

**THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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

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

**TANG MING HEI**

**HING MING HOLDINGS LIMITED**

**興銘控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8425)**

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

**Financial Adviser to the Offeror**



**Independent Financial Adviser to the Independent Board Committee**



Unless the context otherwise requires, 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 Lego Securities containing, among other things, details of the terms of the Offer, is set out on pages 9 to 18 of this Composite Document.

A letter from the Board is set out on pages 19 to 25 of this Composite Document. A letter from the Independent Board Committee is set out on pages 26 to 27 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages IFA-1 to IFA-26 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Form of Acceptance of the Offer must be received by the Registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong by no later than 4:00 p.m. on Friday, 23 August 2024 (Hong Kong time) (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code).

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 section headed "IMPORTANT NOTICE" in this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from such Overseas Shareholder in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.hing-ming.com](http://www.hing-ming.com) as long as the Offer remains open.

2 August 2024

## CHARACTERISTICS OF GEM

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## EXPECTED TIMETABLE

*The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. All time and date references contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong time and dates.*

<b>Event</b>	<b>Time &amp; Date</b>
	<b>2024</b>
Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer ( <i>Note 1</i> ) .....	Friday, 2 August
Offer opens for acceptance ( <i>Note 1</i> ) .....	Friday, 2 August
Latest time and date for acceptance of the Offer ( <i>Notes 2, 3 and 5</i> ) .....	by 4:00 p.m. on Friday, 23 August
Closing Date ( <i>Notes 3 and 5</i> ) .....	Friday, 23 August
Announcement of the results of the Offer (or its extension or revision, if any) on the website of the Stock Exchange ( <i>Notes 3 and 5</i> ) .....	no later than 7:00 p.m. on Friday, 23 August
Latest date for posting of remittances in respect of valid acceptances received under the Offer ( <i>Notes 4 and 5</i> ) .....	Tuesday, 3 September

*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 decides to revise or extend the Offer in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph 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. General 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 open 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 4:00 p.m. on Friday, 23 August 2024 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued jointly by the Offeror and the Company through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days after the date of the revised offer document(s) and shall not close earlier than the Closing Date.

## EXPECTED TIMETABLE

4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event no later than seven (7) Business Days after the date of receipt by the Registrar of all relevant documents required to render such acceptance complete and valid in accordance with the Takeovers Code.
5. If there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning signal" or "extreme conditions" as announced by the Hong Kong Government:
  - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Offer under Rule 15.1 of the Takeovers Code, any publication date of a closing announcement under Rule 19.1 of the Takeovers Code or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, these dates, as the case may be, will remain on the same Business Day; or
  - (b) in force in Hong Kong at any local time at 12:00 noon and/or thereafter on the latest date for acceptance of the Offer under Rule 15.1 of the Takeovers Code, any publication date of a closing announcement under Rule 19.1 of the Takeovers Code or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, these dates, as the case may be, will be rescheduled to the following Business Day which does not have any of those warnings or condition in force in Hong Kong at any local time at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.

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

## **IMPORTANT NOTICE**

### **NOTICE TO THE 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 or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, seek legal advice in respect of the Offer.

It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, legal and/or regulatory requirements and the payment of any issue, transfer, cancellation or other taxes and duties due by such Overseas Shareholders in respect of the acceptance of the Offer in such jurisdictions.

Any acceptance by the Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be lawful, valid and binding in accordance with all applicable laws. Such Overseas Shareholders should consult their respective professional advisers if in doubt.

The Offeror and the parties acting in concert with him, the Company, Lego Corporate Finance, Lego Securities, China Sunrise, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes or duties as such persons may be required to pay. Please see the paragraphs headed “Availability of the Offer” in the “Letter from Lego Securities” and “7. Overseas Shareholders” in Appendix I to this Composite Document for further 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 GEM 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 an aggregate of 80,000,000 Sale Shares by the Offeror from the Selling Shareholder which was completed on 10 July 2024
“acting in concert”	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”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	Friday, 23 August 2024, being the closing date of the Offer, which is at least 21 days after the date of this Composite Document, or if the Offer is 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”	Hing Ming Holdings Limited (興銘控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8425)
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Independent Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the purchase price for the Acquisition (being HK\$3,200,000 in aggregate and HK\$0.04 per Share)
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company

## DEFINITIONS

“Encumbrances”	any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind, including retention arrangements or other encumbrances and any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Hing Gut”	Hing Gut Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 90.0% by Mr. H.K. Tang and 10.0% by Ms. Au. Mr. H.K. Tang and Ms. Au are directors of Hing Gut
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board (comprising all of the three independent non-executive Directors, namely Mr. Kwan Woon Man Boris, Mr. Wu Kin San Alfred and Mr. Yeung Chi Fai) which has been established to advise the Independent Shareholders in connection with the Offer and as to the acceptance of the Offer
“Independent Financial Adviser” or “China Sunrise”	China Sunrise Capital Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer



## DEFINITIONS

“Independent Shareholder(s)”	the Shareholder(s) other than the Offeror and parties acting in concert with him (which include, among others, Mr. H.K. Tang, Ms. Au and Hing Gut)
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 12 July 2024 in relation to, among other things, the Offer pursuant to Rule 3.5 of the Takeovers Code
“Last Trading Day”	9 July 2024, being the last trading day of the Shares on GEM of the Stock Exchange immediately prior to the suspension of trading in the Shares with effect from 1:00 p.m. on Tuesday, 9 July 2024, pending the publication of the Joint Announcement
“Latest Practicable Date”	30 July 2024, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Lego Corporate Finance”	Lego Corporate Finance Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Lego Securities”	Lego Securities Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offer for and on behalf of the Offeror
“Mr. H.K. Tang”	Mr. Tang Hing Keung, an executive Director, the chairman of the Board and the chief executive officer of the Company. Mr. H.K. Tang is the father of the Offeror and a party acting in concert with the Offeror
“Mr. Lee” or “Selling Shareholder”	Mr. Lee Yu Leung
“Ms. Au”	Ms. Au Fung Yee, a non-executive Director. Ms. Au is the mother of the Offeror and a party acting in concert with the Offeror

## DEFINITIONS

“Offer”	the mandatory unconditional cash offer by Lego Securities for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with him) pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 12 July 2024 (i.e. the date of the Joint Announcement), and ending on the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
“Offer Price”	the price of HK\$0.04 per Offer Share at which the Offer is made in cash
“Offer Share(s)”	all of the issued Share(s), other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with him
“Offeror”	Mr. Tang Ming Hei, an executive Director and the son of Mr. H.K. Tang and Ms. Au
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong as at the Latest Practicable Date
“Registrar”	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Room 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong
“Relevant Period”	the period from 12 January 2024, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale Share(s)”	the 80,000,000 Shares acquired by the Offeror from the Selling Shareholder pursuant to the Acquisition, representing approximately 21.28% of the total number of issued Shares as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

## DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

## LETTER FROM LEGO SECURITIES



**Lego Securities Limited**

力高證券有限公司

Room 1506, 15/F, Wheelock House  
20 Pedder Street  
Central, Hong Kong

2 August 2024

*To the Independent Shareholders:*

Dear Sir or Madam

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

### INTRODUCTION

Reference is made to the Joint Announcement jointly published by the Offeror and the Company dated 12 July 2024 in relation to, among other things, the Acquisition and the Offer.

On 9 July 2024, the Offeror (as purchaser) entered into bought and sold notes with the Selling Shareholder (as vendor) for the acquisition of an aggregate of 80,000,000 Shares from the Selling Shareholder at a total Consideration of HK\$3,200,000 (equivalent to Consideration of HK\$0.04 per Share), representing approximately 21.28% of the issued share capital of the Company as at the Latest Practicable Date. The total Consideration was fully satisfied on 10 July 2024 and completion of the Acquisition took place on the same day.

Immediately prior to completion of the Acquisition, none of the Offeror and the parties acting in concert with him held any Shares, save for the 120,000,000 Shares held by Hing Gut (which is legally and beneficially owned as to 90.0% by Mr. H.K. Tang and 10.0% by Ms. Au), representing approximately 31.91% of the total issued share capital of the Company.

Immediately following completion of the Acquisition and as at the Latest Practicable Date, the Offeror and the parties acting in concert with him held a total of 200,000,000 Shares (comprising 120,000,000 Shares held by Hing Gut and 80,000,000 Shares held by the Offeror), representing in aggregate approximately 53.19% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, upon completion of the Acquisition, the Offeror is required to make the mandatory unconditional cash offer to acquire all of the Shares in the issued share capital of the Company (other than those already owned and/or agreed to be

## LETTER FROM LEGO SECURITIES

acquired by the Offeror and parties acting in concert with him). Lego Securities is, on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the terms set out in this Composite Document.

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offer, the information of the Offeror and the intention of the Offeror in relation to the Group. Further details of the terms and the procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser”, the accompanying Form of Acceptance and the appendices which form part of 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.

### THE OFFER

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

**For each Offer Share ..... HK\$0.04 in cash**

The Offer Price of HK\$0.04 per Offer Share under the Offer is equal to the price per Sale Share paid by the Offeror for the 80,000,000 Sale Shares under the Acquisition.

The Offer is extended to all Shareholders other than the Offeror and parties acting in concert with him in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution 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 Offer is unconditional in all respects when made.

**The Offeror confirms that the Offer Price is final and will not be increased.**

Immediately following completion of the Acquisition and as at the Latest Practicable Date, the Company had 376,000,000 Shares in issue, of which 200,000,000 Shares were held by the Offeror and parties acting in concert with him (representing approximately 53.19% of the total issued share capital of the Company).

As at the Latest Practicable Date, there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue other than the 376,000,000 issued Shares.

## LETTER FROM LEGO SECURITIES

The Company confirms that as at the Latest Practicable Date, (i) the Company had not declared any dividend or other distribution which remained unpaid; and (ii) it did not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offer. If, after the date of despatch of the Composite Document, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution received or receivable by the Shareholders pursuant to Note 3 to Rule 26.3 of the Takeovers Code.

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

### Comparison of value of the Offer Price

The Offer Price of HK\$0.04 per Offer Share represents:

- (i) a discount of approximately 25.93% to the closing price of HK\$0.054 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 28.57% to the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 27.54% to the average closing price of HK\$0.0552 per Share, being the average closing price of the Shares 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 25.93% to the average closing price of HK\$0.054 per Share, being the average closing price of the Shares 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 33.67% to the average closing price of approximately HK\$0.0603 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day; and
- (vi) a discount of approximately 87.13% to the audited consolidated net assets per Share of approximately HK\$0.3109 as at 31 March 2024, which was calculated based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$116,892,000 as at 31 March 2024 (the date on which the latest audited financial results of the Group were made up) and 376,000,000 Shares in issue as at the Latest Practicable Date.

## LETTER FROM LEGO SECURITIES

### **Highest and lowest Share prices**

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.171 per Share during the period from 12 January 2024 to 17 January 2024 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.051 per Share on 14 June 2024, 26 June 2024, 27 June 2024 and 29 July 2024.

### **Value of the Offer**

As at the Latest Practicable Date, the Company had 376,000,000 Shares in issue. On the basis of the Offer Price being HK\$0.04 per Offer Share, the total issued share capital of the Company would be valued at HK\$15,040,000.

Upon completion of the Acquisition and as at the Latest Practicable Date, save for (i) the 80,000,000 Shares held by the Offeror; and (ii) the 120,000,000 Shares held by Hing Gut (which is legally and beneficially owned as to 90.0% by Mr. H.K. Tang (an executive Director, the chairman of the Board, the chief executive officer of the Company and the father of the Offeror) and 10.0% by Ms. Au (a non-executive Director and the mother of the Offeror)), and assuming the Offer is accepted in full and assuming that there is no change in the total issued share capital of the Company up to the close of the Offer, a total of 176,000,000 Shares (representing approximately 46.81% of the total issued share capital of the Company as at the Latest Practicable Date) will be subject to the Offer and the Offer is valued at HK\$7,040,000 based on the Offer Price of HK\$0.04 per Offer Share

### **Confirmation of financial resources available for the Offer**

The maximum payment obligations payable for the Offer shall be payable in cash. The Offeror intends to finance the maximum payment obligations payable for the Offer by his own financial resources. The maximum aggregate amount payable by the Offeror for the Offer would be HK\$7,040,000 based on the Offer Price of HK\$0.04 per Offer Share assuming full acceptance of the Offer.

Lego Corporate Finance, being 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 maximum payment obligations upon full acceptance of the Offer.

### **Effect of accepting the Offer**

Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of this Composite Document. The Company confirms that as at the Latest Practicable Date, (i) the Company had not declared any dividend or other distribution which remained unpaid; and (ii) it did not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offer.

## LETTER FROM LEGO SECURITIES

The Offer is unconditional in all respects when made and will not be conditional upon acceptances being received in respect of a minimum number of Offer Shares. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code, details of which are set out in the paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document.

### **Taxation advice**

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

### **Hong Kong Stamp duty**

In Hong Kong, seller’s ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the Independent Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the Independent Shareholders accepting the Offer and will pay the buyer’s ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

### **Payment**

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event no later than seven (7) Business Days after the date on which the duly completed acceptance of the Offer is received in accordance with Rule 20.1 of the Takeovers Code. Relevant document(s) evidencing title in respect of such acceptance must be received by or on behalf of the Offeror (or his agent) to render each such acceptance of the Offer complete and valid in accordance with Note 1 to Rule 30.2 of the Takeovers Code.

