

The Hong Kong interest rate trend over the period shows notable fluctuations and adjustments. Beginning at a stable 2.75% from December 2018 to June 2019, the rate remained unchanged. Subsequently, a gradual decline commenced from August 2019, dropping to 2.00% by October 2019, where it lingered until March 2020. A sharp decrease to 0.86% in March 2020 marked a significant shift, maintaining this level until June 2020. From June 2020 to December 2022, the interest rate held steady at a low of 0.50%. However, a substantial increase began in March 2022, with a climb to 2.75% by July 2022.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

This upward trajectory continued, reaching a peak of 5.75% from November 2023 to July 2024, indicating a persistent rise in interest rates over the observed time frame.



Source: Trading Economics (<https://www.tradingeconomics.com/hong-kong/interest-rate>)

According to the Half-Yearly Monetary and Financial Stability Report¹ released by Hong Kong Monetary Authority in March 2024 (the “**HKMA Report**”), the US Federal Reserve maintaining its policy rate unchanged since July 2023, Hong Kong banks kept their best lending rates unchanged. As stated in the HKMA Report, the ongoing resilience of the US labor market might cause core US inflation to be more persistent than anticipated, which introduces uncertainties regarding the timing and magnitude of potential interest rate reductions. The HKMA Report suggests that if high global interest rates continue, they could negatively impact the sectors which are sensitive to interest rate changes, such as real estate sector. The real estate and construction industries are closely linked, as demand in the real estate market directly influences construction activity. If the real estate markets experience a downturn, it typically leads to a decrease in construction activity as developers and investors become hesitant to initiate new projects due to lower demand and potential financial losses. Given these factors, we consider that the prevailing high-interest rate environment may exacerbate uncertainties for Hong Kong’s construction industry in the future and the financial performance of the Group, as the main contractor principally provides foundation works in Hong Kong, would be doubt.

Based on the above industry studies, the private sector construction industry in Hong Kong has demonstrated consistent growth in output value from 2019 to 2023. Looking forward, despite the high interest rates beginning in 2023 and the uncertainty regarding potential reductions in these rates, given the private sector construction industry’s consistent growth in recent years, we believe that the outlook for the construction industry in Hong Kong remains positive.

¹ https://www.hkma.gov.hk/media/eng/publication-and-research/quarterly-bulletin/qb202403/E_Half-yearly_202403.pdf

2.1 Prospect of the Group

We noted from the Company and the 2024 Annual Report that the general outlook of the industry and the business environment in which the Group operates will remain challenging. The property market in new development of private sector in Hong Kong is expected to remain slow as a result of interest rate persistently remain at high level throughout the year which has created economic uncertainty to Hong Kong and imposed adverse impacts on the construction industry, including affecting business opportunity which developer has reduced the interest in property development in private sector, competition in construction industry for jobs is fierce, with fewer business opportunities available. As advised by the Company, the Group would continue to face fierce pricing competition in the private foundation sector in which the Group mainly operates its business as the Group's competitors seek to attract new construction projects to accelerate their business recovery. According to the 2024 Annual Report, the Group has established a project team to target prominent clients who generally have fruitful construction projects in hand. With the Group's well-performed foundation business experience, the Group remains optimistic on attaining satisfactory achievement in this business sector.

Considering the above research on the construction industry and the Group's business prospects, we noted that there is a better business opportunity under the steady growing trend in the construction industry for the private sector. Although there is uncertainty in the future construction market environment amid high interest rates, given the positive prospects in construction industry in private sector as well as the Company's active endeavors to improve its business performance as discussed above into consideration, we are of the view that the Company is in an uptrend on prospects.

3. Information of the Offeror and its intentions in relation to the Group

3.1 The Offeror

As extracted from the "Letter from Astrum Capital" of the Composite Document, the Offeror was incorporated in the BVI with limited liability on 10 July 2019 and has since been an investment holding company without business operations. As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Mr. Ling, who is also the sole director of the Offeror. Mr. Ling, aged 61, was appointed as an executive Director on 1 September 2022. Mr. Ling is also the Company's chairman and the chairman of the nomination committee of the Company and a member of the remuneration committee of the Company. Mr. Ling has approximately 44 years of experience in the construction industry. Mr. Ling joined the Group in 2000 and has accumulated extensive experience in the operations of the foundation industry from working on various projects involving sheet piling, site formation, and excavation and lateral support works. Mr. Ling was previously a general manager of the Group from 2016 to 2022 and project manager of the Group from 2000 to 2016. Since 2000, Mr. Ling has been primarily responsible for daily monitoring and supervision of the operations of construction sites in Hong Kong as well as in charge of the tendering procedure for the Group's construction projects.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

3.2 The Offeror's intention in relation to the Company's business

It is the Offeror's intention to further consolidate its interest in the Company pursuant to the Offer. The Offeror also intends to continue the existing principal business of the Group after the end of the Offer Period unless appropriate opportunities arise. The Offeror will, following the completion of the Offer, review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group. However, as of the Latest Practicable Date, no opportunities have been identified and Mr. Ling has no intention to change the Company's business focus or alter the geographical coverage of the principal business of the Group. Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror did not have any intention, understanding, negotiation, or arrangement (concluded or otherwise) to downsize, cessation or dispose of any existing business or assets of the Group; (ii) the Offeror had no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (iii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

We considered that it is much likely Mr. Ling, the sole director and shareholder of the Offeror who joined the Group since 2000 and has amassed substantial experience in the foundation industry, as the controlling shareholder of the Company will propose the potential beneficial business action plan for the Company, which may bring more new business ideas to the Company and the Board to consider whether to implement the relevant business plan if they think fit and generate more interests for the Company and the Shareholders as a whole.

3.3 Proposed change to the Board composition of the Company

The Offeror intends to continue the employment of the existing management and employees of the Group.

We considered it is reasonable for the Offeror to maintain the employment of the existing management and employees of the Group, which will maintain the stability of the business of the Group. For the possible board composition changes, the procedure will be conducted according to the Memorandum of Association of the Company, the Takeovers Codes and/or the Listing Rules, which is considered to be fair and reasonable.

