
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 **King's Stone Holdings Group Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

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

Jianeng Era International Trading Co., Limited

嘉能時代國際貿易有限公司

(Incorporated in Hong Kong with limited liability)

King's Stone Holdings Group Limited

金石控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1943)

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING
TO MANDATORY UNCONDITIONAL CASH OFFER BY
SILVERBRICKS SECURITIES COMPANY LIMITED
FOR AND ON BEHALF OF JIANENG ERA INTERNATIONAL TRADING CO., LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF KING'S STONE HOLDINGS GROUP
LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY THE OFFEROR AND/OR PARTIES ACTING IN CONCERT WITH IT)**

Joint financial advisers to the Offeror



Independent Financial Adviser to the Independent Board Committee



Capital 9 Limited

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

A letter from Silverbricks Securities containing, among other things, principal terms of the Offer is set out on pages 10 to 23 of this Composite Document. A letter from the Board is set out on pages 24 to 29 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 30 to 31 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 32 to 53 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The Form of Acceptance should be received by the Registrar, namely Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on Thursday, 31 July 2025 (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 and in accordance with the Takeovers Code).

This Composite Document is issued jointly by the Offeror and the Company. This Composite Document will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at www.kshgl.com for as long as the Offer remains open.

10 July 2025

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

Despatch date of this Composite Document and
the accompanying Form of Acceptance and
commencement date of the Offer (*Note 1*) Thursday, 10 July 2025

Latest time and date for acceptance of the Offer (*Notes 2 and 4*) by 4:00 p.m.
on Thursday, 31 July 2025

Closing Date (*Notes 2 and 4*) Thursday, 31 July 2025

Announcement of the results of the Offer, to be posted
on the website of the Stock Exchange (*Note 2*) by 7:00 p.m.
on Thursday, 31 July 2025

Latest date for posting of remittances in respect of
valid acceptances received under the Offer (*Notes 3 and 4*) Monday, 11 August 2025

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. 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 for causing instructions to be made to CCASS in accordance with the General Rules of HKSCC and HKSCC Operational Procedures.
2. In accordance with the Takeovers Code, the Offer must remain opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer will be 4:00 p.m. on Thursday, 31 July 2025 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange by no later than 7:00 p.m. on Thursday, 31 July 2025 stating whether the Offer has been revised, extended or expired. In the event that the Offeror decides to revise or extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

EXPECTED TIMETABLE

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within 7 business days (as defined in the Takeovers Code) after the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code. Please refer to paragraph headed "6. RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.
4. If there is a tropical cyclone warning signal number 8 or above or "extreme conditions" or a "black rainstorm warning signal" as issued by the Hong Kong Observatory and/or the Government of Hong Kong (collectively, "**severe weather conditions**") on any of the following deadlines ("**Key Deadlines**"): (a) the Closing Date and the latest time for acceptance of the Offer and the submission and publication deadline for a closing announcement under Rule 19.1 of the Takeovers Code; and (b) the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances,
 - (a) in case any severe weather condition is in force in Hong Kong at any local time before 12:00 noon but no longer in force at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will remain on the same Business Day; or
 - (b) in case any severe weather condition is in force in Hong Kong at any local time at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will be rescheduled to the following Business Day which does not have any of those warnings or conditions in force in Hong Kong at any 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.

All references to dates and times contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong dates and times.

IMPORTANCE NOTICE

NOTICE TO THE OVERSEAS INDEPENDENT SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions.

The Overseas Independent 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 independent legal advice in respect of the Offer.

It is the responsibility of the Overseas Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant 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 Independent Shareholders in respect of the acceptance of the Offer in such jurisdictions.

The Offeror and the parties acting in concert with it, the Company, Silverbricks Securities, VS Capital, the Independent Financial Adviser, the Registrar, the company secretary of the Company 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 Independent 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 Silverbricks Securities” and “7. THE OVERSEAS INDEPENDENT SHAREHOLDERS” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

DEFINITIONS

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

“acting in concert”	the meaning ascribed to it under the Takeovers Code and “concert parties” shall be construed accordingly
“associate”	has the meanings ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Internet System”	the online service provided by CCASS through which participants can, amongst other things, operate their accounts, give instructions and make enquiries over the internet
“HKSCC Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
“CCASS Phone System”	the telephone service provided by CCASS through which participants can, amongst other things, give instructions and make enquiries by using a touch-tone phone
“Charged Offer Shares”	the Offer Shares to be acquired by the Offeror pursuant to the Offer which will be charged to Silverbricks Securities pursuant to the Offer Facility Agreement
“Charged Sale Shares”	the Sale Shares charged to Ultra Accord pursuant to the Sale Shares Facility
“Closing”	completion of the transfer of the Sale Shares pursuant to the Sale and Purchase Agreement
“Closing Date”	31 July 2025, being the first closing date of the Offer (i.e. 21 days after the despatch of this Composite Document) or if the Offer is extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive in accordance with the Takeovers Code