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

### **Dealing and interests in the Company’s Securities**

Save for (i) an aggregate of 80,000,000 Shares held by the Offeror which were acquired from the Selling Shareholder through bought and sold notes dated 9 July 2024 at a consideration of HK\$0.04 per Share, completion of which took place on 10 July 2024; and (ii)



## LETTER FROM LEGO SECURITIES

the 120,000,000 Shares held by Hing Gut, none of the Offeror nor the parties acting in concert with him had dealt for value in nor owned, controlled or directed any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

### **Availability of the Offer**

The Offeror intends to make the Offer available to all the Independent Shareholders. As the Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions, Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own 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 the compliance with the other necessary formalities and the payment of any issue, transfer or other taxes due in respect of such jurisdiction.

Any acceptance by the Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be valid and binding in accordance with all applicable laws.

As at the Latest Practicable Date, the Company had one Overseas Shareholder in Mainland China.

### **INFORMATION OF THE GROUP**

The Company is a company incorporated in the Cayman Islands on 8 April 2016 as an exempted company with limited liability. The Group is principally engaged in (i) providing rental services of construction equipment, mainly including tower cranes and generators; and (ii) trading of equipment and spare parts, in Hong Kong. Further information on the Group is set out in the paragraph headed “Information of the Group” in the “Letter from the Board” as contained in this Composite Document. Financial Information on the Group is set out in Appendix II to this Composite Document.

### **INFORMATION OF THE OFFEROR**

Mr. Tang Ming Hei, being the Offeror, was appointed as a Director on 24 May 2016 and designated as an executive Director on 24 June 2016. He was also appointed as the compliance officer of the Company on 23 June 2016. He is responsible for advising on compliance matters of the Group.

Mr. Tang Ming Hei obtained a dual degree of Bachelors of Laws and Commerce from The University of Queensland, Australia in July 2012. In July 2013, he obtained the Graduate Diploma in Legal Practice from The Australian National University, Australia and obtained a degree of Master of Commerce in Financial Econometrics from the University of New South

## LETTER FROM LEGO SECURITIES

Wales, Australia. Mr. Tang Ming Hei was admitted as a Lawyer of the Supreme Court of New South Wales by The Supreme Court of New South Wales in July 2013. He was also admitted as an associate member of CPA Australia in June 2014.

Mr. Tang Ming Hei is the son of Mr. H.K. Tang and Ms. Au, an executive Director and a non-executive Director, respectively, and the nephew of Mr. Au Lop Wah Edmond, a non-executive Director.

Immediately before completion of the Acquisition, the Offeror did not hold any Shares. Immediately after completion of the Acquisition and as at the Latest Practicable Date, none of the Offeror and the parties acting in concert with him held any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for (i) the 80,000,000 Shares held by the Offeror; and (ii) the 120,000,000 Shares held by Hing Gut.

### **THE OFFEROR'S INTENTION ON THE GROUP**

The Offeror is the son of Mr. H.K. Tang (an executive Director, the chairman of the Board, the chief executive officer of the Company and a controlling shareholder of the Company) and Ms. Au (a non-executive Director and a controlling shareholder of the Company). Mr. H.K. Tang and Ms. Au, being co-founders of the Group responsible for strategic planning and/or the overall management and supervision of operations of the Group, have collectively contributed to the continued success of the Group with over 20 years of operating history.

The Offeror joined the Group as a compliance consultant in December 2015 and was subsequently appointed and designated as an executive Director in 2016. After over eight years of participation in the business and operation of the Group, the Offeror is optimistic about the future prospects of the Group and considers the Acquisition as a good management buy-out opportunity for him to invest in the Company. The Offeror is also of the view that the trading price of the Shares has long been below the net asset value per Share. During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.171 per Share and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.051 per Share. The audited consolidated net asset value of the Group per Share was approximately HK\$0.3109 as at 31 March 2024. The Tang family is committed to the Group's long-term prospects. The Acquisition and the Offer allow the Tang family, which are the founding members of the Group and are deeply familiar with the Group's business, to enhance control and leadership on the Group. This provides continuity of strategy, operational knowledge and customer/supplier relationships, which are crucial for the Group's ongoing success. Therefore, the Offeror considers the Acquisition and the Offer commercially justifiable in the long run.

Following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal business for long-term purposes. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. As at the Latest Practicable Date, (i) the Offeror did not have any intention, understanding, negotiation,

## LETTER FROM LEGO SECURITIES

arrangement, and agreements (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group; and (ii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

As at the Latest Practicable Date, the Offeror had no plan to terminate the employment of any employees or personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

As at the Latest Practicable Date, the Offeror had no intention to change the composition of the Board and intended to remain as an executive Director. Any changes to the members of the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

### **PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing of the Shares on GEM of the Stock Exchange. Each of the Company, the Directors and the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the issued share capital of the Company will continue to be held by the public at all material times.

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) 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 Company will make an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules in case less than 25% of the issued share capital of the Company will be held by the public upon the close of the Offer. Appropriate steps will be taken to ensure public float will be restored as soon as possible after the close of the Offer. The steps that the Offeror may take include but not limited to (i) placing down or selling sufficient number of accepted Shares he acquired from the Offer to selected independent third parties or in the market; and/or (ii) issue of additional Shares by the Company for this purpose.

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

## **LETTER FROM LEGO SECURITIES**

### **ACCEPTANCE AND SETTLEMENT**

Your attention is drawn to the further details regarding further terms and conditions of the Offer, the procedures for acceptance and settlement and the acceptance period 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 Shares outstanding after the close of the Offer.

### **GENERAL**

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

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

Attention of the Overseas Shareholders is drawn to the paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document. All communications, notices, Form of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror, parties acting in concert with him, the Company, Lego Corporate Finance, Lego Securities, China Sunrise, the Registrar or (as the case may be) their respective ultimate beneficial owners, directors, officers, agents and associates nor any other person involved in the Offer will be responsible for any loss or delay in postage or any other liabilities that may arise as a result thereof or in connection therewith. Further details have been set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

## LETTER FROM LEGO SECURITIES

### ADDITIONAL INFORMATION

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

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully  
For and on behalf of  
**Lego Securities Limited**  
**Kelvin Li**  
*Director*

LETTER FROM THE BOARD

**HING MING HOLDINGS LIMITED**

**興銘控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8425)**

*Executive Directors:*

Mr. Tang Hing Keung  
*(Chairman and Chief Executive Officer)*  
Mr. Tang Ming Hei

*Registered office:*

Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Non-executive Directors:*

Ms. Au Fung Yee  
Mr. Au Lop Wah Edmond

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

Room A4, 2/F., Tsim Sha Tsui Mansion  
83–87 Nathan Road  
Kowloon  
Hong Kong

*Independent non-executive Directors:*

Mr. Kwan Woon Man Boris  
Mr. Wu Kin San Alfred  
Mr. Yeung Chi Fai

2 August 2024

*To the Independent Shareholders:*

Dear Sir or Madam

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

**INTRODUCTION**

Reference is made to the Joint Announcement in relation to, among other things, the Acquisition and the Offer.

As disclosed in the Joint Announcement, on 9 July 2024, the Offeror (as purchaser) entered into bought and sold notes with the Selling Shareholder (as vendor) for the acquisition of an aggregate of 80,000,000 Shares from the Selling Shareholder at a total Consideration of HK\$3,200,000 (equivalent to Consideration of HK\$0.04 per Share), representing approximately 21.28% of the issued share capital of the Company as at the Latest Practicable Date. The total Consideration was fully satisfied on 10 July 2024 and completion of the Acquisition took place on the same day.

## LETTER FROM THE BOARD

Immediately following completion of the Acquisition and as at the Latest Practicable Date, the Offeror and the parties acting in concert with him held a total of 200,000,000 Shares (comprising 120,000,000 Shares held by Hing Gut and 80,000,000 Shares held by the Offeror), representing in aggregate approximately 53.19% of the entire issued share capital of the Company.

Immediately prior to completion of the Acquisition, none of the Offeror and the parties acting in concert with him held any Shares, save for the 120,000,000 Shares held by Hing Gut (which is legally and beneficially owned as to 90.0% by Mr. H.K. Tang and 10.0% by Ms. Au), representing approximately 31.91% of the total issued share capital of the Company.

As at the Latest Practicable Date, the Company had 376,000,000 Shares in issue. As at the Latest Practicable Date, the Company did not have any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. As at the Latest Practicable Date, the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue other than the 376,000,000 issued Shares.

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

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Kwan Woon Man Boris, Mr. Wu Kin San Alfred and Mr. Yeung Chi Fai, has been established pursuant to Rules 2.1 and 2.8 of the Takeovers Code to advise the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and give a recommendation as to acceptance of the Offer.

As announced in the Joint Announcement, China Sunrise has been appointed as the independent financial adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent 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 text of the letter from the Independent Board Committee and the letter from the Independent Financial Adviser are set out in this Composite Document. **You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.**

## LETTER FROM THE BOARD

### PRINCIPAL TERMS OF THE OFFER

#### The Offer

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

**For each Offer Share ..... HK\$0.04 in cash**

The Offer Price of HK\$0.04 per Offer Share under the Offer is equal to the price per Sale Share paid by the Offeror for the 80,000,000 Sale Shares under the Acquisition.

The Offer is extended to all Shareholders other than the Offeror and parties acting in concert with him in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer will be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution 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 confirms that as at the Latest Practicable Date, (i) the Company had not declared any dividend or other distribution which remained unpaid; and (ii) it did not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offer. If, after the date of despatch of the Composite Document, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution received or receivable by the Shareholders pursuant to Note 3 to Rule 26.3 of the Takeovers Code.

The Offer is unconditional in all respects when made.

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

### INFORMATION OF THE GROUP

The Company is a company incorporated in the Cayman Islands on 8 April 2016 as an exempted company with limited liability whose Shares have been listed on GEM of the Stock Exchange since 15 March 2017. The Company is an investment holding company and the Group is principally engaged in (i) providing rental services of construction equipment, mainly including tower cranes and generators; and (ii) trading of equipment and spare parts, in Hong Kong.

Your attention is drawn to Appendix II and Appendix III to this Composite Document which contain financial and general information of the Group, respectively, as required under the Takeovers Code.



## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before completion of the Acquisition; and (ii) immediately following completion of the Acquisition and as at the Latest Practicable Date:

Shareholders	<b>Immediately before completion of the Acquisition</b>		<b>Immediately following completion of the Acquisition and as at the Latest Practicable Date</b>	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
<b>The Offeror and parties acting in concert with him</b>				
— The Offeror ( <i>Note 1</i> )	—	—	80,000,000	21.28
— Hing Gut ( <i>Note 2</i> )	120,000,000	31.91	120,000,000	31.91
<b>Sub-total</b>	<b>120,000,000</b>	<b>31.91</b>	<b>200,000,000</b>	<b>53.19</b>
<b>Selling Shareholder</b>				
— Mr. Lee ( <i>Note 3</i> )	98,524,000	26.21	18,524,000	4.93
Other public Shareholders	157,476,000	41.88	157,476,000	41.88
<b>Total</b>	<b>376,000,000</b>	<b>100.00</b>	<b>376,000,000</b>	<b>100.00</b>

*Notes:*

1. The Offeror is an executive Director.
2. Hing Gut is an investment holding company owned as to 90.0% by Mr. H.K. Tang (an executive Director, the chairman of the Board, the chief executive officer of the Company and the father of the Offeror) and 10.0% by Ms. Au (a non-executive Director and the mother of the Offeror). Under the SFO, Mr. H.K. Tang is deemed to be interested in the same number of Shares held by Hing Gut. Ms. Au is the spouse of Mr. H.K. Tang. Under the SFO, Ms. Au is deemed to be interested in the same number of Shares in which Mr. H.K. Tang is interested and is deemed to be interested. Hing Gut is a party acting in concert with the Offeror.
3. Based on publicly available information, upon completion of the Acquisition and as at the Latest Practicable Date, Mr. Lee directly held approximately 4.93% of the issued share capital of the Company. Mr. Lee is an Independent Third Party and the 18,524,000 Shares held by him are regarded as Shares held by public Shareholders.
4. Save for the Offeror (an executive Director) who held 80,000,000 Shares immediately following completion of the Acquisition and as at the Latest Practicable Date, none of the Directors held any Shares immediately before and following completion of the Acquisition and as at the Latest Practicable Date. As set out in Note 2 above, Mr. H.K. Tang (an executive Director) and Ms. Au (a non-executive Director) are deemed to be interested in the 120,000,000 Shares held by Hing Gut under the SFO.
5. Certain percentage figures included in this table have been subject to rounding adjustments. Figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## **LETTER FROM THE BOARD**

### **INFORMATION ON THE OFFEROR**

Your attention is drawn to the paragraph headed “Information of the Offeror” in “Letter from Lego Securities” in this Composite Document and Appendix IV to this Composite Document.

### **THE OFFEROR’S INTENTION ON THE GROUP**

Your attention is drawn to the paragraph headed “The Offeror’s Intention on the Group” in “Letter from Lego Securities” in this Composite Document.

The Board (excluding Mr. Tang Ming Hei (being the Offeror) and other Directors who are parties acting in concert with the Offeror, comprising Mr. H.K. Tang (father of the Offeror), Ms. Au (mother of the Offeror) and Mr. Au Lop Wah Edmond (uncle of the Offeror)) is aware of the intention of the Offeror, who is an executive Director. He is optimistic about the future prospect of the Group and considers the Acquisition as a good management buy-out opportunity for him to invest in the Company. The Offeror is also of the view that the trading price of the Shares has long been below the net asset value per Share. During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.171 per Share and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.051 per Share. The audited consolidated net asset value of the Group per Share was approximately HK\$0.3109 as at 31 March 2024. Therefore, the Offeror considers the Acquisition and the Offer commercially justifiable in the long run.