3.4 Listing status of the Company and public float

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 (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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

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

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

The Offeror intends the Company to remain listed on the main board of the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

4. Offer Price Analysis

4.1 Comparison of Offer Price

The Offer Price of HK\$0.04 per Offer Share is the same as the price of HK\$0.04 per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer Price of HK\$0.04 per Offer Share represents:

- (i) a discount of approximately 31% to the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of 20% on the closing price of HK\$0.05 per Share as quoted on the Stock Exchange on 15 July 2024, being the Last Trading Day;
- (iii) a discount of approximately 15% on the average closing price of approximately HK\$0.0472 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 17% on the average closing price of approximately HK\$0.0481 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 34% on the average closing price of approximately HK\$0.0603 per Share as quoted on the Stock Exchange for the 30 consecutive trading days prior to and including the Last Trading Day;
- (vi) a discount of approximately 42% on the average closing price of approximately HK\$0.0695 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days immediately prior to and including the Last Trading Day; and

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

- (vii) a discount of approximately 59% or HK\$0.06 per Share over the audited consolidated net assets value of the Group of approximately HK\$0.10 per Share as at 31 March 2024 calculated based on the audited consolidated net assets value of the Group as at 31 March 2024 of approximately HK\$77,448,000 and 800,000,000 Shares in issue as at the Latest Practicable Date.

We have conducted further analysis on the fairness and reasonableness of the Offer Price as presented below.

4.2 Analysis of historical Share price movement

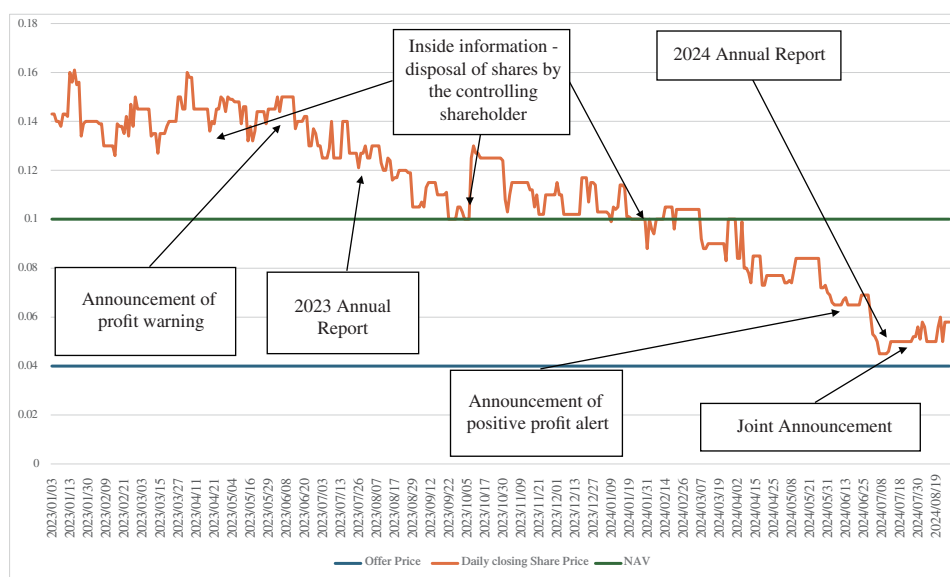
In order to assess the fairness and reasonableness of the Offer Price, we have performed a review on the daily closing prices and trading volume of the Shares from 1 January 2023 up to and including the Last Trading Day (the “**Pre- Announcement Period**”) (being a period of approximately 19 months prior to and including the Last Trading Day), and the period subsequent to the Last Trading Day up to and including the Latest Practicable Date (the “**Post-Announcement Period**”, collectively “**Review Period**”) to compare with the Offer Price.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

We consider that it is fair and reasonable that the Review Period include both the Pre-Announcement Period and the Post-Announcement Period, which cover the annual business operation cycle of the Company and the dates of releasing financial results, reflecting the market perception on the Company's business performance and prospects, and moreover, the changing social and economic circumstances together with the relaxation of COVID-19 pandemic control in Hong Kong, instead of merely focusing on the Share price movement since the Last Trading Day. In the meantime, the Share price movement during the period subsequent to the Last Trading Day and up to and including the Latest Practicable Date is also presented here for Shareholder's information.

The graph below illustrates the daily closing prices of the Shares during the Review Period.

Daily closing Share price against Offer Price



Source: the website of the Stock Exchange

Note: Trading in the Shares was halted from 16 July 2024 to 25 July 2024 (both dates inclusive) pending the release of the Joint Announcement.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Pre-Announcement Period

During the Pre-Announcement Period commencing from 1 January 2023 to 25 July 2024, the Shares were traded at a price ranging from HK\$0.045 (the “**Lowest Share Price**”) to HK\$0.161 (the “**Highest Share Price**”). During the Pre-Announcement Period, the Highest Share Price represented a premium of approximately 3.03 times over the Offer Price and the Lowest Share Price represented a premium of approximately 12.5% against the Offer Price. The average closing price per Share for the Pre-Announcement Period was approximately HK\$0.112, which represented a premium of approximately 1.8 times over the Offer Price. We note that the Offer Price is below the daily closing price per Share for all trading days during the Pre-Announcement Period.

From 1 January 2023 to 27 June 2023

The closing price of the Shares showed a steady movement ranged from HK\$0.161 to HK\$0.126 during the period from 1 January 2023 to 27 June 2023 without significant fluctuation. We did not identify any public announcement of the Company that may explain the movement of the closing price of the Shares. We have discussed and understood from the Management that they were not aware of any events or factors attributable to the movement.

From 27 June 2023 to 6 October 2023

During the period commencing from 27 June 2023 to 6 October 2023, the closing price of the Shares showed a downtrend movement, decreasing from HK\$0.137 from 27 June 2023 to HK\$0.1 on 6 October 2023.

On 27 June 2023, the Company released the annual financial result for the year ended 31 March 2023. According to the annual result announcement, the loss attributable to the owners of the Company was approximately HK\$30.0 million for the year ended 31 March 2023, as compared with a profit attributable to the owners of the Company of approximately HK\$2.2 million for the year ended 31 March 2022.

We considered that such published financial information may be one of the reasons that the investors had lost faith in the Company’s prospect which in turn the daily closing price of the Shares still showed downtrend during such period.

From 6 October 2023 to 10 October 2023

Subsequent to the release of the announcement regarding the insider information of the disposal of shares by the controlling shareholder on 6 October 2023, the closing price of the Shares showed sharp increase from HK\$0.1 on 6 October 2023 to HK\$0.13 on 10 October 2023.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

We considered such significant increase in the closing prices of Shares may be attributable to the investors' reaction to the insider information published on 6 October 2023.

From 10 October 2023 to the Last Trading Day

The Share price had then been following an overall sliding trend for several months. During the period commencing from 10 October 2023 to the Last Trading Day (i.e. 15 July 2024), the closing price of the Shares showed a downtrend movement, despite the publication of a positive profit alert announcement on 17 June 2024 and the annual results for the year ended 31 March 2024 on 25 June 2024, decreasing from HK\$0.13 from 10 October 2023 to HK\$0.05 on the Last Trading Day.