DEFINITIONS

“Company”	King’s Stone Holdings Group Limited, a company established in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 1943)
“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 as ascribed to it under the Listing Rules
“Consideration”	HK\$60,000,000, being the consideration payable by the Offeror to the Vendor for the acquisition of the Sale Shares under the Sale and Purchase Agreement
“controlling shareholder(s)”	the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Encumbrances”	any mortgage, charge (whether fixed or floating), debenture, pledge, lien, option, right of first refusal, ownership, retention right, equitable interests, third-party right or interest, other security interest of any kind, or obligation which may give rise to any of the above encumbrances (including any conditional obligations)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Existing Shares”	750,000,000 Shares, representing 75% of the total issued share capital of the Company, owned by the Offeror as at the Latest Practicable Date
“Form of Acceptance”	The form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees Limited”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huayu Holdings”	Huayu Holdings Limited, a company incorporated in the BVI with limited liability
“Independent Board Committee”	the independent board committee of the Board, comprising all of the non-executive Directors, formed to advise the Independent Shareholders in respect of the Offer
“Independent Financial Adviser”	Capital 9 Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser appointed by the Independent Board Committee for the purpose of advising the Independent Board Committee in connection with the Offer and in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer
“Independent Shareholders”	all Shareholders other than the Offeror and parties acting in concert with it
“Joint Financial Advisers”	Silverbricks Securities and VS Capital, the joint financial advisers to the Offeror
“Last Trading Day”	19 March 2025, being the last trading day of the Shares before the date of the release of the Rule 3.5 Announcement
“Latest Practicable Date”	8 July 2025, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Tang”	Ms. Tang Jingjing, the sole director of the Offeror directly holding 2% of the total issued share capital of the Offeror
“Ms. Zeng”	Ms. Zeng Jingwen, the controlling shareholder of the Offeror directly holding 98% of the total issued share capital of the Offeror
“Offer”	the mandatory unconditional cash offer made by Silverbricks Securities for and on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it in accordance with the Takeovers Code

DEFINITIONS

“Offer Facility”	a term loan facility in an aggregate amount of up to HK\$20,000,000 granted by Silverbricks Securities to the Offeror under the Offer Facility Agreement for financing the consideration payable by the Offeror under the Offer
“Offer Facility Agreement”	the loan facility agreement in relation to the Offer Facility entered into between the Offeror as the borrower and Silverbricks Securities as the lender dated 20 March 2025
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 2 April 2025 (i.e. the date of the Rule 3.5 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\$0.08 per Offer Share payable by the Offeror to the Shareholders for each Offer Share accepted under the Offer
“Offer Shares”	all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it)
“Offeror”	Jianeng Era International Trading Co., Limited, a company incorporated in Hong Kong with limited liability
“Overseas Independent Shareholders”	the Independent Shareholders whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China
“Registrar”	Boardroom Share Registrars (HK) Limited, being the Hong Kong branch share registrar of the Company and the receiving agent for receiving and processing the acceptance of the Offer, located at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong
“Relevant Period”	the period commencing from 2 October 2024, being the date falling six months before the Offer Period, up to and including the Latest Practicable Date
“Rule 3.5 Announcement”	a joint announcement dated 2 April 2025 issued by the Offeror and the Company in respect of, among other things, the Sale and Purchase Agreement and the Offer

DEFINITIONS

“Sale and Purchase Agreement”	the agreement for sale and purchase of shares dated 20 March 2025 entered into between the Vendor, the Vendor’s Guarantor and the Offeror in relation to the sale and purchase of the Sale Shares
“Sale Shares”	an aggregate of 750,000,000 Shares acquired by Hauyu Holdings (as the nominee of the Offeror) pursuant to the Sale and Purchase Agreement, which represents 75% of the total issued Shares as at the Latest Practicable Date
“Sale Shares Facility”	a loan facility of up to HK\$60,000,000 made available by Ultra Accord to Huayu Holdings for financing the Consideration
“Sale Shares Facility Agreement”	the loan facility agreement dated 20 March 2025 (as amended by the amendment deed dated 20 June 2025) in relation to the Sale Share Facility entered into between Huayu Holdings as the borrower and Ultra Accord as the lender
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company
“Silverbricks Securities”	Silverbricks Securities Company Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the Joint Financial Advisers to the Offeror and the agent making the Offer for and on behalf of the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC
“Ultra Accord”	Ultra Accord Limited, a company incorporated in Hong Kong with limited liability and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong)
“Vendor”	Central Force Premium Group Limited, a company incorporated in the BVI with limited liability

DEFINITIONS

“Vendor’s Guarantor” or “Mr. Wang”	Mr. Wang Jianfeng, the chairman of the Board, chief executive officer and an executive Director of the Company
“VS Capital”	VS Capital Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the Joint Financial Advisers to the Offeror
“%”	per cent

* *For identification purpose only*

LETTER FROM SILVERBRICKS SECURITIES

Silverbricks Securities Company Limited

Rooms 1601-07, 16/F, Nan Fung Tower,

88 Connaught Road Central,

Central,

Hong Kong

10 July 2025

To the Independent Shareholders,

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER
BY SILVERBRICKS SECURITIES COMPANY LIMITED FOR AND
ON BEHALF OF JIANENG ERA INTERNATIONAL TRADING CO., LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF KING'S STONE HOLDINGS
GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to (i) the Rule 3.5 Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer; (ii) the joint announcement dated 23 April 2025 jointly issued by the Offeror and the Company in relation to the delay in despatch of the Composite Document; and (iii) the joint announcements dated 23 May 2025, 16 June 2025 and 26 June 2025 jointly issued by the Offeror and the Company in relation to the further delay in despatch of the Composite Document.