The Board (excluding Mr. Tang Ming Hei (being the Offeror) and other Directors who are parties acting in concert with the Offeror, comprising Mr. H.K. Tang, Ms. Au and Mr. Au Lop Wah Edmond) is aware that it is the intention of the Offeror that the Group will continue with its existing principal business for long-term purposes. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. As at the Latest Practicable Date, (i) the Offeror did not have any intention, understanding, negotiation, arrangement, and agreements (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group; and (ii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

As at the Latest Practicable Date, the Offeror had no plan to terminate the employment of any other employees or other personnel of the Group, had no intention to change the composition of the Board and intended to remain as an executive Director. Any changes to the members of the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

## LETTER FROM THE BOARD

The Board (excluding Mr. Tang Ming Hei (being the Offeror) and other Directors who are parties acting in concert with the Offeror, comprising Mr. H.K. Tang, Ms. Au and Mr. Au Lop Wah Edmond) 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 MAINTENANCE OF THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing of the Shares on GEM of the Stock Exchange. Each of the Company, the Directors and the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the issued share capital of the Company will continue to be held by the public at all material times.

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) 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 Company will make an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules in case less than 25% of the issued share capital of the Company will be held by the public upon the close of the Offer. Appropriate steps will be taken to ensure public float will be restored as soon as possible after the close of the Offer. The steps that the Offeror may take include but not limited to (i) placing down or selling sufficient number of accepted Shares it acquired from the Offer to selected independent third parties or in the market; and/or (ii) issue of additional Shares by the Company for this purpose.

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

## LETTER FROM THE BOARD

### RECOMMENDATION

Your attention is drawn to the sections headed “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” in this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation. You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

### 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 titled “Further Terms and Procedures of Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

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

Yours faithfully  
By order of the Board of  
**HING MING HOLDINGS LIMITED**  
**Tang Hing Keung**  
*Chairman, Executive Director and  
Chief Executive Officer*

**HING MING HOLDINGS LIMITED**

**興銘控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8425)**

2 August 2024

*To the Independent Shareholders:*

Dear Sir or Madam

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

We refer to this Composite Document dated 2 August 2024 jointly issued by the Offeror and the Company of which this letter forms part. Unless specified otherwise, capitalised terms used herein 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 the Independent Shareholders as to whether, in our opinion, the Offer is, or is not, fair and reasonable and to make recommendation as to acceptance thereof. We have declared that we are independent and have no direct or indirect interests in the Offer, and therefore are able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

China Sunrise Capital Limited has been appointed as the Independent Financial Adviser with our approval to advise us 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. Details of its advice and recommendations, together with the principal factors and reasons which it has considered before arriving at such recommendations, are set out in the section headed “Letter from the Independent Financial Adviser” in this Composite Document. We also wish to draw your attention to the sections headed “Letter from Lego Securities” and the “Letter from the Board” in this Composite Document as well as the additional information set out in the appendices to this Composite Document.

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

### RECOMMENDATION

Having considered the terms of the Offer, taking into account the information contained in this Composite Document and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the section headed “Letter from the Independent Financial Adviser”, we concur with the view of the Independent Financial Adviser and consider that the Offer is not fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders not to accept the Offer.

However, the Independent Shareholders who wish to realise their investments in the Company are reminded to monitor the trading 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 proceeds receivable under the Offer exceed the net sale proceeds from the sale of Shares in the open market, or if there is difficulty in disposing of a large volume of the Shares in the open market, in view of the thin historical trading volume of Shares on the Stock Exchange and the downward pressure it may create on the price of the Shares, the Independent Shareholders may wish to consider accepting the Offer.

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

Yours faithfully,  
**Independent Board Committee of  
HING MING HOLDINGS LIMITED**

**Mr. Kwan Woon Man Boris**  
*Independent  
non-executive Director*

**Mr. Wu Kin San Alfred**  
*Independent  
non-executive Director*

**Mr. Yeung Chi Fai**  
*Independent  
non-executive Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of a letter of advice from China Sunrise Capital Limited, the Independent Financial Adviser, prepared for the purpose of inclusion in this Composite Document, setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer.*



**CHINA SUNRISE CAPITAL LIMITED**  
Unit 4513, 45th Floor,  
The Center  
99 Queen's Road  
Central  
Hong Kong

2 August 2024

*To: The Independent Board Committee and the Independent Shareholders*

Dear Sirs or Madams,

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

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer, details of which are set out in the Composite Document dated 2 August 2024 jointly issued by the Offeror and the Company to the Independent Shareholders, of which this letter (the “**Letter**”) forms part. Terms used herein in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

Reference is made to the joint announcement dated 12 July 2024 (“**Joint Announcement**”) in relation to, among other things, the Acquisition and the Offer.

The Company was informed by the Offeror that on 9 July 2024, the Offeror (as purchaser) entered into bought and sold notes with the Selling Shareholder (as vendor) for the acquisition of an aggregate of 80,000,000 Shares from the Selling Shareholder at a total Consideration of HK\$3,200,000 (equivalent to Consideration of HK\$0.04 per Share), representing approximately 21.28% of the issued share capital of the Company as at the date of the Joint Announcement. The total Consideration was fully satisfied on 10 July 2024 and completion of the Acquisition took place on the same day.

## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

Immediately prior to completion of the Acquisition, none of the Offeror and the parties acting in concert with him held any Shares, save for the 120,000,000 Shares held by Hing Gut (which is legally and beneficially owned as to 90.0% by Mr. H.K. Tang and 10.0% by Ms. Au), representing approximately 31.91% of the total issued share capital of the Company.

Immediately following the completion of the Acquisition and as at the Latest Practicable Date, the Offeror and parties acting in concert with him hold a total of 200,000,000 Shares (comprising 120,000,000 Shares held by Hing Gut and 80,000,000 Shares held by the Offeror), representing in aggregate approximately 53.19% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the mandatory unconditional cash offer to acquire all of the Shares in the issued share capital of the Company (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with him).

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Kwan Woon Man Boris, Mr. Wu Kin San Alfred and Mr. Yeung Chi Fai, has been established to advise the Independent Shareholders as to whether the Offer is, or is not, fair and not reasonable and to give a recommendation as to acceptance of the Offer in accordance with Rules 2.1 and 2.8 of the Takeovers Code. Ms. Au (a non-executive Director and the mother of the Offeror) and Mr. Au Lop Wah Edmond (a non-executive Director and a brother of Ms. Au) are parties acting in concert with the Offeror, and are therefore considered being not independent to be members of the Independent Board Committee and have declared their respective interest to the Board accordingly.

### **INDEPENDENCE OF CHINA SUNRISE**

Save for this appointment as the Independent Financial Adviser to provide our independent advice on the Offer, as at the Latest Practicable Date, China Sunrise did not have any other relationship or connection, financial or otherwise, with or any interests in the Company, its financial or other professional advisers, the Selling Shareholder, the Offeror, Hing Gut and its ultimate beneficial owners or the parties acting in concert with the Offeror that could reasonably be regarded as relevant to our independence. Within 2 years before the commencement of the Offer Period, save for the appointment as the Independent Financial Adviser in connection with the Offer, there was no engagement with the Group, the Offeror, the Selling Shareholder, Hing Gut and its ultimate beneficial owners or the parties acting in concert with the Offeror. Accordingly, we are considered eligible to act as the Independent Financial Adviser and to give independent advice on the Offer under Rule 2.1 of the Takeovers Code.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

China Sunrise has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee in compliance with Rule 17.96 of the GEM Listing Rules and Rule 2.1 of the Takeovers Code.

### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on the truth, accuracy and completeness of the statements, information, facts, representations and opinions contained or referred to in this Composite Document, provided and made to us by the management of the Company (collectively, the “**Management**”), the Company, the Offeror, and their respective professional advisers (as the case may be). We have reviewed, among other things, (i) the Joint Announcement; (ii) the annual report of the Company for the year ended 31 March 2024 (the “**2024 Annual Report**”); (iii) the annual report of the Company for the year ended 31 March 2023 (the “**2023 Annual Report**”); and other information, representations and opinions as contained or referred to in this Composite Document and those provided by the Management, the Company, the Offeror, and their respective professional advisers (as the case may be).

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for us to formulate our advice as set out in this Letter. We have assumed that all statements, information, facts, representations and opinions contained or referred to in this Composite Document and/or those provided to us by the Management, the Company, the Offeror and their respective professional advisers (as the case may be), for which they are solely and wholly responsible were true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so in all material respect up to the Closing Date of the Offer. Shareholder will be notified of any material changes, if any, to such statements, information, facts, representations and/or opinions as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all the statements, information, facts, representations and opinions contained or referred to in this Composite Document and/or provided to us have been reasonably made after due enquiries and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any such statement contained in this Composite Document misleading. We have no reason to suspect that any material information or facts have been omitted or withheld nor to doubt the truth, accuracy or completeness of the information and facts contained in this Composite Document or provided to us, or the reasonableness of the opinions expressed by the Management, the Company, the Offeror and their respective professional advisers (as the case may be), which have been provided to us. We have also sought and received confirmation from the Directors that no material information and facts have been omitted from the information and facts provided to us and the representations made and opinions expressed by them are not misleading or deceptive in any material respect.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this Letter.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have performed all the necessary steps 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 conducted any independent investigation into the businesses, affairs, operations, financial position or future prospects of the Group, the Offeror or their respective subsidiaries or associates (if applicable).

We have also not considered the tax and regulatory implications on the Group or the Independent Shareholders as a result of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers. We will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer.

Our advice is necessarily based on the prevailing financial, economic, market and other conditions and the information made available to us as at the Latest Practicable Date. Where information in this Letter has been extracted from published or otherwise publicly available sources, the sole responsibility of ours is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not used out of context.

This Letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the matters relating to the Offer. Except for its inclusion in this Composite Document, this Letter is not to 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 TERMS OF THE OFFER

#### 1. The Offer

Lego Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer to acquire all the Offer Shares on the terms as set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share ..... HK\$0.04 in cash

The Offer Price of HK\$0.04 per Offer Share under the Offer is equal to the price per Sale Share paid by the Offeror for the 80,000,000 Sale Shares under the Acquisition. The Consideration was determined after arm's length negotiations between the Selling Shareholder and the Offeror, taking into account, among others, (i) the business and the historical financial performance and financial position of the Group; and (ii) the Company's historical liquidity and share prices performance traded on the Stock Exchange.

The Offer is extended to all Shareholders other than the Offeror and parties acting in concert with him in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer will be fully paid and free from all Encumbrances together with all rights

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

attached thereto, including but not limited to all rights to any dividend or other distribution 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 Offer will be unconditional in all respects when made and will not be conditional upon acceptances being received in respect of a minimum number of Offer Shares.

### **2. Total consideration of the Offer**

As at the Latest Practicable Date, the Company has 376,000,000 Shares in issue. On the basis of the Offer Price being HK\$0.04 per Offer Share, the total issued share capital of the Company would be valued at HK\$15,040,000.

Upon completion of the Acquisition and as at the Latest Practicable Date, save for (i) the 80,000,000 Shares held by the Offeror; and (ii) the 120,000,000 Shares held by Hing Gut (which is legally and beneficially owned as to 90.0% by Mr. H.K. Tang (an executive Director, the chairman of the Board, the chief executive officer of the Company and the father of the Offeror) and 10.0% by Ms. Au (a non-executive Director and the mother of the Offeror)), and assuming the Offer is accepted in full and assuming that there is no change in the total issued share capital of the Company up to the close of the Offer, a total of 176,000,000 Shares (representing approximately 46.81% of the total issued share capital of the Company as at the Latest Practicable Date) will be subject to the Offer and the maximum cash consideration payable by the Offeror under the Offer would be HK\$7,040,000 based on the Offer Price of HK\$0.04 per Offer Share.

### **3. Confirmation of financial resources available for the Offer**

The maximum payment obligations payable for the Offer shall be payable in cash. The Offeror intends to finance the maximum payment obligations payable for the Offer by his own financial resources. The maximum aggregate amount payable by the Offeror for the Offer would be HK\$7,040,000 based on the Offer Price of HK\$0.04 per Offer Share assuming full acceptance of the Offer.

Lego Corporate Finance, being 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 maximum payment obligations upon full acceptance of the Offer. For details of the arrangements in relation to the financial resources, please refer to the section headed "Confirmation of financial resources available for the Offer" in the "Letter from Lego Securities" contained in this Composite Document.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### PRINCIPAL FACTORS AND REASONS TAKEN INTO CONSIDERATION ON THE OFFER

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

#### 1. Background information of the Group

The Company is a company incorporated in the Cayman Islands on 8 April 2016 as an exempted company with limited liability. The Group is principally engaged in (i) providing rental services of construction equipment, mainly including tower cranes and generators, in particular for both public and private housing construction; and (ii) trading of equipment and spare parts, in Hong Kong.

#### 2. Financial information of the Group

Set out below is the summary of the consolidated financial information of the Group for the three financial years ended 31 March (“FY”) 2024 as extracted from the 2024 Annual Report and the 2023 Annual Report:

**Table 1: Highlights of the financial results of the Group**

	<b>For the year ended 31 March</b>		
	<b>2022</b> <i>(Audited)</i> <i>HK\$'000</i>	<b>2023</b> <i>(Audited)</i> <i>HK\$'000</i>	<b>2024</b> <i>(Audited)</i> <i>HK\$'000</i>
Revenue	75,441	98,235	107,813
— Equipment installation, demolition and inspection services	34,609	30,013	49,135
— Trading of equipment and spare parts	3,487	2,001	5,239
— Rental income from leasing equipment and spare parts	37,345	66,221	53,439
Gross profit	18,850	25,576	23,916
Gross profit margin	24.97%	26.04%	22.12%
Other income	72	974	441
Reversal of impairment loss on financial assets	(3,106)	1,228	2,110
Administrative expenses	(16,585)	(21,814)	(24,578)
Finance cost	(1,003)	(1,660)	(1,461)
Income tax expense	(1,263)	(1,935)	(996)
(Loss)/profit and total comprehensive (loss)/income for the year	(3,035)	2,369	(568)

*Source: 2024 Annual Report and 2023 Annual Report*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *FY2024 as compared to FY2023*

The Group recorded revenue of approximately HK\$107.8 million, representing a growth of approximately 9.8% as compared to approximately HK\$98.2 million for FY2023. As disclosed in the 2024 Annual Report, such increase was mainly due to the increase in income generated from new tower cranes and the related services in equipment installation and inspection services.