We did not identify any public announcement of the Company that may explain such the downward movement of the closing price of the Shares. We have discussed and understood from the Management that they were not aware of any events or factors attributable to the such decrease.

Post-Announcement Period

The Shares were at trading halt during the period from 16 July 2024 to 25 July 2024 ("**Trading Halt Period**") for the purpose of publication of the Joint Announcement. During the Post-Announcement Period commencing from 26 July 2024 up to and including the Latest Practicable Date (except for the Trading Halt Period), the closing price of the Shares increased from HK\$0.05 on the Last Trading Day to HK\$0.052 on the first day of resumption of trading of the Shares, from then on the closing price of the Shares was traded at the range from HK\$0.05 to HK\$0.06 with the average closing price of HK\$0.054 during this period, representing a premium of approximately 35% over the Offer Price. As at the Latest Practicable Date, the closing price of HK\$0.058 for the Shares represented a premium of approximately 45% over the Offer Price. Upon our enquiry, the Directors confirmed that save for the publication of the Joint Announcement, they were not aware of any affirmative happenings which might have affected the Share price after the publication of the Joint Announcement. Hence, the relatively higher Share price may be an indication of the positive perception of the investors and the Shareholders towards the Offer.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Based on the chart above, we also noted that the Offer Price lies below the closing prices of the Shares for the trading days within the Review Period up to and including the Latest Practicable Date.

Judging from the historical price performance of the Shares throughout the Review Period, especially that (i) the Offer Price lies below the closing prices of the Shares for the trading days within the Review Period; (ii) the Offer Price represents a discount of approximately 75.2% and 11.1% to the Highest Share Price and Lowest Share Price, respectively; (iii) the Offer Price represents a discount of approximately 20% to the closing price of the Shares on the Last Trading Day; and (iv) the Offer Price represents a discount of approximately 31.0% to the closing price of HK\$0.058 per Share on the Latest Practicable Date, we are of the view that the Offer price is not fair and reasonable when compared to the historical trading prices during the Review Period.

Offer 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 after the Latest Practicable Date.

4.3 Historical trading liquidity of the Shares

We have reviewed the trading liquidity of the Shares during the Review Period. Set out below is the average daily trading volume of the Shares on a monthly basis and the respective percentage of the average daily trading volume of the Shares as compared to the total number of the issued Shares as at the end of relevant months/periods and the total number of the Shares held by Offer Shareholders as at the end of the relevant months/periods. Given the reasons aforementioned under the subsection headed “3.2 Analysis of historical Share price movement” above, we are of the view that the trading liquidity of the Shares during the Pre-Announcement Period can sufficiently reflect the market trading together with the market perception of the Shares without the possible effect from the Joint Announcement regarding the Offer. Similar analysis for the Post-Announcement Period is also presented for the Offer Shareholders’ information.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The table below summarizes the trading volume of the Shares for the following period:

	Total volume of the Shares traded	Number of trading days	Average daily trading volume (the “Average Daily Volume”)	Approximate % of average daily trading volume to the total number of issued Shares as at end of the period/month (Note 1)	Approximate % of average daily trading volume to the total number of issued Shares held by public (Note 2)
2023					
January	4,140,000	18	230,000	0.0288%	0.0861%
February	3,690,000	20	184,500	0.0231%	0.0691%
March	1,530,000	23	66,522	0.0083%	0.0249%
April	4,620,000	17	271,765	0.0340%	0.1018%
May	2,010,000	21	95,714	0.0120%	0.0358%
June	930,000	21	44,286	0.0055%	0.0166%
July	2,530,000	20	126,500	0.0158%	0.0474%
August	1,100,000	23	47,826	0.0060%	0.0179%
September	1,420,000	19	74,737	0.0093%	0.0280%
October	31,090,000	20	1,554,500	0.1943%	0.5820%
November	650,000	22	29,545	0.0037%	0.0111%
December	440,000	19	23,158	0.0029%	0.0087%
2024					
January	70,780,000	22	3,217,273	0.4022%	1.2046%
February	360,000	19	18,947	0.0024%	0.0071%
March	680,000	20	34,000	0.0043%	0.0127%
April	1,620,000	20	81,000	0.0101%	0.0303%
May	2,750,000	21	130,952	0.0164%	0.0490%
June	4,380,000	19	230,526	0.0288%	0.0863%
1 July to the Last Trading Date	1,860,000	10	186,000	0.0233%	0.0696%
26 July 2024 to 31 July 2024	13,180,000	5	2,636,000	0.3295%	0.9869%
July	15,040,000	15	1,002,667	0.1253%	0.3754%
1 August to the Latest Practicable Date	1,210,000	13	93,077	0.0116%	0.0348%

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

Notes:

- (1) Based on 267,090,000 Shares held by the public as at the Latest Practicable Date.
- (2) Based on 800,000,000 Shares in issue as at the Latest Practicable Date

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

As illustrated from the table above, we noted that the average daily trading liquidity of the Shares was thin during the Pre-Announcement Period, ranging from approximately 0.0024% to 0.4022% of the Group's total issued share capital as at the end of the relevant month/period, 0.0071% to 1.2046% of the total number of issued Shares held by the public. Further, save as in the month of October 2023 and January 2024, which (i) the average daily trading liquidity of the Shares was approximately 0.1943% and 0.4022% of the Group's total issued share capital as at the end of the relevant month/period, respectively; and (ii) the average daily trading liquidity of the Shares was approximately 0.5820% and 1.2046% of the total number of issued Shares held by the public, respectively, the average daily trading liquidity of the Shares was not over 0.0340% of the Group's total issued share capital as at the end of the relevant month/period and not over 0.1018% of the total number of issued Shares held by public. It is also observed that during the Pre-Announcement Period which covered 374 trading days of the Company, the days that the investors were not traded the Shares accrued 195 days, which represented approximately 52.15%. Hence, we considered the trading volume of the Shares were rather thin during the Pre-Announcement Period.

Such thin liquidity may suggest that it is not easy to sell relatively high volume of Shares on the market over a short period of time without inducing downward pressure of the Share price.

During the Post-Announcement Period, we noted that the average daily trading liquidity of the Shares ranged from approximately 0.0116% to approximately 0.3295% of the Group's total issued share capital as at the end of the relevant month/ period and ranged from approximately 0.0348% to approximately 0.9869% of the total number of Shares held by the public as at the Latest Practicable Date, both of which were not more than 1%.

It is also observed that such trading liquidity during the Post-Announcement Period was much higher than those of the months during the Pre-Announcement Period and the period from 1 July 2024 to the Last Trading Day. We are of the view that considering the potential market perception of the Joint Announcement, the increase in trading liquidity during the Post-Announcement Period is much likely attributable to the Joint Announcement.