As disclosed in the Rule 3.5 Announcement, the Vendor, the Vendor's Guarantor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell to the Offeror or its nominee, and the Offeror has agreed to acquire, the Sale Shares (representing 75% of the issued share capital of the Company as at the Latest Practicable Date), at the Consideration to be fully settled upon the Closing.

The Closing took place on 20 March 2025 immediately upon the entering into of the Sale and Purchase Agreement pursuant to the terms and conditions of the Sale and Purchase Agreement. Upon the Closing, the Sale Shares have been transferred to Huayu Holdings as the nominee of the Offeror.

LETTER FROM SILVERBRICKS SECURITIES

The Consideration has been settled in full by the Offeror at the Closing by drawing down the Sale Shares Facility, which is secured by, among others, the share charge of the Charged Sale Shares. Ultra Accord is a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) and is wholly and beneficially owned by Ms. Chu Chui Ling, who is a Hong Kong citizen and an investor with investments mainly in listed securities and properties in Hong Kong and with experience in the money lending sector in Hong Kong. The maximum consideration payable under the Offer is expected to be financed and satisfied by the internal resources of the Offeror and the Offer Facility granted by Silverbricks Securities to the Offeror. Accordingly, Ultra Accord, Ms. Chu Chui Ling, Silverbricks Securities and its ultimate beneficial owners are parties acting in concert with the Offeror under class (9) of the presumptions in the definition of “acting in concert” under the Takeovers Code. Save as aforesaid, the Offeror confirms that the Offeror, its ultimate beneficial owners and parties acting in concert with any of them (including but not limited to Huayu Holdings) have no other relationship with Ultra Accord, Ms. Chu Chui Ling, Silverbricks Securities or its ultimate beneficial owners. Ultra Accord, Ms. Chu Chui Ling, Silverbricks Securities and its ultimate beneficial owners, and VS Capital and its ultimate beneficial owners are not Shareholders since the commencement of the Offer Period up to and including the Latest Practicable Date.

Immediately prior to the Closing, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them did not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Immediately following the Closing (which took place on 20 March 2025) and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them own and control a total of 750,000,000 Shares, representing 75% of the total issued share capital of the Company.

Accordingly, immediately after the Closing, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it) under Rule 26.1 of the Takeovers Code. Silverbricks Securities is making the Offer for and on behalf of the Offeror and in compliance with the Takeovers Code.

This letter which forms part of this Composite Document sets out, among other things, the principal terms of the Offer, the information of the Offeror and the Offeror’s intentions on the Company. Further details of the Offer and procedures for acceptance and settlement are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

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

LETTER FROM SILVERBRICKS SECURITIES

THE OFFER

Silverbricks 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\$0.08 in cash

The Offer Price of HK\$0.08 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. Save for the acquisition of the Sale Shares under the Sale and Purchase Agreement, the Offer Facility Agreement, the share charge of the Charged Offer Shares, the Sale Shares Facility Agreement and the share charge of the Charged Sale Shares, neither the Offeror, its ultimate beneficial owners nor any parties acting in concert with any of them (including but not limited to Huayu Holdings, Ultra Accord and Ms. Chu Chui Ling) had dealt for value in Shares during the Relevant Period.

The Offer is unconditional in all respects and extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any Encumbrances together with all rights attaching to them, including 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.

As at the Latest Practicable Date, save for 1,000,000,000 Shares in issue, there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue.

The Company confirms that as at the Latest Practicable Date, (i) it does not have any dividend or distribution recommended, declared or made but unpaid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions until the close of the Offer.

Comparison of value

The Offer Price of HK\$0.08 per Offer Share represents:

- (a) a discount of approximately 77.46% to the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on 8 July 2025, being the Latest Practicable Date;
- (b) a discount of approximately 18.37% to the closing price of HK\$0.098 per Share as quoted on the Stock Exchange on 19 March 2025, being the Last Trading Day;
- (c) discount of approximately 15.79% to the average closing price of approximately HK\$0.0950 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM SILVERBRICKS SECURITIES

- (d) a discount of approximately 13.33% to the average closing price of approximately HK\$0.0923 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 4.65% to the average closing price of approximately HK\$0.0839 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a discount of approximately HK\$0.1038 (being approximately 56.47%) to the audited consolidated net asset value of the Group of approximately HK\$0.1838 per Share as at 31 March 2024 calculated based on the audited net asset of the Group as at 31 March 2024 of approximately HK\$183,843,000 and 1,000,000,000 Shares in issue as at the Latest Practicable Date;
- (g) a discount of approximately HK\$0.0413 (being approximately 34.05%) to the unaudited consolidated net asset value of the Group of approximately HK\$0.1213 per Share as at 30 September 2024 calculated based on the unaudited net asset of the Group as at 30 September 2024 of approximately HK\$121,304,000 and 1,000,000,000 Shares in issue as at the Latest Practicable Date; and
- (h) a discount of approximately HK\$0.0256 (being approximately 24.24%) to the consolidated net asset value of the Group of approximately HK\$0.1056 per Share as at 31 March 2025 calculated based on the net asset of the Group as at 31 March 2025 of approximately HK\$105,564,000 and 1,000,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share price

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.74 per Share on 28 October 2024 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.06 per Share on 22 January 2025.