As stated in the 2024 Annual Report, there was a decrease in gross profit of the Group from approximately HK\$25.6 million for FY2023, by approximately 6.6% to approximately HK\$23.9 million from FY2024 due to the write-down of inventories for FY2024.

The Group recorded loss and total comprehensive loss for the year of approximately HK\$0.6 million for FY2024, representing a reverse from profit and total comprehensive income of approximately HK\$2.4 million for FY2023. According to the Annual Report 2024, such change was mainly attributable to the increase in staff costs (including directors' emolument) and the decrease in gross profit as mentioned above.

### *For FY2023 as compared to FY2022*

The Group recorded revenue of approximately HK\$98.2 million, representing an increase of approximately 30.2% as compared to approximately HK\$75.4 million for FY2022. As disclosed in the 2023 Annual Report, such increase was mainly attributable to the increase in income generated from equipment installation and inspection services.

There was an increase in gross profit of the Group from approximately HK\$18.9 million for FY2022, by approximately 35.7%, to approximately HK\$25.6 million for FY2023 due to the increase in revenue as mentioned above whereas the gross profit margin only increased slightly to approximately 26.0% for FY2023 from approximately 25.0% for FY2022.

The Group recorded a profit and total comprehensive income of approximately HK\$2.4 million for FY2023, representing a turnaround from loss as compared to the loss of approximately HK\$3.0 million for FY2022, which was mainly driven by the impairment losses on trade receivable of approximately HK\$3.1 million recognised during FY2022. Such turnaround from loss-making to net profit was mainly attributable to (i) the recovery of impairment loss on trade receivable of approximately HK\$1.2 million; (ii) the decrease in net loss on disposal of property, plant and equipment of approximately HK\$0.8 million (FY2022: approximately HK\$2.8 million); and (iii) increase in income from tower crane rental, as disclosed in the 2023 Annual Report.

The Company did not declare any payment of dividend for FY2022, FY2023 and FY2024. In addition, we noted that the Group reported net loss for FY2022 and FY2024. Despite the fact that the revenue has been increasing over the years, such growth rate did not outpace the growth rate in cost. Its compound annual growth rate (the "CAGR") of revenue from FY2022 to FY2024 of approximately 19.55% is lower than the CAGR of cost of sales and services rendered of approximately 21.76%. On the other hand, we noted

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

that the CAGR from FY2022 to FY2024 of administrative expenses is approximately 21.74%, which is also higher than the CAGR of revenue. Such high CARG of administrative expenses is mainly due to the performance bonus paid to director and staff of approximately HK\$6.4 million in FY2023 (FY2022: 2.9 million).

Despite the fact that the net asset value has been stable, the liquidity of the Company is worsening over the years, which is represented by the significant drop of net current assets from approximately HK\$16.3 million as at 31 March 2022 to approximately HK\$2.6 million as at 31 March 2024 or approximately drop of 84.2%, and cash and cash equivalents decreased from approximately HK\$30.4 million as at 31 March 2022 to approximately HK\$14.2 million as at 31 March 2023, and further to approximately HK\$13.3 million as at 31 March 2024. Such decrease in cash and cash equivalents is due to the repayment of borrowing, which has reduced by approximately HK\$12.7 million, from the total amount of approximately HK\$18.8 million as at 31 March 2022 to HK\$6.1 million as at 31 March 2024. The cash and cash equivalents is unlikely to continue depleting as the Company did not incur new non-current borrowing.

### 3. Financial position of the Group

Set out below is the summary of the Group's financial positions as at 31 March 2024, 2023 and 2022, as extracted from and determined based on the 2024 Annual Report and 2023 Annual Report respectively:

**Table 2: Highlights of the financial positions of the Group**

	As at 31 March		
	2022 <i>(Audited)</i> HK\$'000	2023 <i>(Audited)</i> HK\$'000	2024 <i>(Audited)</i> HK\$'000
<b>Non-current assets</b>	<b>126,757</b>	<b>133,482</b>	<b>140,054</b>
Property, plant and equipment	125,631	131,037	138,482
Deposits paid for purchase of property, plant and equipment	1,126	2,445	1,572
<b>Current assets</b>	<b>52,139</b>	<b>45,180</b>	<b>41,077</b>
Inventories	210	6,884	2,785
Trade receivables	17,411	23,261	22,800
Prepayment and deposits	4,096	828	2,204
Cash and cash equivalents	30,422	14,207	13,288
<b>Current liabilities</b>	<b>32,213</b>	<b>32,599</b>	<b>38,499</b>
Trade and other payable	12,558	18,751	26,636
Lease liabilities	5,503	4,372	5,734
Borrowings	14,152	9,476	6,129

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

	<b>As at 31 March</b>		
	<b>2022</b> <i>(Audited)</i> <i>HK\$'000</i>	<b>2023</b> <i>(Audited)</i> <i>HK\$'000</i>	<b>2024</b> <i>(Audited)</i> <i>HK\$'000</i>
<b>Non-current liabilities</b>	<b>25,329</b>	<b>28,603</b>	<b>25,740</b>
Borrowings	4,690	2,065	—
Other payables	—	6,575	2,943
Lease liabilities	6,194	3,583	5,421
Deferred tax liabilities	14,445	16,380	17,376
<b>Net current assets</b>	<b>16,270</b>	<b>12,581</b>	<b>2,578</b>
<b>Net assets value (“NAV”)</b>	<b>121,354</b>	<b>117,460</b>	<b>116,892</b>
<b>NAV per share (HK\$) (Note 1)</b>	<b>0.303</b>	<b>0.312</b>	<b>0.311</b>
<b>Gearing ratio (Note 2)</b>	<b>25.2%</b>	<b>26.5%</b>	<b>23.3%</b>

*Source: 2024 Annual Report and 2023 Annual Report*

*Notes:*

1. The NAV per Share is calculated by dividing the NAV by the number of Shares outstanding as at 31 March 2022, 2023 and 2024, respectively (i.e. 400,000,000 Shares as at 31 March 2022, 376,000,000 Shares as at 31 March 2023 and 2024).
2. The gearing ratio is calculated based on the interest-bearing payables for purchase of property, plant and equipment, lease liabilities, loan and borrowing divided by the total equity at the end of the year and multiplied by 100%.

*As at 31 March 2024*

As at 31 March 2024, the non-current assets of the Group amounted to approximately HK\$140.1 million, which mainly consisted of property, plant and equipment. As disclosed in the 2024 Annual Report, the increase in property, plant and equipment from approximately HK\$131.0 million as at 31 March 2023 to approximately HK\$138.5 million as at 31 March 2024 was mainly due to the capital expenditure of approximately HK\$32.8 million, which was mainly used to purchase additional tower cranes, which accounted for approximately 87.3% (FY2023: 94.0%), of the total capital expenditure in FY2024.

The current assets of the Group recorded approximately HK\$41.1 million as at 31 March 2024 (2023: approximately HK\$45.2 million), which mainly comprised trade receivables of approximately HK\$22.8 million (2023: approximately HK\$23.3 million) and cash and cash equivalents of approximately HK\$13.3 million (2023: approximately HK\$14.2 million).

The current liabilities of the Group amounted to approximately HK\$38.5 million as at 31 March 2024 (2023: approximately HK\$32.6 million), which mainly included trade and other payable of approximately HK\$26.6 million (2023: approximately HK\$18.8 million).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The non-current liabilities of the Group recorded approximately HK\$25.7 million as at 31 March 2024 (2023: approximately HK\$28.6 million), which mainly included deferred tax liabilities of approximately HK\$17.4 million (2023: approximately HK\$16.4 million).

As at 31 March 2024, the Group recorded net current assets and NAV of approximately HK\$2.6 million and HK\$116.9 million respectively (2023: approximately HK\$12.6 million and HK\$117.5 million). Based on the above and the number of issued Shares of 376,000,000 as at the Latest Practicable Date, the audited consolidated NAV per Share of the Group was approximately HK\$0.311 as at 31 March 2024.

As at 31 March 2024, the gearing ratio of the Group, which is calculated based on the interest-bearing payables for purchase of property, plant and equipment, lease liabilities, loan and borrowing divided by the total equity at the end of the year and multiplied by 100%, stood at approximately 23.3% (2023: approximately 26.5%). Such decrease in gearing ratio was mainly due to the decrease of interest-bearing payables for purchase of property, plant and equipment, lease liabilities, loan and borrowing. Moreover, we note that the range of gearing ratio of the Comparable Companies (as defined below) is approximately 14.6% to 150.0% with a median of approximately 65.5%. The Company's gearing ratio is at a lower level compared to the median of the gearing ratio of the Comparable Companies (as defined below).

### *As at 31 March 2023*

As at 31 March 2023, the non-current assets of the Group amounted to approximately HK\$133.5 million, which mainly consisted of property, plant and equipment. As disclosed in the 2023 Annual Report, the increase in property, plant and equipment from approximately HK\$125.6 million as at 31 March 2022 to approximately HK\$131.0 million as at 31 March 2023 was mainly due to the capital expenditure of approximately HK\$33.3 million, which was mainly used to purchase additional tower cranes and motor vehicles, which accounted for approximately 94.0% (FY2022: 83.5%), of the total capital expenditure in FY2023.

The current assets of the Group recorded approximately HK\$45.2 million as at 31 March 2023 (FY2022: approximately HK\$52.1 million), which mainly comprised trade receivables of approximately HK\$23.3 million (FY2022: approximately HK\$17.4 million) and cash and cash equivalents of approximately HK\$14.2 million (FY2022: approximately HK\$30.4 million).

The current liabilities of the Group amounted to approximately HK\$32.6 million as at 31 March 2023 (FY2022: approximately HK\$32.2 million), which mainly included trade and other payable of approximately HK\$18.8 million (FY2022: approximately HK\$12.6 million).

The non-current liabilities of the Group recorded approximately HK\$28.6 million as at 31 March 2023 (FY2022: approximately HK\$25.3 million), which mainly included deferred tax liabilities of approximately HK\$16.4 million (FY2022: approximately HK\$14.4 million).



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 March 2023, the Group recorded net current assets and NAV of approximately HK\$12.6 million and HK\$117.5 million respectively (FY2022: approximately HK\$16.3 million and HK\$121.4 million). Based on the above and the number of issued Shares of 376,000,000 as at the Latest Practicable Date, the audited consolidated NAV per Share of the Group was approximately HK\$0.312 as at 31 March 2023.

As at 31 March 2023, the gearing ratio of the Group, which is calculated based on the interest-bearing payables for purchase of property, plant and equipment, lease liabilities, loan and borrowing divided by the total equity at the end of the year and multiplied by 100%, stood at approximately 26.5% (FY2023: approximately 25.2%). Such increase in gearing ratio was mainly due to the drop in NAV by approximately HK\$3.9 million.

More details of the financial information of the Group are set out in Appendix II of this Composite Document.

#### **4. Industry outlook and prospects of the Group**

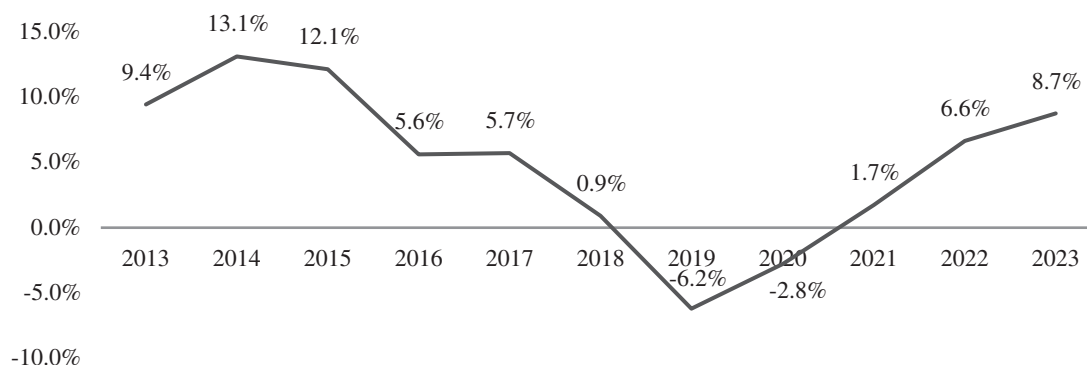
As disclosed in the 2024 Annual Report, the main revenue source of the Group includes (i) equipment installation, demolition and inspection services; and (ii) rental income from leasing equipment and spare parts, which in aggregate accounted for approximately 95.1% and 98.0% of the total revenue of the Group for FY2024 and FY2023 respectively, and was mainly generated in Hong Kong.

The Group's results of operations, financial condition and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's business. Having discussed with the Management, we set out below the relevant factors that could result in the Group's results of operations, financial condition and growth prospects differing materially from expected or historical results.