Shareholders should be noted that such relatively high liquidity of shares trading may or may not sustain during and/or after the Offer Period.

In light of the thin liquidity of the Shares during the Pre-Announcement Period and the uncertainty for the trading volume after the Latest Practicable Date, we consider that the Offer provides an exit alternative for the Offer Shareholders who would like to realize their investments in the Shares. However, the Offer Shareholders should also consider that the Offer Price lies below the closing prices of the Shares for the trading days within the Review Period.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

4.4 Comparison of Offer Price against NAV per Share

We noted that the net asset value attributable to the Shareholders per Share (“NAV per Share”) was approximately HK\$0.10 as at 31 March 2023 and 2024. The Offer Price of HK\$0.04, represents the discount of approximately 59% to the NAV per Share of the Group. During the whole Pre-Announcement Period, the Lowest Share Price of HK\$0.045 per Share represented the discount of approximately 55% to the NAV per Share, and the Highest Share Price of HK\$0.161 per Share represented the premium of approximately 61% over the NAV per Share. During the Post-Announcement Period, the Shares price has been surged to HK\$0.058 as at the Latest Practicable Date, representing a discount of approximately 40% for the NAV per Share of approximately HK\$0.10. We noted that the closing price of the Shares of HK\$0.058 as of Latest Practicable Date is more favourable than the Offer Price to the Offer Shareholders, which represented at a lower discount of approximately 40% of the NAV per Share.

We also noted that (i) the asset of the Group as at 31 March 2024 mainly consist of tangible asset; and (ii) the Group’s NAV, remained a steady level of approximately HK\$77 million for as at 31 March 2023 and 2024 as discussed in the section “Financial results for the year ended 31 March 2024” in this letter of advice. We, after considering (i) the nature of assets of the Group, (ii) the stable NAV per share for the Group, and (iii) the discount of approximately 59% to the NAV per Share of the Group for the Offer Price, are of the view that the Offer price is not fair and reasonable when comparing with the NAV per Share of the Group.

5. Market comparable analysis

According to an article published on the website of CFA Institute (www.cfainstitute.org), headed Market-Based Valuation: Price and Enterprise Value Multiples, price multiples are most frequently applied to valuation in the method of comparable. This method involves using a price multiple to evaluate whether an asset is relatively undervalued, fairly valued, or overvalued in relation to a benchmark value of the multiple. Among the price multiples, commonly used multiples include the price to book ratio (“P/B”) and price to earnings ratio (“P/E”).

We have selected the P/B and P/E for the purpose of the comparable company analysis because we consider such ratios to be suitable valuation methodologies as they are common financial analysis tools used to evaluate companies with a proven track record. We have also considered price-to-sales ratio analysis. Nonetheless, we noted that not all comparable companies are profit-making, and that the conditions of a profit-making company like the Company and a loss-making company could be different. We also considered that the P/E Ratio is a better alternative than the price-to-sales ratio for the purpose of this analysis as while the former also emphasizes financial performance of the companies, it screens out loss-making companies which could have different operational and financial conditions than profit-making companies like the Company, such that the comparison could be more meaningful. Therefore, we did not adopt the price-to-sales ratio comparison in our analysis.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

As the price multiples analysis is a commonly adopted valuation method in the market generally applicable to different industries, to further assess the fairness and reasonableness of the Offer Price, we have researched for Hong Kong listed companies which are (i) engaged in similar line of business as the Group, being the foundation construction business in (A) private or public sector, or (B) both private and public sector of Hong Kong, and generate over 70% of their revenues from such business; and (ii) with market capitalisation as at the Latest Practicable Date of between HK\$1 million to HK\$100 million which is comparable to the market capitalisation of the Company of approximately HK\$32 million based on the Offer Price (for details, please refer to the below table). Given the limited availability of comparable companies exclusively engaged in foundation construction within Hong Kong's private sector, we have opted to use companies involved in foundation construction across both the private and public sectors for comparison. There are 5 comparable listed companies which met our selection criteria (the “**Comparable Companies**”) and we consider those Comparable Companies to be fair, representative and exhaustive samples. Nevertheless, it should be noted that the operations and prospects of the Comparable Companies are not the same as the Company and we have not conducted any investigation into the businesses, operations and prospects of the Comparable Companies.

The following table sets out (a) the P/B and P/E of the Comparable Companies based on their closing share price as at the Latest Practicable Date and their latest published financial information; and (b) the implied P/B and P/E of the Company based on the Offer Price and its latest published financial information:

Company name (Stock code)	Principal business	P/B (times)	P/E (times)	Market capitalisation based on closing price of shares as at the Latest Practicable Date	
				Private Sector/ Public Sector/ Mixed	
IN Construction Holdings Limited (1500)	Provision foundation works and other associated works	0.21	4.33	55,610,000	Private
Sheung Yue Group Holdings Limited (1633)	Provision of foundation works in Hong Kong and Macau	0.42	17.89	76,692,000	Mixed
Wan Kei Group Holdings Limited (1718)	Provision of foundation construction in Hong Kong and Macau	0.50	NA (Note 2)	45,504,000	Mixed
Century Group International Holdings Limited (2113)	Provision of construction and site formation business	NA (Note 1)	NA (Note 2)	30,580,500	Public
Wing Chi Holdings Limited (6080)	Provision of foundation and site formation works	0.38	13.8	49,488,750	Mixed

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Company name (Stock code)	Principal business	P/B (times)	P/E (times)	Market capitalisation based on closing price of shares as at the Latest Practicable Date	
				Private Sector/ Public Sector/ Mixed	
	Maximum	0.50	17.89	76,692,000	
	Minimum	0.21	4.33	30,580,500	
	Mean	0.38	11.87	51,575,050	
	Median	0.40	13.38	49,488,750	
The Company	Provision of foundation engineering services to customers mainly consisting of main contractors of private foundation projects in Hong Kong	0.41	48.85	32,000,000	Private

Source: the Stock Exchange web-site (www.hkex.com.hk)

Note 1: Not applicable since those Comparable Companies were in a net liabilities position as at the year ended for latest financial year.

Note 2: Not applicable since those Comparable Companies were loss making for the latest financial year.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Given the net liabilities and loss-making position of Century Group International Holdings Limited (2113.HK), we consider it as an outlier. Excluding such, as shown by the above table, the implied P/B and implied P/E of the Company (based on the Offer Price) are higher than their respective market median and mean, the implied P/B of the Company (based on the Offer Price) is higher than the P/B of 3 Comparable Companies out of the 4 Comparable Companies; whilst the implied P/E of the Company (based on the Offer Price) is higher than the P/E of all of the 4 Comparable Companies which were profit making during their latest financial year. As the implied P/B and implied P/E of the Company (based on the Offer Price) is higher than the industry average, the Offer Price is considered as reasonable as compared to the Comparable Companies.