Total value of the Offer

Based on the 1,000,000,000 Shares in issue as at the Latest Practicable Date and excluding the 750,000,000 Shares held by the Offeror, its ultimate beneficial owners and parties acting in concert with any of them immediately after the Closing, a total of 250,000,000 Shares will be subject to the Offer. Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to the close of the Offer, on the basis of the Offer Price of HK\$0.08 per Offer Share, the total consideration of the Offer would be HK\$20,000,000 in the event that the Offer is accepted in full.

Confirmation of financial resources

The Offeror intends to finance and satisfy the maximum consideration payable under the Offer by its internal resources and the Offer Facility. The Offer Facility is secured by, among others, the share charge of the Charged Offer Shares.

The Offeror confirms that the payment of interest on, repayment of, or security for, any liability (contingent or otherwise) relating to the Sale Shares Facility and the Offer Facility will not depend on any significant extent on the business of the Company.

LETTER FROM SILVERBRICKS SECURITIES

Silverbricks Securities and VS Capital, being the Joint Financial Advisers to the Offeror, are satisfied that sufficient financial resources are, and will remain to be, available to the Offeror to satisfy the maximum consideration payable upon full acceptance of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholders will constitute a warranty by such person that all Offer Shares to be sold by such person under the Offer are fully paid and free and clear of all lien whatsoever together with all rights and interests attaching thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.

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 would be irrevocable and would not be 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.

Payment

Payment in cash in respect of acceptances of the Offer will be made by the Offeror as soon as possible but in any event no later than seven (7) Business Days after the receipt of duly completed acceptances of the Offer. Relevant documents evidencing title must be received by or on behalf of the Offeror (or its agent) to render such acceptance of the Offer complete and valid in accordance with the Takeovers Code.

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

Hong Kong stamp duty

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

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

LETTER FROM SILVERBRICKS SECURITIES

Availability of the Offer

The Offeror intends to make the Offer available to all Independent Shareholders including the Overseas Independent Shareholders.

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

As at the Latest Practicable Date, based on the register of members of the Company, there were no Overseas Independent Shareholder.

Any acceptance by Independent Shareholders and beneficial owners of the Offer Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

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 it, the Company, the Vendor, the Vendor's Guarantor, Silverbricks Securities and VS Capital, and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation or other effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the paragraph headed "INFORMATION ON THE GROUP" in the "Letter from the Board" in this Composite Document.

LETTER FROM SILVERBRICKS SECURITIES

INFORMATION ON THE OFFEROR AND HUAYU HOLDINGS

The Offeror was incorporated in Hong Kong with limited liability to engage in the provision of import and export trading; wholesale and sales of electronic products; sales of electronic components (including integrated circuits mainly for memory and storage devices (external hard drive and fixed hard disk), and data processing and transmission), agent of selling memory chips. The sole director of the Offeror is Ms. Tang. As at 2 April 2025, being the date of the Rule 3.5 Announcement, the Offeror was directly owned as to 95% and 5% by Ms. Zeng and Ms. Tang, respectively. In order to align the shareholding structure of the Offeror with Huayu Holdings, Ms. Tang had on 10 April 2025 transferred her 3% shareholding in the Offeror to Ms. Zeng. After the said transfer, the Offeror is directly owned as to 98% and 2% by Ms. Zeng and Ms. Tang, respectively.

Huayu Holdings was incorporated in the BVI with limited liability as an investment holding company and is directly owned as to 98% and 2% by Ms. Zeng and Ms. Tang, respectively. Since the Offeror and Huayu Holdings are companies controlled by the same ultimate beneficial owner, i.e. Ms. Zeng, they are deemed to be acting in concert under class (8) of the presumptions in the definition of “acting in concert” under the Takeovers Code.

As at the Latest Practicable Date, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them are interested in 750,000,000 Shares.

Ms. Zeng Jingwen, aged 28, obtained a bachelor’s degree in events management from the University College Birmingham in September 2019. Ms. Zeng has several years of experience in procurement of electronic parts and components in the PRC.

As of the Latest Practicable Date, Ms. Zeng does not hold any directorship in any listed company in Hong Kong and is not a substantial shareholder of any listed company in Hong Kong.

Ms. Tang Jingjing, aged 44, has several years of experience in sales management in the new energy sector across the PRC for companies engaging in research, production, and sales of lithium batteries.

As of the Latest Practicable Date, Ms. Tang does not hold any directorship in any listed company in Hong Kong and is not a substantial shareholder of any listed company in Hong Kong.