According to the statistics released by the Census and Statistics Department of Hong Kong on 13 June 2024, the year-on-year (“YOY”) growth rates of annual gross value of the construction work performed by main contractors in Hong Kong in nominal terms have been rebounding from the lowest point in 2019 during the past ten years as illustrated in the graph below. The growth rates dropped considerably from 2015 to 2019, from approximately 12.1% to approximately -6.2%. Prior to the COVID-19 pandemic outbreak, the industry had been struggling amid a general slowdown in construction works and a sharp drop in public sector construction projects commissioned by the Hong Kong government. However, the growth rate has been rebounded since 2019, from approximately -6.2%. The annual gross value recorded YOY increases of approximately 1.7%, 6.6% and 8.7%, in 2021, 2022 and 2023 respectively, mainly due to the low-base effect and the resumption of construction after the COVID-19 pandemic outbreak.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Chart 1: Growth rate of the annual gross value of construction works performed by main contractors in nominal terms in Hong Kong**

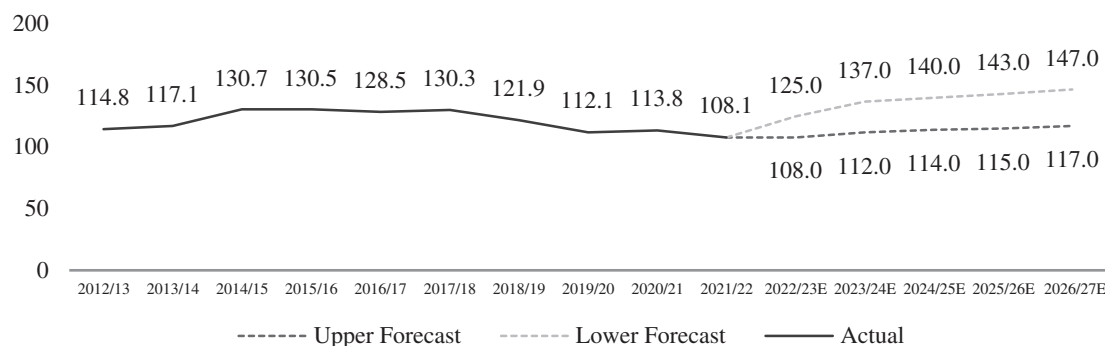


*Source: The website of the Census and Statistics Department of Hong Kong (<https://www.censtatd.gov.hk/>)*

According to the data from Construction Industry Council updated in July 2023, the capital expenditure in respect of the electrical and mechanical sector and the repair, maintenance, alteration sector in both private and public domains (together the “**Sector Capital Expenditure**”) during the 2012 to 2021 and the five-year forecast of the Sector Capital Expenditure. The Sector Capital Expenditure is highly correlated with the business of the Group as such electrical and mechanical sector and the repair, maintenance, alteration sector in both private and public domains require rental of construction equipment and also purchase of equipment and spare parts. The Sector Capital Expenditure peaked at approximately HK\$130.7 billion for the year 2014/15 and commenced a declining trend since that to HK\$108.1 billion for the year 2021/22. However, the Construction Industry Council publishes a forecast of the 5-year Sector Capital Expenditure since the year 2021/22 and expects there will be a rebound. In the case of the upper forecast, the Sector Capital Expenditure will increase to HK\$147.0 billion for the year 2026/27 while in the case of the lower forecast, it will increase to HK\$117.0 billion for the same year., which in both cases it shows continuous upward trend. The chart below sets out the Sector capital Expenditure for the ten-year period from 2012/13 to 2021/22 and the forecast for five-year period from 2022/23 to 2026/27.

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**Chart 2: the Sector Capital Expenditure for the ten-year period from 2012/13 to 2021/22 and the forecast for five-year period from 2022/23 to 2026/27.**



Source: The website of the Construction Industry Council (<http://www.cic.hk>)

The latest forecast was last updated in July 2023, which was based on constant price levels in September 2022 with no provision for inflation. As noted by the Construction Industry Council, a long term forecast is affected by many factors, both externally and internally. Externally, the forecast is affected by, for example, change in economic climates and government policy changes, and internally, construction work progress is affected by many factors, such as statutory procedures, technical reasons and inclement weather, which may prolong the construction in different extent. With these factors taken into consideration, the Construction Industry Council considers it appropriate to provide a range, lower and upper bound levels, for the construction expenditure for industry's reference.

As discussed with the Company and as disclosed in the 2024 Annual Report, given that the number of applicants for public housing increases to 60,466 from 50,034 according to the 2022/23 and 2021/22 annual report published by the Hong Kong Housing Authority, the outlook of the construction sector in Hong Kong and in particular the prospect of the Group remains promising. The government and related departments are trying to find more locations to build public housing estates, by which the Company believes that the housing construction will continue to drive the demand for the machinery as well as the business development of the Group in the future. In addition, according to report titled "Hong Kong in Figures — 2024 edition" published in April 2024 by the Hong Kong Census and statistics Department, the total usable floor area for private buildings granted permission to commence work stood at a robust approximately 737,000 square meters in 2018. While this figure declined to approximately 504,000 square meters by 2022. Adversely in 2023, the total usable floor area rebounded to approximately 598,000 square meters, it is a significant recovery in private construction activity, with an almost 19% increase in total usable floor area from 2022 to 2023. This uptick in private construction activity in 2023 points to a resurgence in the private building market.

## **5. Information of the Offeror**

### *Information of the Offeror*

Mr. Tang Ming Hei, being the Offeror, was appointed as a Director on 24 May 2016 and designated as an executive Director on 24 June 2016. He was also appointed as the compliance officer of the Company on 23 June 2016. He is responsible for advising on compliance matters of the Group.

Mr. Tang Ming Hei obtained a dual degree of Bachelors of Laws and Commerce from The University of Queensland, Australia in July 2012. In July 2013, he obtained the Graduate Diploma in Legal Practice from The Australian National University, Australia and obtained a degree of Master of Commerce in Financial Econometrics from the University of New South Wales, Australia. Mr. Tang Ming Hei was admitted as a Lawyer of the Supreme Court of New South Wales by The Supreme Court of New South Wales in July 2013. He was also admitted as an associate member of CPA Australia in June 2014.

Mr. Tang Ming Hei is the son of Mr. H.K. Tang and Ms. Au, an executive Director and a non-executive Director, respectively, and the nephew of Mr. Au Lop Wah Edmond, a non-executive Director.

Immediately before completion of the Acquisition, the Offeror did not hold any Shares. Immediately after completion of the Acquisition and as at the Latest Practicable Date, none of the Offeror and the parties acting in concert with him hold any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for (i) the 80,000,000 Shares held by the Offeror; and (ii) the 120,000,000 Shares held by Hing Gut.

## **6. Intentions of the Offeror in relation to the Group**

The Offeror is the son of Mr. H.K. Tang (an executive Director, the chairman of the Board, the chief executive officer of the Company and a controlling shareholder of the Company) and Ms. Au (a non-executive Director and a controlling shareholder of the Company). Mr. H.K. Tang and Ms. Au, being co-founders of the Group responsible for strategic planning and/or the overall management and supervision of operations of the Group, have collectively contributed to the continued success of the Group with over 20 years of operating history.

The Offeror joined the Group as a compliance consultant in December 2015 and was subsequently appointed and designated as an executive Director in 2016. After over eight years of participation in the business and operation of the Group, the Offeror is optimistic about the future prospect of the Group and considers the Acquisition as a good management buy-out opportunity for him to invest in the Company. The Offeror is also of the view that the trading price of the Shares has long been below the net asset value per Share. During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.171 per Share and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.051 per Share. The audited consolidated net asset value of the Group per Share was approximately HK\$0.3109 as at 31 March 2024. The Tang family is committed to the Group's

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long-term prospects. The Acquisition and the Offer allow the Tang family, which are the founding members of the Group and are deeply familiar with the Group's business, to enhance control and leadership on the Group. This provides continuity of strategy, operational knowledge and customer/supplier relationships, which are crucial for the Group's ongoing success. Therefore, the Offeror considers the Acquisition and the Offer commercially justifiable in the long run.

Following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal business for long-term purposes. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business.

As at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group. The Offeror has no plan to terminate the employment of any employees or personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

The Board (excluding Mr. Tang Ming Hei (being the Offeror) and other Directors who are parties acting in concert with the Offeror, comprising Mr. H.K. Tang (father of the Offeror), Ms. Au (mother of the Offeror) and Mr. Au Lop Wah Edmond (uncle 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.

### **7. Changes to the composition of the Board**

The Offeror has no intention to change the composition of the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

### **8. Maintaining the GEM listing status of the Company**

The Offeror intends to maintain the listing of the Shares on GEM of the Stock Exchange following the close of the Offer. Each of the Company, the Directors and the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the issued share capital of the Company will continue to be held by the public at all material times.

The Stock Exchange has stated that, if, at the closing 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) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealing in the Shares.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Our view*

After considering:

- (i) the Offeror has no intention to introduce major changes to the existing business of the Group and intends that the Company's existing principal activities will be maintained;
- (ii) the Offeror, being the son of the co-founders of the Group, shares the original vision and values established by the co-founders; and
- (iii) the Offeror had no intention to change the composition of the Board and intended to remain as an executive Director,

it is expected that there will be no immediate material change on the business operation of the Group after the close of the Offer.

Furthermore, as discussed in the section "2. Financial information of the Group" and "3. Financial position of the Group" above respectively, the revenue increased stably from FY2022 to FY2024 and the NAV remained relatively stable during the same period. Assuming without material changes on the business operations of the Group nor the composition of the Board, we foresee the Group's business will continue to remain relatively stable in the foreseeable future.

### **9. Analysis on the Offer Price**

#### *(a) Comparisons of Offer Price*

The Offer Price of HK\$0.04 per Offer Share represents:

- (i) a discount of approximately 25.93% to the closing price of HK\$0.054 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 28.57% to the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 27.54% to the average of closing price of HK\$0.0552 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 25.93% to the average of closing price of HK\$0.054 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (v) a discount of approximately 33.67% to the average of closing price of HK\$0.0603 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day; and
- (vi) a discount of approximately 87.13% to the audited consolidated NAV per Share of approximately HK\$0.3109 as at 31 March 2024, which was calculated based on the audited consolidated NAV attributable to owners of the Company of approximately HK\$116,892,000 as at 31 March 2024 (the date on which the latest audited financial results of the Group were made up) and 376,000,000 in issue as at the Latest Practicable Date.

The consolidated total assets of the Group as at 31 March 2022, 2023 and 2024 were approximately HK\$178.9 million, HK\$178.7 million and HK\$181.1 million, of which property, plant and equipment value accounted for approximately HK\$125.6 million, HK\$131.0 million and HK\$138.5 million, respectively. The consolidated total liabilities of the Group as at 31 March 2022, 2023 and 2024 were approximately HK\$57.5 million, HK\$61.2 million and HK\$64.2 million, of which (i) trade and other payable accounted for approximately HK\$12.6 million, HK\$18.8 million and HK\$26.6 million respectively; and (ii) deferred tax liabilities accounted for approximately HK\$14.4 million, HK\$16.4 million and HK\$17.4 million respectively.

On the other hand, the daily closing price of the Share during the Review Period (as defined below), ranging from the highest of HK\$0.23 per Share to the lowest of HK\$0.051 per Share, had been trading below the NAV per Share as illustrated in Chart 3 below.

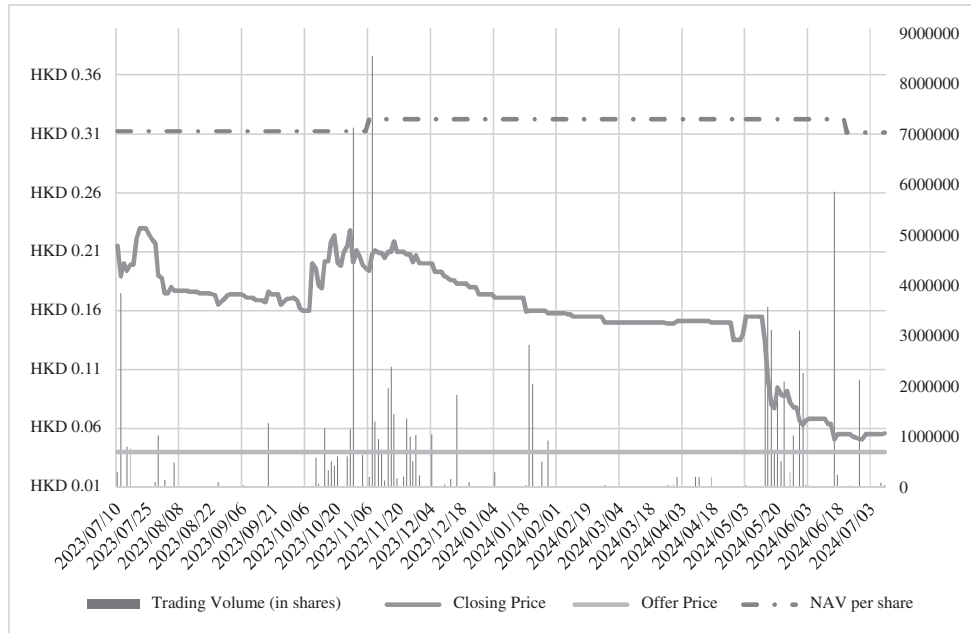
As discussed in the section “2. Financial information of the Group” above, the NAV per Share as at 31 March 2022, 2023 and 2024 were approximately HK\$0.303, HK\$0.312 and HK\$0.311, respectively which is significantly higher than the Offer Price.

### *(b) Historical price performance of the Shares*

Set out below is the chart showing the daily closing price and trading volumes of the Shares as quoted on the Stock Exchange during the period commencing from 10 July 2023, being the twelve-month period prior to the Last Trading Day (i.e. 9 July 2024), up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is fair, adequate, representative and sufficient to illustrate the general trend and level of movement of recent closing prices of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and the Offer Price.