However, due to the limitation of the limited availability of comparable companies, the selected Comparable Companies are involved in foundation construction across both the private and public sectors. Given this constraint, Offer Shareholders should be aware that the market comparison analysis may not completely represent the market dynamics of the private sector foundation construction industry and should be considered for reference only.

While we have also attempted to compare the terms of the Offer with other general offer transactions announced by other listed companies, there were no general offer transactions announced by the companies, that (i) are listed on the Stock Exchange; and (ii) with at least 70% of their respective total revenue contributed from the foundation construction business in their latest financial year, within one year prior to the Last Trading Day. We consider an offer price comparable analysis using other general offer transactions would not be meaningful without taking into account the relevant comparable business segment and market capital. As such, we consider that such analysis method is not appropriate to assess the fairness and reasonableness of the Offer Price.

RECOMMENDATIONS

In making our recommendation, we have considered the foregoing and, the following principal reasons:

(i) Recent financial results of the Group

As detailed in the section titled “Financial results for the year ended 31 March 2024” in this letter of advice, we noted that the Group has demonstrated strong financial performance in 2024 attributed to effective cost control measures. These include (i) the Group’s improved cash flow and reduced liabilities in 2024; (ii) transforming a loss in 2023 into a profit in 2024; (iii) the notable increase in gross profit margin in 2024, and (iv) the stronger assets portfolio in 2024;

(ii) Prospects of the Group

Taking the research reports abovementioned for the positive prospect in construction industry in private sector. Given the positive prospects in construction industry in private sector as well as the Company’s active endeavors to improve its business performance as discussed above into consideration, we are of the view that the Company is in an uptrend on prospects.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

(iii) The Offer Price

The Offer Price lies below the closing prices of the Shares for the trading days within the Review Period and the Offer price represent the discount of approximately 20% and 31% on the closing price of HK\$0.05 and HK\$0.058 per Share on the Last Trading Day and Latest Practicable Date, respectively. Also, the Offer Price represented a discount of approximately 15%, 17%, 34% and 42% on the average closing price for the 5, 10, 30 and 60 consecutive trading days immediately prior to and including the Last Trading Day, respectively. Taking into account that the Offer Price represents the discounts of approximately 75.2% and 11.1% to the Highest Share Price and Lowest Share Price, respectively during the Review Period, we considered the Offer Price is not fair and reasonable.

(iv) Trading liquidity of the Shares

Given the thin liquidity of the Shares, disposal of large block of Shares held by the Shareholders in the open market may trigger price slump of the Shares. Therefore, we anticipate that the Offer Shareholders may encounter difficulties in selling a significant number of Shares in the open market within a short period of time if the same trading pattern of the Shares persists during and shortly after the Offer Period. In such circumstance, we consider that the Offer provides an exit alternative for the Offer Shareholders who would like to realize their investments in the Shares.

(v) Comparison of Offer Price against NAV per Share

The Offer Price reflects a discount of approximately 59% to the NAV per Share, while the closing price of the Shares of HK\$0.058 as of Latest Practicable Date is more favourable than the Offer Price to the Offer Shareholders, which represented at a lower discount of approximately 40% of the NAV per Share. We, after considering (i) the discount of approximately 59% to the NAV per share of the Group against the Offer Price, (ii) the nature of asset portfolio of the Group, and (iii) the stable NAV per share for the Group in 2023 and 2024, are of the view that the Offer price is not fair and reasonable when comparing with the NAV of the Group.

(vi) Market comparison to Comparable Companies

As set forth under the sub-section headed “Market comparable analysis” of this letter of advice, the implied P/B and implied P/E of the Company (based on the Offer Price) are reasonable based on market comparison. However, due to the limitation of the limited availability of comparable companies, the market comparison analysis may not completely represent the market dynamics of the private sector foundation construction industry. Therefore, we regard this market comparison analysis as incomplete for representing the full market dynamics and consider it for reference purposes only.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Balancing the considerations (i) – (vi) as set out above, we consider that the Offer (including the Offer Price) is not fair and reasonable and is not in the interests of the Offer Shareholders. Accordingly, we recommend the Independent Board Committee to advise the Offer Shareholders not to accept the Offer.

Those Offer Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the intentions of the Offeror in relation to the Company in the future and the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer. Further terms and conditions of the Offer are set out in the “Letter from Astrum Capital” of the Composite Document.

For those Offer Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market price of the Shares as a result of the thin trading in the Shares.

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

Yours faithfully,
For and on behalf of
Silverbricks Securities Company Limited
Yau Tung Shing
Co-head of Corporate Finance

Yours faithfully,
For and on behalf of
VBG Capital Limited
Sing Ruoh Chi
Managing Director

Mr. Yau Tung Shing is a licensed person and responsible officer of Silverbricks Securities Company Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the (under the licensing condition that in the capacity as an adviser to a client on matters/transactions falling within the ambit of the Takeovers Code, act together with another adviser) SFO and has over 8 years of experience in the corporate finance industry.

Ms. Sing Ruoh Chi is a licensed person and responsible officer of VBG Capital Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO with sole licence on Takeovers Code related advisory work and has over 18 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

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

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by post or by hand, marked “Ling Yui Holdings Limited – Offer” on the envelope, in any event not later than 4:00 p.m., on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked “Ling Yui Holdings Limited – Offer” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar by no later than 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “Ling Yui Holdings Limited – Offer” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked "Ling Yui Holdings Limited – Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "Ling Yui Holdings Limited – Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to Financial Adviser and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
 - (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.
- (g) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Offer Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Offer Shareholder on accepting the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Offer Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.
- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/ or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (i) The address of the Registrar is 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

2. SETTLEMENT

- (a) Provided that valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Shareholder, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to such Shareholder by ordinary post at his/her/its own risk pursuant to Rule 20.1 as soon as possible but in any event no later than seven (7) Business Days following the later of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror to render each such acceptance complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code.
- (b) Settlement of the consideration to which any Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance and the Offer will close on the Closing Date. The Offer is unconditional.
- (b) The Offeror and the Company will jointly issue an announcement in accordance with the Takeovers Code and the Listing Rules through the website of the Stock Exchange no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended or revised.
- (c) In the event that the Offeror decides to extend the Offer, the announcement of such extension will state 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 to the Offer Shareholders before the Offer is closed to those Offer Shareholders who have not accepted the Offer.
- (d) If, in the course of the Offer, the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days after the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date. The

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

- (e) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

4. NOMINEE REGISTRATION

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

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on 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 expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended.