LETTER FROM SILVERBRICKS SECURITIES

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The decision to invest in and acquire a controlling shareholding in the Group (a Hong Kong-based subcontractor principally engaged in formwork works and related construction support services) is driven by the Offeror's confidence in the Group's potential to deliver sustainable value to its stakeholders, as well as the strategic synergy anticipated between the Group's existing operations and the business opportunities related to the electronic components market being explored by the Offeror. Specifically, the Offeror sees opportunities to integrate advanced electronic components and hardware, which may include Internet of things ("IoT") systems (for real-time construction monitoring and quality control), drone-based security solutions (for site surveillance and progress tracking), and smart energy components (for efficient power management on sites), into the Group's construction process while providing construction services to the Group's existing construction clientele. This integration will allow the Group to expand the range of its construction solutions to specialized construction projects (e.g., smart buildings, data centers, and industrial parks) incorporating electronic components like sensors and control systems into its projects, therefore creating higher value-added services for clients while improving operational efficiency, as well as broadening the Group's appeal to a wider client base. The Offeror believes that the acquisition of a controlling interest not only represents a sound strategic investment but also provides a platform to leverage its knowledge of and connections within the electronics components sector (including semiconductors, sensors and wireless connectivity providers) and smart infrastructure field (including IoT platform developers, energy management companies and drone technology providers). These relationships will provide the Group access to advanced electronic components at a competitive price, which in turn supports the Group's future development and unlock additional value across both businesses. However, the Offeror's plans are preliminary and subject to a full review of the Group's operations before finalizing long-term strategies.

It is the intention of the Offeror to continue with the Group's existing principal business activities. The Offeror will review the business and operations of the Group from time to time in order to enhance the Group's long-term growth potential and to explore other business opportunities to support its future development, diversify its risks, and strengthen its revenue base. To address potential expertise gaps, the Offeror intends to retain the Group's current management for core operations to ensure the continuity of daily operations of the Group. The new Directors to be appointed to oversee technology integration of the Group possess relevant experience in electronic component trading (Ms. Zeng Jingwen with several years of experience in procurement of electronic parts and components in the PRC) and engineering (Ms. Cai Ruoxi with a master's degree in systems engineering and engineering management). The Offeror also intends to leverage its and the Group's existing resources and connections to explore business opportunities related to the electronic components market, aiming to create synergies for the Group. For instance, the introduction of advanced electronic components and smart technologies may assist the Group in enhancing its construction solutions, such as offering "smart community" packages that combine traditional building services with drone security systems and IoT infrastructure, thereby strengthening its service capabilities and broadening its appeal to a wider client base. The Offeror also recognises potential in modernising construction projects, such as industrial parks and data centres, by incorporating technological and low-altitude economy elements. This includes providing piloting drone logistics hubs solutions for industrial parks and prefabricated sensor networks solutions for data centers, which would be delivered as part of integrated construction contracts. Such integration is expected to elevate traditional construction business, create higher value-added solutions, and contribute to the Group's transformation and competitiveness in the high-tech and smart infrastructure construction sectors.

LETTER FROM SILVERBRICKS SECURITIES

Upon completion of the Offer, while continuing the principal business of the Group, the Offeror will conduct a review of the existing principal businesses, operations, financial position, investments, proposed investments of the Group for the purpose of formulating long-term business plans and strategies for the future business development of the Group.

Although all existing Directors of the Company will resign, (i) the Offeror has no intention to terminate the employment of any employees of the Group, and (ii) the sole director of its only operating subsidiary, namely Mr. Ip Chi Ming (葉志明先生) of Hop Fat Yuk Ying Engineering Limited (合發旭英工程有限公司), will remain in place to manage and continue the Group's existing business operations.

Further, subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, the Offeror has no intention to introduce major changes to the existing business of the Group and intends to maintain the Company's existing principal activities.

As at the Latest Practicable Date, no material investment or business opportunity has been identified nor has the Offeror, its ultimate beneficial owners or any party acting in concert with any of them entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any asset or business into the Group.

The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. As at the Latest Practicable Date, the Offeror has no intention to (i) discontinue the employment of any employees of the Group (who are not Directors of the Company); or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

LETTER FROM SILVERBRICKS SECURITIES

Proposed Change of Composition of the Board

The Board is currently made up of seven Directors, comprising one executive Directors, namely Mr. Wang Jianfeng, three non-executive Directors, namely Mr. Cai Huihui, Ms. Liu Jingna and Mr. Ruan Dongdong and three independent non-executive Directors, namely Mr. Wang Wenxing, Mr. An Wen Long and Ms. Florence Ng.

It is intended that all seven Directors will resign with effect from the earliest time permitted under the Listing Rules and Rule 7 of the Takeovers Code. The Offeror intends to nominate new Directors to the Board on the day following the publication of the Composite Document in compliance with Rule 26.4 of the Takeovers Code. Further announcement(s) will be made as and when appropriate.