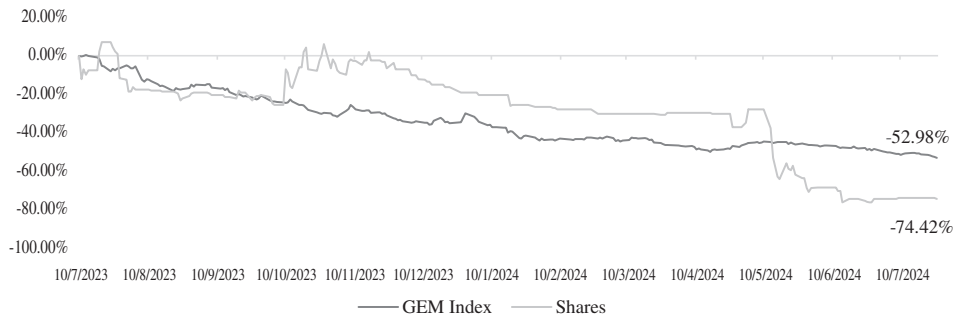
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Chart 3: Movement of the daily closing price of the Shares during the Review Period**



*Note:* The NAV per Share was calculated based on the equity attributable to the owners of the Company as set out in the respective interim or annual results of the Company divided by the total number of Shares then in issue.

**Chart 4: Performance of GEM Index and the Shares during the Review Period (rebased)**



*Source: The website of the Stock Exchange and S&P*

As depicted in the above chart 3 during the Review Period, the Share closing price was above the Offer Price of HK\$0.04 per Share throughout the whole Review Period. During the Review Period, the closing prices of the Shares demonstrated a general decreasing trend since its peak on 20 July 2023, 21 July 2023 and 24 July 2023 respectively, ranging from the highest of HK\$0.23 per Share to the lowest of HK\$0.051 per Share recorded for the trading days on 14 June 2024, 26 June 2024 and 27 June 2024 respectively, with an average daily closing price of the Shares of approximately HK\$0.158 per Share. As depicted in the above chart 4 during the Review Period, the



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S&P/HKEX GEM Index during the Review Period has demonstrated a general downward trend, decreased from approximately 31.18 on 10 July 2023 to approximately 15.24 on the Last Trading Day, representing an approximate drop of 52.98%.

The Offer Price of HK\$0.04 represents (i) a discount of approximately 21.57% to the lowest closing price; (ii) a discount of approximately 82.61% to the highest closing price; and (iii) a discount of approximately 74.73% to the average daily closing price during the Review Period. Although the Offer Price represents significant discount to the average closing price as abovementioned, nevertheless this is a commercial decision between the Offeror, who was willing to purchase the 80,000,000 Shares at a total Consideration of HK\$3,200,000, and the Selling Shareholder, who was willing to sell. The Offer Price at such discount to the prevailing market prices as abovementioned in (i), (ii) and (iii) respectively coupled with the deep discount to NAV, is not fair and not reasonable. There are some notable events below during the Review Period:

- (i) the Share closing price hovered at HK\$0.177 on 7 August 2023 and 8 August 2023 respectively after the publication of the first quarterly results announcement for the three months ended 30 June 2023;
- (ii) the Share closing price hovered at HK\$0.174 on 21 September 2023 and 22 September 2023 respectively and slightly decreased to HK\$0.165 on 25 September 2023 after the publication of the announcement in connection with the discloseable transaction in relation to acquisition of machinery (one set of tower crane, specifications of which as detailed in the relevant agreement dated 21 September 2023);
- (iii) the Share closing price dropped from HK\$0.206 on 1 November 2023 to HK\$0.199 on 2 November 2023 after the publication of the announcement in relation to the change of directors and change in composition of board committees on 1 November 2023;
- (iv) the Share closing price increased slightly from HK\$0.194 on 6 November 2023 to HK\$0.208 on 7 November 2023 after the publication of the interim results announcement for the six months ended 30 September 2023 on 6 November 2023. After reaching its high at HK\$0.219 on 16 November 2023, the Share closing price demonstrated a general downward trend subsequently up to the Last Trading Day;
- (v) the Share closing price hovered at HK\$0.055 on 20 June 2024 and 21 June 2024 respectively and subsequently dropped to HK\$0.053 after the publication of the annual results announcement for FY2024 on 20 June 2024; and
- (vi) On 9 July 2024, the Company requested a trading halt in the trading of its Shares with effect from 1:00 p.m. on 9 July 2024 pending the release of an announcement pursuant to the Takeovers Code. On 12 July 2024 (after trading hours), the Joint Announcement was published. Trading in the Shares resumed on 15 July 2024 and the market price of the Shares closed at HK\$0.056. Thereafter the closing prices of the Shares moved downward to HK\$0.054 and

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moved in the range of HK\$0.044 and HK\$0.056 until the Latest Practicable Date. In view of the unusual movement in the market price of the Shares, it is uncertain that it will maintain after the close of the Offer.

As shown in the chart 3 and 4 above, the performance of the Shares during the Review Period has demonstrated a similar downward trend as compared to the S&P/HKEX GEM Index during the Review Period. Nonetheless, the Offer Price is significantly below both NAV per Share and the daily closing prices of the Share during the Review Period.

Having made enquiry with the Management with respect to the reason for the movement of the market price of the Shares, the Directors confirmed that they are not aware of any other reasons, in particular the closing price of the Shares (a) reached its peaks on 20 July 2023, 21 July 2023 and 24 July 2023 respectively; and (b) declined significantly between from 10 May 2024 to 17 May 2024, which could lead to the fluctuation of the closing Share price during the Review Period.

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

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### (c) Historical liquidity of the Shares

The following table sets out the average daily trading volume (the “**Average Daily Trading Volume**”) of the Shares for each month or period and the percentages of such Average Daily Trading Volume to the number of total issued Shares and the Shares held by public Shareholders during the Review Period:

**Table 3: Trading liquidity of the Shares**

	Total trading volume <i>Number of Shares</i>	Number of trading days <i>(Days)</i>	Average daily trading volume <i>Number of Shares</i>	Percentage of the average daily trading volume to the total number of issued Shares <i>(Note 1)</i>	Percentage of the average daily trading volume to the total number of Shares held by the public Shareholders <i>(Note 2)</i>
<b>2023</b>					
July (from 10 July)	6,796,000	15	453,067	0.1205%	0.2877%
August	740,000	23	32,174	0.0086%	0.0204%
September	1,396,000	19	73,474	0.0195%	0.0467%
October	12,580,000	20	629,000	0.1673%	0.3994%
November	22,636,000	22	1,028,909	0.2736%	0.6534%
December	3,204,000	19	168,632	0.0448%	0.1071%
<b>2024</b>					
January	6,576,000	22	298,909	0.0795%	0.1898%
February	48,000	19	2,526	0.0007%	0.0016%
March	312,000	20	15,600	0.0041%	0.0099%
April	608,000	20	30,400	0.0081%	0.0193%
May	21,516,000	21	1,024,571	0.2725%	0.6506%
June	8,236,000	19	433,474	0.1153%	0.2753%
July (up to and including the Last Trading Date)	44,000	6	7,333	0.0020%	0.0047%
	Maximum		1,028,909	0.2736%	0.6534%
	Minimum		2,526	0.0007%	0.0016%
	Average		322,928	0.0859%	0.2051%

*Source: The website of the Stock Exchange*

*Notes:*

1. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares issue at the end of month/period.
2. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares held by the public Shareholders at the end of each month/period.

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As illustrated from table 3 above, the monthly Average Daily Trading Volume of the Shares during the Review Period ranged from approximately 2,526 Shares in February 2024 to approximately 1,028,909 Shares in November 2023, representing approximately 0.0007% to approximately 0.2736% of the total number of the Shares in issue and approximately 0.0016% to approximately 0.6534% of the total number of the Shares held by the public Shareholders, respectively as at the Latest Practicable Date. Furthermore, there was a total of 145 trading days on which there was no trading in the Shares, representing approximately 59.2% of the 245 trading days prior to the Acquisition during the Review Period.

On the first trading day (i.e. 15 July 2024) after the release of the Joint Announcement, the daily trading volume of the Shares increased to 72,000 Shares, which is below the average daily trading volume as shown in table 3 and accounts for approximately 0.0457% of the total number of Shares held by the public Shareholders, which we are of the view that the market is indifferent to the Offer.

The liquidity of the Shares during the Review Period has been, in our view, generally thin. Such low level of liquidity would suggest that any sale of a significant number of the Shares in the market may result in downward pressure on the market price of the Shares. Therefore, we consider that the Offer provides an assured exit alternative for the Independent Shareholders, to realise part of all of their investments in the Shares at the Offer Price of HK\$0.04 per Share if they wish so.

### *(d) Comparable analysis*

As discussed in the sections headed “1. Background information of the Group” and “2. Prospect and outlook of the Group” above, the Group principally engages in providing rental services of construction equipment, mainly including tower cranes and generators, and over 95% of the Group’s total revenue has been contributed by the main revenue source of the Group includes (i) equipment installation, demolition and inspection services; and (ii) rental income from leasing equipment and spare parts. In this respect, in order to evaluate the fairness and reasonableness of the Offer Price, we have conducted a comparable company analysis based on the following selection criteria to include companies that (a) are listed on the Stock Exchange; (b) are principally engaged in rental services of construction equipment sector (the “**Comparable Business**”); and (c) with at least 50% of their respective total revenue contributed from rental services of construction equipment in their latest financial year.

Based on the aforementioned criteria, we have identified 6 listed companies on the Stock Exchange which are engaged in the rental services of construction equipment (the “**Comparable Companies**”). We are of the view that the Comparable Companies have been exhaustively identified and form a fair, reasonable, appropriate and representative sample for the purpose of drawing a meaningful comparison to the Offer Price.

For comparison purpose, we have considered the price-to-earnings multiple (the “**P/E Multiple**”), which is the most commonly adopted valuation benchmark in the course of valuation of companies. However, given the Company reported consolidated loss and total comprehensive expense for FY2024, we are unable to conduct the comparison on P/E

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Multiple. We therefore considered the use of the price-to-book multiple (the “**P/B Multiple**”) and the price-to-sales multiple (the “**P/S Multiple**”) in our market comparable analysis as reference, details of which are set out below.

**Table 4: Analysis of the Comparable Companies**

Comparable Companies (Stock Code)	Principal business	Market Capitalisation (Note 1) (HK\$ million)	P/S (Note 2) (x)	P/B (Note 3) (x)
Hao Tian International Construction Investment Group Limited (1341) (“Hao Tian”) (Note 4)	Principally engaged in construction machinery and spare parts rental and sale services	7,087.7	40.97	5.73
Horizon Construction Development Limited (9930)	Principally engaged in aerial work platform equipment leasing services	4,572.1	0.44	0.40
Tat Hong Equipment Service Company Limited (2153)	Principally engaged in one-stop tower crane solution services	1,155.2	1.58	0.76
Aceso Life Science Group Limited (474)	Principally engaged in construction machinery and spare parts rental and sale services	900.6	3.95	0.50
Kaisa Capital Investment Holdings Limited (936)	Principally engaged in trading of construction machinery and spare parts and construction machinery operating leases services	121.9	0.51	0.85
World Super Holdings Limited (8612)	Principally engaged in rental services of crawler cranes, oscillators, a kind of bored piling machine working with drill-string to drill through the hard rock to the designated depth and hydromill trench cutters	16.4	0.71	0.41
		<b>Maximum</b>	3.95	0.85
		<b>Median</b>	0.71	0.50
		<b>Minimum</b>	0.44	0.40
		<b>Average</b>	1.44	0.58
		<b>Implied Market Capitalisation (HK\$ million)</b>	<b>Implied P/S Multiple (x)</b>	<b>Implied P/B Multiple (x)</b>
<b>The Company</b>	<b>Principally engaged in temporary suspended working platform rental services</b>	<b>15.0</b>	<b>0.14</b>	<b>0.13</b>

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*Notes:*

1. The market capitalisations of the Comparable Companies are calculated by multiplying their respective closing prices as of the Last Trading Day by the numbers of shares. The implied market capitalisation of the Company is calculated by multiplying the Offer Price by the number of Shares.
2. The P/S Multiples of the Comparable Companies are calculated by dividing their respective market capitalisation as of the Last Trading Day by their respective revenue (or sales) for the financial year according to their respective latest available annual results. The implied P/S Multiple of the Company (the “**Implied P/S Multiple**”) is calculated by dividing its market capitalisation based on the Offer Price by the revenue (or sales) of the Group of approximately HK\$107.8 million for FY2024.
3. The P/B Multiples of the Comparable Companies are calculated by dividing their respective market capitalisation as of the Last Trading Day by their respective audited annual consolidated net asset values according to their respective latest financial results. The implied P/B Multiple of the Company (the “**Implied P/B Multiple**”) is calculated by dividing its market capitalisation based on the Offer Price by the audited consolidated net asset value of approximately HK\$116.9 million as at 31 March 2024.
4. Hao Tian is excluded as outlier as the maximum P/S and P/B, average P/S and P/B and median of P/E and P/S are determined or calculated after the extremely high P/E and P/B of Hao Tian of approximately 40.97 and 5.73 times respectively which appear to be abnormally high as compared to the rest of the Comparable Companies which may skew the overall results, and thus are excluded as outlier of the Comparable Companies.