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

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror's Concert Group, the Vendor and Mr. Lee before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror's Concert Group, the Vendor and Mr. Lee.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror's Concert Group, the Vendor and Mr. Lee has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

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

6. RIGHT OF WITHDRAWAL

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

In such case, when the Offer Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) 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 Offer Shareholders at his/her/ its own risks.

7. OVERSEAS SHAREHOLDERS

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

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

8. TAXATION ADVICE

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

9. GENERAL

- (a) All communications, notices, Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror's Concert Group, the Company, Messis Capital, the Joint Independent Financial Advisers, the Registrar, the company secretary of the Company, any of their respective ultimate beneficial owners, directors, officers, agents, professional advisers and other parties involved in the Offer do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, Messis Capital or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares under the Offer are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer is made.
- (g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.
- (j) In making their decision, the Offer Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror's Concert Group, the Company or its ultimate beneficial owners, directors, officers, agents, professional advisers or any other persons involved in the Offer. The Offer Shareholders should consult their own professional advisers for professional advices.
- (k) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.
- (l) The Offer is made in accordance with the Takeovers Code.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of audited consolidated financial information for each of the three years ended 31 March 2024, 2023 and 2022 (as extracted from the relevant annual reports of the Company).

Summary of the Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 March		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	344,296	238,957	194,043
Direct costs	(319,500)	(254,548)	(165,406)
Gross profit (loss)	24,786	(6,591)	28,637
Other income	2,642	2,940	1,429
Other loss	(245)	–	–
Provision for impairment loss allowance of trade receivables and contract assets under expected credit loss model	(1,300)	–	(2)
Administrative expenses	(21,438)	(27,387)	(27,651)
Finance costs	(1,368)	(1,684)	(1,758)
Profit (loss) before tax	3,077	(32,722)	655
Income tax credit (expense)	(837)	2,683	–
Profit (loss) for the year	2,240	(30,039)	655
Profit (loss) attributable to owners of the Company	2,240	(30,039)	655
Profit (loss) attributable to non-controlling interest	–	–	–
Comprehensive income (expense) attributable to owners of the Company	2,240	(30,039)	655
Comprehensive income (expense) attributable to non-controlling interests	–	–	–
Equity attributable to owners of the Company	106,832	76,793	77,448
Non-controlling interests	–	–	–
Earnings (loss) per share			
Basic (HK cents)	0.28	(3.75)	0.08
Dividend per Share	Nil	Nil	Nil

No dividend was paid or proposed by the Company during each of the three years ended 31 March 2024, 2023 and 2022.

Save as disclosed above, the Group did not have any item of income or expense which was material for each of the three years ended 31 March 2024, 2023 and 2022.

The consolidated financial statements of the Group for each of the three financial years ended 31 March 2024, 2023 and 2022 were audited by HLB Hodgson Impey Cheng Limited (“**HLB**”). No modified or qualified opinion, emphasis of matter or material uncertainty related to going concern had been issued by HLB in respect of the Group’s audited consolidated financial statements for the three financial years ended 31 March 2024, 2023 and 2022.

There was no change in the accounting policy of the Group during each of the years ended 31 March 2022, 31 March 2023, 31 March 2024 and the six months ended 30 September 2022 and 30 September 2023 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

2. FINANCIAL STATEMENTS OF THE GROUP AND SIGNIFICANT ACCOUNTING POLICIES

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with the significant accounting policies stated therein and the accompanying notes to the relevant published financial statements 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 March 2024 (the “**2024 Financial Statements**”) has been set out on pages 56 to 112 of the annual report of the Company for the year ended 31 March 2024 which was posted on 15 July 2024 on the Stock Exchange’s website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0715/2024071500300.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2023 (the “**2023 Financial Statements**”) has been set out on pages 56 to 112 of the annual report of the Company for the year ended 31 March 2023 which was posted on 21 July 2023 on the Stock Exchange’s website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0721/2023072100451.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2022 (the “**2022 Financial Statements**”) has been set out on pages 47 to 102 of the annual report of the Company for the year ended 31 March 2022 which was posted on 22 July 2022 on the Stock Exchange’s website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0722/2022072200476.pdf>

The 2024 Financial Statements, 2023 Financial Statements and the 2022 Financial Statements, (but not any other part of the annual reports of the Company for three years ended 31 March 2024, 2023 and 2022 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 March 2024, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

4. INDEBTEDNESS

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

Borrowings

The Group had bank borrowings of approximately HK\$20.5 million, bearing interest rates ranged from Hong Kong Prime Rate issued by the lending bank minus 0.75% to Hong Kong Prime Rate minus 0.5% per annum and were guaranteed by the corporate guarantees provided by the Company.

Lease liabilities

As at 31 May 2024, the Group had total lease liabilities amounting to approximately HK\$8.0 million.

Contingent liabilities

As at 31 May 2024, the Group had no material contingent liabilities.

Saved as disclosed above, as at the close of business on 31 May 2024, the Group did not have any bank overdrafts or loans, borrowings, mortgages, charges, debentures or debt securities, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, mortgages, charges, finance lease commitments, liabilities under acceptances, acceptance credits, hire purchase commitments, material contingent liabilities or guarantees.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

As at the Latest Practicable Date:

	Shares	Amount HK\$
Authorised share capital:		
Ordinary shares of HK\$0.01 each	<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each	<u>800,000,000</u>	<u>8,000,000</u>

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

No Shares have been issued by the Company since 31 March 2024 (being the date on which its latest published audited accounts were prepared) and up to and including the Latest Practicable Date.

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

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executives' interests in securities

As at the Latest Practicable Date, the interests and short positions of each of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules or as required to be disclosed under the Takeovers Code, were as follows:

Name of Director	Capacity/ Nature of interest	Number of Shares (Note 1)	Approximately (%) of interest in the Company
Mr. Ling (Note 2)	Interest of controlled corporation	330,000,000 (L)	41.25%

Notes:

- (1) "L" denotes long position.
- (2) Mr. Ling wholly owned the entire issued share capital of the Offeror, Reach Goal Development Limited. Therefore, Mr. Ling is deemed, or taken to be, interested in all the Shares held by the Offeror for the purpose of the SFO.

The Vendor has given the Irrevocable Undertaking not to accept the Offer in respect of the Remaining Shares. The irrevocable undertaking given by the Vendor is disclosed in the section headed "Irrevocable Undertaking" in the "Letter from the Board" of this Composite Document. Save as disclosed above, none of the Directors held any beneficial shareholding in the Company which would otherwise entitle them to accept or reject the Offer.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position 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), which were: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO to (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, entered in the register as referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code; or (d) required to be disclosed under the Takeovers Code.