The Offeror proposes to nominate Mr. He Xin, Ms. Zeng Jingwen, Mr. Chiu Sui Keung and Ms. Cai Ruoxi as executive Directors, and Mr. Lam Williamson, Mr. Li, Sheung Him Michael and Mr. Yu Kuai as independent non-executive Directors. The biographies of the proposed new Directors to be nominated are set out below:

Biographies of Proposed New Directors Nominated by the Offeror

Mr. He Xin (何鑫), aged 41, nominated by the Offeror as an executive Director and the chairman of the Board, obtained a bachelor's degree of commerce with a major in accounting from The University of Auckland in May 2011. Mr. He has a keen insight into the strategic development direction of companies with extensive experience in business management. He worked at the financial assets department in Daye Nonferrous Metals Group Holdings Co., Ltd.* (大冶有色金屬集團控股有限公司) (“**Daye Group**”), a state-owned large-scale copper industry joint enterprise, from 2010 to 2013. From 2014 to 2017, he served as the director of the finance department and assistant of the general manager at Daye Nonferrous Southern Industry and Trade Co., Ltd.* (大冶有色南方工貿有限公司), a subsidiary of Daye Group and a company principally engaged in nonferrous metal products and raw materials. From 2020 to 2022, he was the vice president of Shanghai Jinqiu Enterprise Management Co., Ltd.* (上海金丘企業管理有限公司), a company principally engaged in real estate operations, supply chain management and financial services. From 2023 to 2024, he worked as the vice president of Shanghai Xinhongda Industrial Development Co., Ltd.* (上海昕虹達實業發展有限公司), which was dissolved by deregistration in October 2024 due to cessation of business. He worked at Innovation Times Global Co., Limited* (鼎新時代環球有限公司), a company principally engaged in investment industry, investment management, import and export trade and electronic product sales since August 2024 and currently serves as its president. He is also currently a director of the Hong Kong Young Scientists Association to promote the development of future technologies in Hong Kong.

LETTER FROM SILVERBRICKS SECURITIES

Ms. Zeng Jingwen (曾靖雯), aged 28, nominated by the Offeror as an executive Director, obtained a bachelor's degree in events management from the University College Birmingham in September 2019. Ms. Zeng has several years of experience in procurement of electronic parts and components in the PRC. She has been working as an Asia procurement specialist for Shenzhen Huaqiang Electronic Network Group Co., Ltd.* (深圳華強電子網集團股份有限公司) (“**Shenzhen Huaqiang**”), a service provider that focuses on the electronic components, from November 2021 to April 2024. Huayu Holdings is directly owned as to 98% by Ms. Zeng. Ms. Zeng is deemed, or taken to be, interested in 750,000,000 Shares held by Huayu Holdings for the purpose of the SFO.

Mr. Chiu Sui Keung (趙瑞強), aged 58, nominated by the Offeror as an executive Director and the vice chairman of the Board, is currently an independent non-executive director of King Stone Energy Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 663), since January 2010. Mr. Chiu served as the chief executive officer and an executive Director of Elife Holdings Limited (“**Elife Holdings**”), a company listed on the Main Board of the Stock Exchange (Stock Code: 223), from April 2009 to November 2024 and a non-executive director of Elife Holdings from November 2024 to 11 March 2025. Mr. Chiu has over 30 years of experience in the financial industry and accounting field. He possesses extensive experience in corporate finance including initial public offerings, takeovers, mergers and acquisitions, fund raising and corporate advisory. Mr. Chiu graduated with a bachelor's degree in commerce from the University of Melbourne, Australia in April 1991 and has obtained a master's degree in applied finance from Macquarie University in Sydney, Australia in April 1992. He also obtained a diploma in practices in chinese laws and regulations affecting foreign businesses jointly organised by Southwest University of Political Science and Law, the PRC and the Hong Kong Management Association in December 1997.

Ms. Cai Ruoxi (蔡若茜), aged 32, nominated by the Offeror as an executive Director, obtained a bachelor's degree in economics from the Jinan University in June 2015 and a master's degree in systems engineering and engineering management from the Chinese University of Hong Kong in November 2016. Ms. Cai serves as a senior investment manager of each of Huizhou Desay SV Automotive Co., Ltd.* (惠州市德賽西威汽車電子股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code: 002920 and principally engaged in research and development, production and sales of automotive information and entertainment systems and component and Shenzhen Desay SV Industry Investment Co., Ltd.* (深圳市德賽西威產業投資有限公司), a company principally engaged in information technology consulting services, AI innovation and entrepreneurship service platforms and investment activities with self-owned funds, from May 2021 to May 2024 and since May 2024, respectively. From September 2018 to August 2020, she served as a researcher of KGI Asia Limited* (凱基證券亞洲有限公司), a company principally engaged in wealth management, brokerage, proprietary trading, underwriting, bonds, derivative products and asset management

LETTER FROM SILVERBRICKS SECURITIES

Mr. Lam Williamson (林全智), aged 50, nominated by the Offeror as an independent non-executive Director, is a fellow member of The Hong Kong Institute of Certified Public Accountants since February 2009 and a member of the CPA (Australia) since January 2001. He holds a bachelor of business degree from Monash University, Australia and a master of professional accounting degree from the Hong Kong Polytechnic University. Mr. Lam had held directorships and senior finance positions in various listed companies in Hong Kong. He is an independent non-executive director of Lerado Financial Group Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1225), since July 2018 and an independent non-executive director of Elife Holdings, a company listed on the Main Board of the Stock Exchange (stock code: 223), from January 2011 to March 2025.