It was noted that on 27 July 2023, Hao Tian announced the introduction of a strategic investor, namely a wholly-owned subsidiary of Inner Mongolia Yitai Coal Co., Ltd.\* (內蒙古伊泰煤炭股份有限公司) (“**Yitai**”), a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 3948) and whose B shares are listed on the Shanghai Stock Exchange (stock code: 900948). Share price of Hao Tian increased from HK\$0.435 per share on 27 July 2023 to the highest of HK\$1.63 on 14 November 2023, and subsequently decreased to HK\$0.95 as at the Latest Practicable Date, despite Hao Tian recorded decrease in revenue from approximately HK\$246 million for FY2023 to approximately HK\$173 million for FY2024 and a profit of approximately HK\$108 million for FY2023 to a loss of approximately HK\$512 million for FY2024 which was announced on 27 June 2024. We are of the view that increase in Hao Tian share price was not in line with decrease in its financials during the same period, and was mainly attributable to market expectations of Hao Tian benefiting from Yitai business network and relationship with banks and financial institutions as disclosed in its announcement dated 27 July 2023. Given that the valuation of Hao Tian might not be purely based on fundamentals and its P/S and P/B are significantly higher than the Comparable Companies, we therefore consider Hao Tian as an outlier and was not included as one of the Comparable Companies.

As illustrated in the table 4 above, we noted that:

- (i) the Implied P/S Multiple of approximately 0.14 times is below the range of P/S Multiple of the Comparable Companies of a minimum of approximately 0.44 times to a maximum of approximately 3.95 times; and
- (ii) the Implied P/B Multiple of approximately 0.13 times is below the range of P/B Multiple of the Comparable Companies of a minimum of approximately 0.40 times to a maximum of approximately 0.85 times.

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Accordingly, based on the above in particular (a) the P/S Multiple and P/B Multiple analysis as set out under the Comparable Companies; (b) the Group's revenue increased stably from FY2022 to FY2024 and the NAV remained relatively stable during the same period as abovementioned in the sections headed "2. Financial information of the Group" and "3. Financial position of the Group"; (c) the outlook of the construction sector in Hong Kong and in particular the prospect of the Group remains promising as mentioned in the section headed "4. Industry outlook and prospects of the Group" above; and (d) the intention of the Offeror, being the son of the co-founders of the Group, is to maintain the existing business operations of the Group the composition of the Board, which could ensure continuity and stability to the Group, we are therefore of the view that the Offer Price is not fair and not reasonable so far as the Independent Shareholders are concerned.

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 (a) are listed on the Stock Exchange; and (b) with at least 50% of their respective total revenue contributed from rental services of construction equipment 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. As such, we consider that such analysis method is not appropriate to assess the fairness and reasonableness of the Offer Price.

### RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular,

- (i) As mentioned in the section headed "4. Industry outlook and prospect of the Group", the outlook of the construction sector, in particular for both public and private housing, in Hong Kong and in particular the prospect of the Group remains promising given the number of applications for public housing has been increasing in recent years in Hong Kong. The government and related departments are trying to find more locations to build public housing estates, by which we consider that the housing construction will continue to drive the demand for the machinery in the future;
- (ii) the Implied P/S Multiple of approximately 0.14 times and the Implied P/B Multiple of approximately 0.13 times are below the lower range of P/S Multiple of the Comparable Companies of approximately 0.44 times and P/B Multiple of the Comparable Companies of approximately 0.40 times, respectively;
- (iii) (a) the Offer Price is below the lowest share price for the whole Review Period which, in particular, a discount of approximately 74.7% to the average closing price of the Share during the Review Period; and (b) the Offer Price represents a discount of approximately 87.1% to the audited consolidated net asset value per Share as at 31 March 2024; and

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

- (iv) the Offeror, being the son of the co-founders of the Group, would ensure continuity and stability to the Group who shares with the original vision and values established by the co-founders,

we are of the opinion that, the Offer is not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders not to accept the Offer.

For those Independent Shareholders who intend to accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Offer.

For those Independent 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.

Yours faithfully,  
for and on behalf of  
**CHINA SUNRISE CAPITAL LIMITED**  
**Anthony Fong**                      **Lenny Li**  
*Managing Director*              *Executive Director*

*Mr. Anthony Fong is a licensed person registered with the SFC and is a responsible officer of China Sunrise to carry out Type 6 (advising on corporate finance) regulated activities under the SFO who has over 15 years of experience in corporate finance industry.*

*Mr. Lenny Li is a licensed person registered with the SFC and is a responsible officer of China Sunrise to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO who have over 18 years of experience in corporate finance industry.*

\* For identification purposes only



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

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.
- (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 hereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, marked “Hing Ming Holdings Limited — General Offer” on the envelope, as soon as possible and in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; 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, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) 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, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Lego Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and

the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code) and the Registrar has recorded that the Form of Acceptance and any relevant documents as required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those 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) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor 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 personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (f)); or
  - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered Shareholders, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (h) In Hong Kong, seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated 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 the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (i) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

**2. SETTLEMENT OF THE OFFER**

- (a) Provided that a valid Form of Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Independent Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its 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 the duly completed acceptances of the Offer and all relevant documents of title which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.
- (b) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to 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 accepting Independent Shareholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive.
- (b) The Offeror and the Company will jointly publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (c) If the Offer is extended or revised, the Offeror and the Company will jointly publish an announcement on the Stock Exchange's website, and the announcement of such extension or revision will state the next closing date or that the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer.

- (d) If, in the course of the Offer, the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer will be kept open for at least fourteen (14) days after the date of the revised Offer document.
- (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 of the Offer as so extended.

#### 4. NOMINEE REGISTRATION

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

#### 5. ANNOUNCEMENTS

- (a) By 6:00 p.m. (or such later time as the Executive may in exceptional circumstances permit) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must post an announcement in accordance with the requirements of the GEM Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised, extended, or has expired. The announcement will 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 and/or parties acting in concert with him before the Offer Period; and
  - (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and/or parties acting in concert with him.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with him have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also 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 as of the Closing Date, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in this Appendix, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules, where appropriate.

## **6. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (b) below.
- (b) In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed “5. Announcements” above), the Executive may require that acceptors of the Offer be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the Offer is withdrawn, 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 of Acceptance to the relevant Independent Shareholders at their own risks.

## **7. OVERSEAS SHAREHOLDERS**

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. As the Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions, the Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the 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 or the compliance with other necessary formalities, legal and/or regulatory requirements and the payment of any issue, transfer, cancellation or other taxes and duties due by such Overseas Shareholders in respect of the acceptance of the Offer in such jurisdictions.

The Offeror and the parties acting in concert with him, the Company, Lego Corporate Finance, Lego Securities, China Sunrise, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes or duties as such persons may be required to pay.

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the all applicable laws and requirements have been complied with and such Overseas Shareholder is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. The Overseas Shareholders should consult their professional advisers if in doubt.

## **8. TAXATION ADVICE**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and the parties acting in concert with him, the Company, Lego Corporate Finance, Lego Securities, China Sunrise and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accept 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(s) of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror and the parties acting in concert with him, Lego Corporate Finance, Lego Securities, China Sunrise and any of their respective directors nor the Registrar or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage, delay in transmission 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 and conditions 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 authority to the Offeror, Lego Corporate Finance, Lego Securities and/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 they 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 representation and warranty by such person or persons to the Offeror and Lego Securities that the Offer Shares are sold to the Offeror free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (h) Any Independent Shareholders accepting the Offer will be responsible for payment of any other transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (i) Unless otherwise expressly stated in this Composite Document and/or the Form of Acceptance, no person other than the Offeror and the accepting Independent Shareholders may enforce any terms of the Offer that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (j) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (k) All acceptance, instructions, authorities and undertakings given by the Independent Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (l) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.



- (m) In making their decisions, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and parties acting in concert with him, the Company, Lego Corporate Finance, Lego Securities, China Sunrise and the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advice.
  
- (n) The Offer is made in accordance with the Takeovers Code.

## 1. FINANCIAL SUMMARY OF THE GROUP

Set out below is a summary of the audited consolidated financial information of the Group for each of the years ended 31 March 2022, 31 March 2023 and 31 March 2024 (as extracted from the Company's annual reports for the years ended 31 March 2022, 31 March 2023 and 31 March 2024):

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

	For the year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
<b>Revenue</b>	75,441	98,235	107,813
Cost of sales and services rendered	<u>(56,591)</u>	<u>(72,659)</u>	<u>(83,897)</u>
<b>Gross profit</b>	18,850	25,576	23,916
Other income	72	974	441
Reversal of impairment loss/(impairment loss) on financial assets	(3,106)	1,228	2,110
Administrative expenses	<u>(16,585)</u>	<u>(21,814)</u>	<u>(24,578)</u>
<b>(Loss)/profit from operation</b>	(769)	5,964	1,889
Finance costs	<u>(1,003)</u>	<u>(1,660)</u>	<u>(1,461)</u>
<b>(Loss)/profit before taxation</b>	(1,772)	4,304	428
Income tax expense	<u>(1,263)</u>	<u>(1,935)</u>	<u>(996)</u>
<b>(Loss)/profit for the year attributable to owners of the Company</b>	<u><u>(3,035)</u></u>	<u><u>2,369</u></u>	<u><u>(568)</u></u>
<b>(Loss)/earnings per share</b>			
— Basic and diluted	<u>HK(0.76) cents</u>	<u>HK0.61 cents</u>	<u>HK(0.15) cents</u>

Save as disclosed above, there was no item of any income or expense which was material in respect of the consolidated financial information of the Group for the years ended 31 March 2022, 31 March 2023 and 31 March 2024. The Group did not record any non-controlling interests for each of the years ended 31 March 2022, 31 March 2023 and 31 March 2024. The Group did not record any comprehensive expense/income for each of the years ended 31 March 2022, 31 March 2023 and 31 March 2024.

There was no dividend declared during each of the years ended 31 March 2022, 31 March 2023 and 31 March 2024.

The auditor's reports issued by Baker Tilly Hong Kong Limited in respect of the Group's audited consolidated financial statements for each of the years ended 31 March 2022, 31 March 2023 and 31 March 2024 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

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

## 2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

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

The audited consolidated financial statements of the Group for the year ended 31 March 2022 (the “**2022 Financial Statements**”), containing the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (including significant accounting policies), are set out on pages 46 to 97 of the annual report of the Company for the year ended 31 March 2022 (the “**2022 Annual Report**”), which was published on 29 June 2022. The 2022 Annual Report is posted on the websites of the Company ([www.hing-ming.com](http://www.hing-ming.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the 2022 Annual Report:

[www1.hkexnews.hk/listedco/listconews/gem/2022/0629/2022062900567.pdf](http://www1.hkexnews.hk/listedco/listconews/gem/2022/0629/2022062900567.pdf)

The audited consolidated financial statements of the Group for the year ended 31 March 2023 (the “**2023 Financial Statements**”), containing the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (including significant accounting policies), are set out on pages 66 to 117 of the annual report of the Company for the year ended 31 March 2023 (the “**2023 Annual Report**”), which was published on 28 June 2023. The 2023 Annual Report is posted on the websites of the Company ([www.hing-ming.com](http://www.hing-ming.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the 2023 Annual Report:

[www1.hkexnews.hk/listedco/listconews/gem/2023/0628/2023062800569.pdf](http://www1.hkexnews.hk/listedco/listconews/gem/2023/0628/2023062800569.pdf)

The audited consolidated financial statements of the Group for the year ended 31 March 2024 (the “**2024 Financial Statements**”), containing the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to

the consolidated financial statements (including significant accounting policies), are set out on pages 67 to 119 of the annual report of the Company for the year ended 31 March 2024 (the “**2024 Annual Report**”), which was published on 20 June 2024. The 2024 Annual Report is posted on the websites of the Company ([www.hing-ming.com](http://www.hing-ming.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the 2024 Annual Report:

[www1.hkexnews.hk/listedco/listconews/gem/2024/0620/2024062001459.pdf](http://www1.hkexnews.hk/listedco/listconews/gem/2024/0620/2024062001459.pdf)

The 2022 Financial Statements, the 2023 Financial Statements and the 2024 Financial Statements (but not any other part of the 2022 Annual Report, the 2023 Annual Report and the 2024 Annual Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### **3. INDEBTEDNESS STATEMENT**

At the close of business on 30 June 2024, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

#### **Payables for purchase of property, plant and equipment**

As at the close of business on 30 June 2024, the Group had payables for purchase of property, plant and equipment of approximately HK\$9,391,000.

#### **Lease liabilities**

As at the close of business on 30 June 2024, the Group had lease liabilities (comprising both current and non-current liabilities) of approximately HK\$18,665,000.

#### **Bank borrowings**

As at the close of business on 30 June 2024, the Group had outstanding bank borrowings of approximately HK\$7,125,000. The banking facilities of the Group were secured by corporate guarantee of the Company and personal guarantee of Mr. H.K. Tang and Ms. Au.

#### **Capital commitment**

As at the close of business on 30 June 2024, the Group had capital commitments amounted to approximately HK\$33,030,000.

#### **Contingent liabilities**

As at the close of business on 30 June 2024, the Group did not have any contingent liabilities.

Save as aforesaid or otherwise disclose therein, and apart from intra-group liabilities and normal accounts payable, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognised lease liabilities or lease commitments (whether are either guaranteed, unguaranteed, secured or unsecured), guarantees or other material contingent liabilities at the close of business on 30 June 2024.

The Directors confirm there had been no material changes in indebtedness or contingent liabilities of the Group since 30 June 2024 and up to and including the Latest Practicable Date.