(b) Substantial shareholders

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

Name of Shareholders	Capacity/ Nature of interest	Number of shares held/ interested (Note 1)	Approximately (%) of interest in the Company
The Offeror (Note 2)	Beneficial owner	330,000,000(L)	41.25%
Simple Joy Investments Limited (Note 3)	Beneficial owner	202,910,000(L)	25.36%
Mr. Lee Kim Ming (Note 3)	Interest of controlled corporation	202,910,000(L)	25.36%
Ms. Yeung Yuen Man (Note 4)	Interest of spouse	202,910,000(L)	25.36%
Simply Marvel Limited (Note 5)	Beneficial owner	57,090,000(L)	7.14%
Mr. Chan Siu Hung (Note 5)	Interest of controlled corporation	57,090,000(L)	7.14%
Ms. Fu Jingyan (Note 6)	Interest of spouse	57,090,000(L)	7.14%

Notes:

1. “L” denotes long position.
2. The Offeror is wholly owned by Mr. Ling. Therefore, Mr. Ling is deemed, or taken to be, interested in all the Shares held by the Offeror for the purpose of the SFO.
3. Simple Joy Investments Limited is wholly owned by Mr. Lee Kim Ming. Therefore, Mr. Lee Kim Ming is deemed, or taken to be, interested in all the Shares held by Simple Joy Investments Limited for the purposes of the SFO.
4. Ms. Yeung Yuen Man is the spouse of Mr. Lee Kim Ming and is deemed, or taken to be, interested in all the Shares in which Mr. Lee Kim Ming had, or is deemed to have, an interest for the purpose of the SFO.
5. Simply Marvel Limited is wholly owned by Mr. Chan Siu Hung. Therefore, Mr. Chan Siu Hung is deemed, or taken to be, interested in all the Shares held by Simple Joy Investments Limited for the purposes of the SFO.
6. Ms. Fu Jingyan is the spouse of Mr. Chan Siu Hung and is deemed, or taken to be, interested in all the Shares in which Mr. Chan Siu Hung had, or is deemed to have, an interest for the purpose of the SFO.

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

(c) Interests in the Offeror

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

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

As at the Latest Practicable Date:

- (i) Save for the Sale Shares disposed of by the Vendor and acquired by the Offeror pursuant to the Sale and Purchase Agreement, none of the Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;
- (ii) Save for Mr. Ling (being the sole shareholder of the Offeror), none of the Directors nor the Company had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror, and none of the Company nor Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror during the Relevant Period;
- (iii) save as disclosed in the paragraphs 3(a) to (b) under paragraph headed “3. Disclosure of Interests” in this appendix, none of the Company nor Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) the Directors did not have any beneficial shareholdings in the Company which would entitle them to accept or not to accept the Offer;
- (v) none of the subsidiary of the Company, pension fund of the Company or any of its subsidiaries or the person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

- (vi) save for the Irrevocable Undertaking, the share charges over the Pledged Shares, the charge over the Charged Accounts and the Personal Guarantee in relation to the Facility, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code and no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (vii) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with the Company and no such person had dealt for value in any relevant securities in the Company during the Relevant Period;
- (viii) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares; and
- (ix) save for the Irrevocable Undertaking, there was no understanding, arrangement, agreement or special deal between any Shareholder on one hand and (a) the Offeror's Concert Group; and/or (b) the Company, its subsidiaries or associated companies on the other hand.

4. MATERIAL LITIGATION

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

5. MATERIAL CONTRACTS

There were no material contracts (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) which had been entered into by any member of the Group within the two years immediately preceding the date of the Joint Announcement and up to the Latest Practicable Date.

6. QUALIFICATION OF EXPERTS

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

Name	Qualification
Silverbricks Securities Company Limited	a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the Joint Independent Financial Advisers to the Independent Board Committee in respect of the Offer
VBG Capital Limited	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the Joint Independent Financial Advisers to the Independent Board Committee in respect of the Offer

7. DIRECTORS' SERVICE CONTRACTS

On 29 September 2023, Mr. Leung Cheuk Ho, an executive Director, entered into a service contract with the Company for a period of three years commencing from 29 September 2023 and expiring on 28 September 2026, and will be subject to retirement by rotation and re-election in accordance with the articles of association of the Company with a director's emolument of HK\$1,040,000 per annum. No variable remuneration is payable under such service agreement.

On 1 September 2022, Mr. Ling, an executive Director, entered into a service contract with the Company for a period of three years commencing from 1 September 2022 and expiring on 31 August 2025, and will be subject to retirement by rotation and re-election in accordance with the articles of association of the Company with a director's emolument of HK\$2,600,000 per annum. No variable remuneration is payable under such service agreement.

On 27 December 2023, Mr. Chong Kam Fung, an independent non-executive Director, entered into a letter of appointment with the Company for a period of three year from commencing from 28 December 2023 and expiring on 27 December 2026, and will be subject to retirement by rotation and re-election in accordance with the articles of association of the Company with a director's emolument of HK\$194,400 per annum. No variable remuneration is payable under such service agreement.

On 27 December 2023, Mr. Ho Chun Chung Patrick, an independent non-executive Director, entered into a letter of appointment with the Company for a period of three year from commencing from 28 December 2023 and expiring on 27 December 2026, and will be subject to retirement by rotation and re-election in accordance with the articles of association of the Company with a director's emolument of HK\$194,400 per annum. No variable remuneration is payable under such service agreement.

On 28 December 2023, Mr. Shi Wai Lim William, an independent non-executive Director, entered into a letter of appointment with the Company for a period of three year from commencing from 28 December 2023 and expiring on 27 December 2026, and will be subject to retirement by rotation and re-election in accordance with the articles of association of the Company with a director's emolument of HK\$194,400 per annum. No variable remuneration is payable under such service agreement.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company in force which:

- (a) (including both continuous and fixed term contracts) have been entered into or amended within 6 months prior to the commencement of the Offer Period;
- (b) are continuous contracts with a notice period of 12 months or more; or
- (c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

8. CONSENT

The experts named in the paragraph headed "6. Qualification of Experts" above have given and have not withdrawn their written consent to the issue of this Composite Document with the inclusion therein of the opinions, reports, advice, recommendations and/or letters and/or the references to their names and/or opinions, reports, advice, recommendations, and/or letters in the form and context in which they respectively appear.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the Company at www.lingyui.com.hk and the website of the SFC at www.sfc.hk from the date of this Composite Document up to and including the Closing Date:

- (1) the second amended and restated memorandum and articles of association of the Company;
- (2) the annual reports of the Company for the three years ended 31 March 2024, 2023 and 2022;
- (3) the "Letter from the Astrum Capital", the text of which is set out on pages 10 to 18 of this Composite Document;

- (4) the “Letter from the Board”, the text of which is set out on pages 19 to 26 of this Composite Document;
- (5) the “Letter from the Independent Board Committee”, the text of which is set out on pages 27 to 28 of this Composite Document;
- (6) the “Letter from the Joint Independent Financial Advisers”, the text of which is set out on pages 29 to 54 of this Composite Document;
- (7) the Directors’ service contracts referred to in the section headed “7. Directors’ Service Contracts” in this Appendix III of this Composite Document;
- (8) the written consent referred to in the section headed “8. Consent” in this Appendix III;
- (9) the Loan Agreement;
- (10) the Sale and Purchase Agreement;
- (11) Irrevocable Undertaking; and
- (12) this Composite Document.