Mr. Li, Sheung Him Michael (李尚謙), aged 41, nominated by the Offeror as an independent non-executive Director, was appointed as an executive director of Roma (meta) Group Limited (“**Roma**”, and together with its subsidiaries, the “**Roma Group**”), a company listed on GEM of the Stock Exchange (Stock Code: 8072) since 31 May 2018. He is also a director of a number of subsidiaries of Roma. Since January 2010, Mr. Li has been working in the Roma Group as a project director. From September 2007 to November 2009, Mr. Li was the business development manager of Kinetics Group in London. Mr. Li obtained a bachelor of science degree in biochemistry from Imperial College of Science, Technology and Medicine of University of London in August 2005 and a master of research degree in structural biology from Birkbeck College of University of London in November 2006. Mr. Li is also a member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr. Yu Kuai (余快), aged 36, nominated by the Offeror as an independent non-executive Director, obtained a bachelor’s degree in electronic engineering from the Hong Kong University of Science and Technology in November 2012. Mr. Yu serves as the managing director of Wilvision Investment Limited, which is principally engaged in providing integrated wealth management and family office services, since June 2022. Before that, he served as the chief financial officer of Blockshine Technology Global Holding Limited, which is principally engaged in blockchain related business consulting and development services, from June 2018 to May 2019.

The proposed term of office and level of remuneration of each of the proposed new Directors shall be determined and announced by the Company in due course. As at the Latest Practicable Date, the Company has not entered into a service contract with any of the proposed new Directors in respect of his/her proposed appointment as a Director.

Save as disclosed above, as at the Latest Practicable Date, each of the proposed new Directors nominated by the Offeror (i) does not hold any other position in the Company or its subsidiaries nor have any relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company; (ii) has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or other major appointments and professional qualifications; and (iii) does not have, and is not deemed to have, any interests in any shares, underlying shares or debentures of the Company and/or its associated corporation(s) within the meaning of Part XV of the SFO and under the Takeovers Code.

LETTER FROM SILVERBRICKS SECURITIES

Save as disclosed above, there is no information that needs to be disclosed pursuant to the requirements under Rules 13.51(2)(h) to (w) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders in relation to the appointment of the proposed new Directors nominated by the Offeror.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatize the Company and intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

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 at all times or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

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 sole director of the Offeror, the Directors and any new Director(s) to be proposed by the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares, which may include (i) placing down or selling sufficient number of accepted Shares it acquired from the Offer to selected independent third parties or in the market by the Offeror; and/or (ii) issue of additional Shares by the Company for this purpose. Silverbricks Securities has agreed to release up to all of the Charged Offer Shares required for the purpose of placement or sale to restore the public float of the Company. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

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.

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.

LETTER FROM SILVERBRICKS SECURITIES

GENERAL

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

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

The attention of the Overseas Independent Shareholders is drawn to “7. Overseas Independent Shareholders” in Appendix I to this Composite Document.

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

WARNING

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

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of
Silverbricks Securities Company Limited
Yau Tung Shing
Director

* For identification purpose only

LETTER FROM THE BOARD

King's Stone Holdings Group Limited

金石控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1943)

Executive Directors:

Mr. Wang Jianfeng

(Chief Executive Officer and Chairman)

Non-executive Directors

Mr. Cai Huihui

Ms. Liu Jingna

Mr. Ruan Dongdong

Independent non-executive Directors:

Mr. Wang Wenxing

Mr. An Wen Long

Ms. Florence Ng

Registered Office in the Cayman Islands:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business in Hong Kong:

Room 2701B, 27/F,

Tower 1, Admiralty Center,

18 Harcourt Road,

Admiralty,

Hong Kong

10 July 2025

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER
BY SILVERBRICKS SECURITIES COMPANY LIMITED FOR AND
ON BEHALF OF JIANENG ERA INTERNATIONAL TRADING CO., LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF KING'S STONE HOLDINGS
GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to (i) the Rule 3.5 Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer; (ii) the joint announcement dated 23 April 2025 jointly issued by the Offeror and the Company in relation to the delay in despatch of the Composite Document and (iii) the joint announcements dated 23 May 2025, 16 June 2025 and 26 June 2025 jointly issued by the Offeror and the Company in relation to the further delay in despatch of the Composite Document.

As disclosed in the Rule 3.5 Announcement, the Vendor, the Vendor's Guarantor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell to the Offeror or its nominee, and the Offeror has agreed to acquire, the Sale Shares (representing 75% of the issued share capital of the Company as at the Latest Practicable Date), at the Consideration of HK\$60,000,000 (equivalent to HK\$0.08 per Sale Share). The Closing took place on 20 March 2025 immediately upon the entering into of the Sale and Purchase Agreement.

LETTER FROM THE BOARD

Immediately prior to the Closing, the Offeror and parties acting in concert with it did not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Immediately following the Closing and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them own and control a total of 750,000,000 Shares, representing 75% of the total issued share capital of the Company.

Accordingly, immediately after the Closing, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it) under Rule 26.1 of the Takeovers Code. Silverbricks Securities is making the Offer for and on behalf of the Offeror and in compliance with the Takeovers Code.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) 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

An Independent Board Committee comprising all the non-executive Directors, namely Mr. Cai Huihui, Ms. Liu Jingna, Mr. Ruan Dongdong, Mr. Wang Wenxing, Mr. An Wen Long and Ms. Florence Ng, has been established in accordance with Rules 2.1 and 2.8 of the Takeovers Code to make a recommendation to the Independent Shareholders in respect of the Offer as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

As announced on 14 April 2025, Capital 9 Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

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

THE OFFER

Silverbricks 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\$0.08 in cash

The Offer Price of HK\$0.08 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is unconditional in all respects and extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any Encumbrances together with all rights attaching to them, including 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.