#### **4. 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 consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars in compliance with the Takeovers Code and the GEM Listing Rules and for the purpose of giving information with regard to the Company, the Offeror and the Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Offeror in his capacity as 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 Offeror in his capacity as the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

## 2. SHARE CAPITAL OF THE COMPANY

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

<i>Authorised:</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares with par value of HK\$0.01 each	<u>100,000,000</u>
<i>Issued and fully paid up:</i>	
<u>376,000,000</u> Shares with par value of HK\$0.01 each	<u>3,760,000</u>

All Shares in issue rank *pari passu* in all respects with each other including rights to dividends, voting and capital. The Company had not issued any Shares since 31 March 2024, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

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

The Shares are listed and traded on GEM of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

### 3. MARKET PRICES

Please refer to the paragraph headed “5. Market Prices” in Appendix IV to this Composite Document for details of the closing prices of the Shares quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date.

### 4. DISCLOSURE OF INTERESTS

#### (a) Directors

As at the Latest Practicable Date, the interests or short positions of the Directors in the Shares, underlying Shares or debentures of the Company or the associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code were as follows:

#### *Long positions in the underlying Shares*

Name of Director	Capacity and nature	Number of Shares/ underlying Shares held	Approximate percentage of issued share capital
Mr. H.K. Tang ( <i>Note</i> )	Interest in a controlled corporation	120,000,000 (L)	31.91%
Ms. Au ( <i>Note</i> )	Interest of spouse	120,000,000 (L)	31.91%
Mr. Tang Ming Hei (i.e. the Offeror)	Beneficial owner	80,000,000 (L)	21.28%

*Note:* The Company is owned as to approximately 31.91% by Hing Gut which is an investment holding company. Hing Gut is owned as to 90.0% by Mr. H.K. Tang and as to 10.0% by Ms. Au. Under the SFO, Mr. H.K. Tang is deemed to be interested in the same number of Shares held by Hing Gut. Ms. Au is the spouse of Mr. H.K. Tang. Under the SFO, Ms. Au is deemed to be interested in the same number of Shares in which Mr. H.K. Tang is interested and is deemed to be interested. Mr. H.K. Tang and Ms. Au are directors of Hing Gut.

L: Denotes a “long position” (as defined under Part XV of the SFO) in such Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or the associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

**(b) Substantial shareholders**

As at the Latest Practicable Date, the substantial shareholders (not being the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of substantial shareholder	Capacity and nature	Number of Shares/ underlying Shares held	Approximate percentage of issued share capital
Hing Gut ( <i>Note</i> )	Beneficial owner	120,000,000 (L)	31.91%
Ms. Leong Cho Mui	Person having a security interest in shares	26,836,000 (L)	7.13%

*Note:* The Company is owned as to approximately 31.91% by Hing Gut which is an investment holding company. Hing Gut is owned as to 90.0% by Mr. H.K. Tang and as to 10.0% by Ms. Au. Under the SFO, Mr. H.K. Tang is deemed to be interested in the same number of Shares held by Hing Gut. Ms. Au is the spouse of Mr. H.K. Tang. Under the SFO, Ms. Au is deemed to be interested in the same number of Shares in which Mr. H.K. Tang is interested and is deemed to be interested. Mr. H.K. Tang and Ms. Au are directors of Hing Gut.

L: Denotes a “long position” (as defined under Part XV of the SFO) in such Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.



**(c) Additional disclosure of interests in the Company and arrangement in connection with the Offer**

During the Relevant Period and up to and including the Latest Practicable Date:

- (i) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (a) any Shareholder on the one hand; and (b) the Company, its subsidiaries or associated companies on the other hand;
- (ii) save for (a) the 80,000,000 Shares held by the Offeror (an executive Director) upon completion of the Acquisition, and (b) the 120,000,000 Shares held by Hing Gut in which Mr. H.K. Tang (an executive Director) and Ms. Au (a non-executive Director) were deemed to be interested, none of the Directors had any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares; and
- (iii) neither the Company nor the Directors had borrowed or lent, save for any borrowed Shares which have been either on-lent or sold, any shareholding in the Company.

**5. DEALINGS IN SHARES**

During the Relevant Period and up to and including the Latest Practicable Date:

- (a) save for the Acquisition of an aggregate of 80,000,000 Shares (representing approximately 21.28% of the issued share capital of the Company) by the Offeror (an executive Director) from the Selling Shareholder at a consideration of HK\$0.04 per Share and completion of which took place on 10 July 2024, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares;
- (b) none of the subsidiaries of the Company, pension funds of the Company or of any of its subsidiaries, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert 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 had owned, controlled or dealt for value in the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate, and hence no such person had owned, controlled or dealt for value in the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (d) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had owned, controlled or dealt for value in the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
- (e) save for (a) the 80,000,000 Shares held by the Offeror (an executive Director) upon completion of the Acquisition, and (b) the 120,000,000 Shares held by Hing Gut in which Mr. H.K. Tang (an executive Director) and Ms. Au (a non-executive Director) were deemed to be interested, none of the Directors beneficially owned any Shares and accordingly none of them is entitled to the Offer.

## 6. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

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

## 7. SERVICE CONTRACTS

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

Name	Position	Term	Commencement date	End date	Amount of remuneration per annum (HK\$)	Variable remuneration
Mr. Tang Hing Keung	Executive Director	Three years (Note 1)	13 July 2022	12 July 2025 (Note 1)	7,200,000	Please refer to Note 2
Mr. Tang Ming Hei	Executive Director	Three years (Note 1)	13 July 2022	12 July 2025 (Note 1)	960,000	Please refer to Note 2
Ms. Au Fung Yee	Non-executive Director	Three years (Note 1)	13 July 2022	12 July 2025 (Note 1)	150,000	Nil
Mr. Au Lop Wah Edmond	Non-executive Director	Three years (Note 1)	13 July 2022	12 July 2025 (Note 1)	150,000	Nil
Mr. Kwan Woon Man Boris	Independent non-executive Director	Three years (Note 1)	13 July 2022	12 July 2025 (Note 1)	100,000	Nil
Mr. Wu Kin San Alfred	Independent non-executive Director	Three years (Note 1)	1 November 2023	31 October 2026 (Note 1)	100,000	Nil
Mr. Yeung Chi Fai	Independent non-executive Director	Three years (Note 1)	13 July 2022	12 July 2025 (Note 1)	100,000	Nil

*Notes:*

1. Automatically renewable for successive terms of three years upon expiry unless terminated in accordance with the terms set out in the service agreements/letters of appointment.
2. The Director is also entitled to discretionary bonus as determined by the Board and the remuneration committee of the Board taking into account the Group's financial results, individual performance and market conditions.

Save as disclosed above, there are no service contracts between any Directors and the Company or any of its subsidiaries or associated companies (i) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the Offer Period; (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

## 8. MATERIAL LITIGATION

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

## 9. MATERIAL CONTRACTS

There were no contracts (not being the 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) entered into by the Company or any of its subsidiaries within two years before the commencement of the Offer Period (i.e. 12 July 2024) up to and including the Latest Practicable Date, which are or may be material.

## 10. QUALIFICATION AND CONSENT OF EXPERT

The following is the name and qualification of the expert who has given opinion or advice which is contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
China Sunrise Capital Limited	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer

China Sunrise has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, advice, recommendation and/or references to its name, logo and/or its qualification in the form and context in which they respectively appear herein.

## 11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection (i) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and (ii) on the website of the Company ([www.hing-ming.com](http://www.hing-ming.com)) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the second amended and restated memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for each of the years ended 31 March 2022, 31 March 2023 and 31 March 2024;
- (c) the “Letter from the Board”, the text of which is set out on pages 19 to 25 of this Composite Document;
- (d) the “Letter from the Independent Board Committee”, the text of which is set out on pages 26 to 27 of this Composite Document;
- (e) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages IFA-1 to IFA-26 of this Composite Document;

- (f) the service agreements and letters of appointment with the Directors referred to in the paragraph headed “7. Service Contracts” in this appendix;
- (g) the written consent referred to in the paragraph headed “10. Qualification and Consent of Expert” in this appendix; and
- (h) this Composite Document and the accompanying Form of Acceptance.

## 12. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is situated at Room A4, 2/F., Tsim Sha Tsui Mansion, 83–87 Nathan Road, Kowloon, Hong Kong.
- (c) The company secretary of the Company is Mr. Yu Tsz Ngo who is a member of the Certified Public Accountants Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (d) The Company’s principal share registrar and transfer office is Conyers Trust Company (Cayman) Limited, situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (e) The branch share registrar of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited, situated at Room 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.
- (f) The registered office of China Sunrise is situated at Unit 4513, 45/F, The Center, 99 Queens Road Central, Hong Kong.
- (g) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the Group.

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

## 2. DISCLOSURE OF INTERESTS IN SHARES

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

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest in the Company's share capital
Mr. Tang Ming Hei (i.e. the Offeror) ( <i>Note 1</i> )	Beneficial owner	80,000,000	21.28%
Hing Gut ( <i>Note 2</i> )	Beneficial owner	120,000,000	31.91%
Mr. H.K. Tang ( <i>Note 2</i> )	Interest of controlled corporation	120,000,000	31.91%
Ms. Au ( <i>Note 2</i> )	Interest of spouse	<u>120,000,000</u>	<u>31.91%</u>
<b>Total</b>		<u><u>200,000,000</u></u>	<u><u>53.19%</u></u>

*Notes:*

1. The Offeror is an executive Director.
2. Hing Gut is an investment holding company owned as to 90.0% by Mr. H.K. Tang (an executive Director, the chairman of the Board, the chief executive officer of the Company and the father of the Offeror) and 10.0% by Ms. Au (a non-executive Director and the mother of the Offeror). Under the SFO, Mr. H.K. Tang is deemed to be interested in the same number of Shares held by Hing Gut. Ms. Au is the spouse of Mr. H.K. Tang. Under the SFO, Ms. Au is deemed to be interested in the same number of Shares in which Mr. H.K. Tang is interested and is deemed to be interested. Hing Gut is a party acting in concert with the Offeror.

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

### **3. DEALING AND INTERESTS IN THE COMPANY'S SECURITIES AND OTHER ARRANGEMENTS**

Save for (a) the Acquisition of an aggregate of 80,000,000 Shares by the Offeror from the Selling Shareholder at HK\$0.04 per Share; and (b) the 120,000,000 Shares held by Hing Gut, none of the Offeror nor the parties acting in concert with him had dealt for value in nor owned, controlled or directed any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

As at the Latest Practicable Date:

- (i) save for (a) the 80,000,000 Shares held by the Offeror upon completion of the Acquisition, and (b) the 120,000,000 Shares held by Hing Gut, none of the Offeror and/or parties acting in concert with him held, owned or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives in respect of such securities of the Company;
- (ii) there was no outstanding derivative in respect of the securities in the Company which was owned, controlled or directed by, or had been entered into by the Offeror and/or any person acting in concert with him;
- (iii) none of the Offeror and/or any person acting in concert with him had any arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person in relation to the Shares and shares of Hing Gut;
- (iv) there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror and/or any person acting in concert with him and/or any other associate of the Offeror, and any other person;
- (v) save for the Acquisition, there was no agreement or arrangement to which the Offeror was a party which relates to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Offer;

- (vi) none of the Offeror and/or parties acting in concert with him had received any irrevocable commitment(s) to accept or reject the Offer;
- (vii) none of the Offeror and/or parties acting in concert with him had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (viii) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (ix) save for the Acquisition, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and/or parties acting in concert with him on the one hand, and the Selling Shareholder and/or parties acting in concert with him on the other hand;
- (x) save for the Acquisition, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between any Shareholder on one hand, and the Offeror and/or any party acting in concert with him on the other hand;
- (xi) save for the Consideration paid by the Offeror to the Selling Shareholder pursuant to the Acquisition, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with him to the Selling Shareholder or any party acting in concert with him in connection with the sale and purchase of the Sale Shares;
- (xii) save for the Acquisition, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with him and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (xiii) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (xiv) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was managed on a discretionary basis by any fund managers or principal traders connected with the Offeror or any person acting in concert with him, and no such person had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period; and
- (xv) there were no conditions to which the Offer is subject to.



#### 4. QUALIFICATIONS AND CONSENTS OF EXPERTS

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

Name	Qualification
Lego Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Lego Securities Limited	a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, advice and/or references to its name, in the form and context in which they appear herein.

#### 5. MARKET PRICES

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

Date	Closing price per Share (HK\$)
31 January 2024	0.158
29 February 2024	0.150
28 March 2024	0.151
30 April 2024	0.135
31 May 2024	0.067
28 June 2024	0.055
8 July 2024 (last full trading day before the Last Trading Day)	0.055
9 July 2024 (Last Trading Day)	0.056
30 July 2024 (Latest Practicable Date)	0.054

During the Relevant Period:

- a. the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.171 per Share during the period from 12 January 2024 to 17 January 2024; and
- b. the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.051 per Share on 14 June 2024, 26 June 2024, 27 June 2024 and 29 July 2024.

**6. MISCELLANEOUS**

- a. The correspondence address of the Offeror, and Mr. H.K. Tang, Ms. Au and Hing Gut, being principal members of the Offeror's concert group, is Room A4, 2/F., Tsim Sha Tsui Mansion, 83–87 Nathan Road, Kowloon, Hong Kong.
- b. The main business address of Lego Corporate Finance is Room 1505, 15/F, Wheelock House, 20 Pedder Street, Central, Hong Kong.
- c. The main business address of Lego Securities is Room 1506, 15/F, Wheelock House, 20 Pedder Street, Central, Hong Kong.
- d. In case of inconsistency, the English text 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 SFC ([www.sfc.hk](http://www.sfc.hk)) and the Company ([www.hing-ming.com](http://www.hing-ming.com)) from the date of this Composite Document up to and including the Closing Date:

- a. the "Letter from Lego Securities", the text of which is set out on pages 9 to 18 of this Composite Document; and
- b. the written consents as referred to in the section headed "4. Qualifications and Consents of Experts" in this Appendix IV.