10. MISCELLANEOUS

- (1) As at the Latest Practicable Date, none of the Directors had been or would be given any benefit as compensation for loss of office or otherwise in connection with the Offer;
- (2) As at the Latest Practicable Date, save for the Irrevocable Undertaking, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;
- (3) As at the Latest Practicable Date, as the Offeror is wholly owned by Mr. Ling, Mr. Ling has a material personal interest in each material contract entered into by the Offeror, being the Sale and Purchase Agreement and the Facility Agreement. Save as disclosed in this paragraph, there was no material contracts entered into by the Offeror in which any Director has a material personal interest;
- (4) Please see the section headed “2. Market Prices” in the “General Information of the Offeror” set out in Appendix IV to this Composite Document for the closing prices of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date;
- (5) The registered office of Silverbricks Securities is situated at Rooms 1601-07, 16/F, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong; and

- (6) The registered office of VBG Capital is situated at 21/F, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

1. RESPONSIBILITY STATEMENT

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

2. MARKET PRICES

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

Date	Closing price per Share (HK\$)
31 January 2024	0.088
29 February 2024	0.104
28 March 2024	0.100
30 April 2024	0.077
31 May 2024	0.070
28 June 2024	0.061
15 July 2024 (<i>being the Last Trading Day</i>)	0.050
31 July 2024	0.051
19 August 2024 (<i>being the Latest Practicable Date</i>)	0.058

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.114 per Share on 15 and 16 January 2024 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.045 per Share on 5 July 2024 and 8 July 2024 to 10 July 2024.

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

As at the Latest Practicable Date:

- (a) save for the 532,910,000 Shares held by the Offeror's Concert Group and the Vendor and Mr. Lee, none of the members of the Offeror's Concert Group and the Vendor and Mr. Lee owned or had control or direction over or have any interest in any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;

- (b) there was no agreement or arrangement in relation to outstanding derivative in respect of securities in the Company which has been entered into by any members of the Offeror's Concert Group and the Vendor and Mr. Lee;
- (c) save for the Irrevocable Undertaking and the Facility Letter, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between any of the Offeror, the Offeror's associates (as defined under the Takeovers Code) the Vendor and Mr. Lee, the Offeror's Concert Group on one hand, and any other person on the other hand;
- (d) since the Offer is unconditional in all respects, there were no agreements or arrangements to which any of the members of the Offeror's Concert Group and the Vendor and Mr. Lee is a party which relates to circumstances in which the Offeror may or may not seek to invoke a pre-condition or a condition to the Offer;
- (e) none of the members of the Offeror's Concert Group and the Vendor and Mr. Lee had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code including shares, warrants, options, derivatives or convertible securities) in the Company;
- (f) save for the Irrevocable Undertaking, none of the members of the Offeror's Concert Group and the Vendor and Mr. Lee had received any irrevocable commitment to accept or not to accept the Offer;
- (g) save for the Consideration for the Sale Shares paid by the Offeror to the Vendor, there was no other consideration, compensation or benefit in whatever form paid or to be paid by any members of the Offeror's Concert Group to the Vendor, its ultimate beneficial owner and parties acting in concert with any of them (excluding the Offeror's Concert Group) in connection with the sale and purchase of the Sale Shares;
- (h) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between any of the Offeror's Concert Group and the Vendor and Mr. Lee, and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Offer;
- (i) Save for the Irrevocable Undertaking, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) any member of the Offeror's Concert Group and the Vendor and Mr. Lee; or (b) the Company, its subsidiaries or associated companies;
- (j) save for or the Irrevocable Undertaking, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between each of the Vendor, its ultimate beneficial owner and parties acting in concert with any of them (excluding the Offeror's Concert Group) on one hand, and any member of the Offeror's Concert Group on the other hand;

- (k) no benefit (other than statutory compensation) will be given to any Director as compensation for loss of office or otherwise in connection with the Offer; and
- (l) save for the Facility secured by (i) the share charges of the Pledged Shares, (ii) the charge over the Charged Account, and (iii) the Personal Guarantee, there was no agreement, arrangement or understanding that any securities of the Company acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.

4. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

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

5. CONSENT AND QUALIFICATION OF PROFESSIONAL ADVISER

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

Name	Qualifications
Messis Capital Limited	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Financial Adviser to the Offeror

Astrum Capital Management
Limited

a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror

Each of Messis Capital and Astrum 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 reference to its name in the form and context in which it appear.

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

6. GENERAL

As at the Latest Practicable Date:

- (a) The registered office of the Offeror was situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and the correspondence address of the Offeror and Mr. Ling, the sole director and sole shareholder of the Offeror, was Unit 1702-03, 17/F., Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong;
- (b) The registered office of the Vendor was situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and the correspondence address of the Vendor and Mr. Lee, the sole director and sole shareholder of the Vendor, was Flat D, 36/F, Tower 3, Green Code, 1 Ma Sik Road, Fanling, New Territories, Hong Kong;
- (c) The registered office of Messis Capital was situated at Room 1303, 13/F, OfficePlus @Wan Chai, No.303 Hennessy Road, Wan Chai, Hong Kong;
- (d) The registered office of Astrum Capital was situated at Room 2704, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong;
- (e) The Offeror was wholly owned by Mr. Ling. The principal members of the Offeror's Concert Group were the Offeror and Mr. Ling; and
- (f) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

7. DOCUMENTS ON DISPLAY

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

- (a) the memorandum of association and articles of association of the Offeror;
- (b) the “Letter from Astrum Capital”, the text of which is set out on pages 10 to 18 of this Composite Document;
- (c) the written consent as referred to in the section headed “Consent and Qualification of Professional Adviser” in this Appendix IV;
- (d) Irrevocable Undertaking;
- (e) the Loan Agreement;
- (f) the Sale and Purchase Agreement; and
- (g) this Composite Document and the accompanying Form of Acceptance.