As at the Latest Practicable Date, there are 1,000,000,000 Shares in issue. Save as disclosed above, 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.

The Company confirms that as at the Latest Practicable Date, (i) it does not have any dividend or distribution recommended, declared or made but unpaid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions until the close of the Offer.

Further details of the Offer

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

INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Company acts as an investment holding company and its subsidiaries are principally engaged in providing construction services including traditional formwork using timber and plywood, system formwork using aluminium and steel, and ancillary works such as concrete works and reinforcement works for the public and private sectors in Hong Kong. Due to poor market condition of the brokerage business and the change of business strategy of the Group, the Company disposed of its interest in a subsidiary engaged in brokerage business in December 2024, and ceased its business of dealing in securities.

Further details of financial and general information of the Group are set out in Appendix II “Financial Information of the Group” and Appendix IV “General Information relating to the Company” to this Composite Document.

LETTER FROM THE BOARD

Shareholding Structure of the Company

The shareholding structure of the Company immediately before the Closing and after the Closing and as at the Latest Practicable Date is:

	Immediately before the Closing		Immediately after the Closing and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Offeror, its ultimate beneficial owners and their respective concert parties	–	–	750,000,000 <i>Note 1</i>	75.00
Vendor <i>Note 2</i>	750,000,000	75.00	–	–
Public Shareholders	<u>250,000,000</u>	<u>25.00</u>	<u>250,000,000</u>	<u>25.00</u>
Total	<u><u>1,000,000,000</u></u>	<u><u>100.00</u></u>	<u><u>1,000,000,000</u></u>	<u><u>100.00</u></u>

Notes:

- These Shares are directly held by Huayu Holdings, which is a party acting in concert with the Offeror under the Takeovers Code. For further details, please see the paragraph headed “INFORMATION ON THE OFFEROR AND HUAYU HOLDINGS” in the “Letter from Silverbricks Securities”.
- These Shares were held by the Vendor, which is wholly owned by Regal Loyalty Limited and Regal Loyalty Limited is in turn wholly owned by Mr. Wang, the chairman of the Board, chief executive officer and an executive Director of the Company. Mr. Wang was deemed to be interested in all the Shares held by the Vendor for the purpose of Part XV of the SFO before the Closing.

As at the Latest Practicable Date, save as disclosed above, none of the Directors holds any Shares and any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

INFORMATION ON THE OFFEROR AND HUAYU HOLDINGS

Details of the information on the Offeror are set out in the paragraph headed “INFORMATION ON THE OFFEROR AND HUAYU HOLDINGS” in the “Letter from Silverbricks Securities” and Appendix III “General Information relating to the Offeror” in this Composite Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “INTENTIONS OF THE OFFEROR REGARDING THE GROUP” in the “Letter from Silverbricks Securities” in this Composite Document.

LETTER FROM THE BOARD

The Board is aware of the Offeror's intention in relation to the Group and is willing to render reasonable co-operation with the Offeror and continue to act in the best interests of the Company and the Shareholders as a whole.

Proposed change of Board composition of the Company

The Board is aware that as at the Latest Practicable Date, the Offeror intended to nominate new Director(s) to the Board on the day following the publication of the Composite Document in compliance with Rule 26.4 of the Takeovers Code. For the biographies of the proposed new Directors, please refer to the section headed "Biographies of Proposed New Directors Nominated by the Offeror" in the "Letter from Silverbricks Securities". It is intended that all seven Directors will resign from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the publication of the closing announcement on the first closing date of the Offer). Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

As mentioned in the paragraph headed "PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY" in the "Letter from Silverbricks Securities" of this Composite Document, the Offeror has no intention to privatize the Company and intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

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 at all times or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

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 sole director of the Offeror, the Directors and any new Director(s) to be proposed by the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares, which may include (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) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” and (ii) the “Letter from the Independent Financial Adviser” in this Composite Document, which contains, 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. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I “Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance.

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

By order of the Board of
King’s Stone Holdings Group Limited
Wang Jianfeng
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

King's Stone Holdings Group Limited

金石控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1943)

10 July 2025

To the Independent Shareholders

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER
BY SILVERBRICKS SECURITIES COMPANY LIMITED FOR AND
ON BEHALF OF JIANENG ERA INTERNATIONAL TRADING CO., LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF KING'S STONE HOLDINGS
GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to this Composite Document dated 10 July 2025 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 form the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. the Independent Shareholders) as to whether, in our opinion, the Offer is fair and reasonable and to make recommendation in respect of acceptance thereof.

Capital 9 Limited has been appointed as the Independent Financial Adviser to advise us in respect of the Offer and, in particular, as to whether the Offer is or is not fair and not reasonable and to make recommendation in respect of the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Capital 9 Limited has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the "Letter from the Independent Financial Adviser" as contained in this Composite Document.

We also wish to draw your attention to the "Letter from Silverbricks Securities", the "Letter from the Board" and the additional information set out in the appendices to this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Taking into account the terms of the Offer, the independent advice and recommendations from the Independent Financial Adviser and the principal factors and reasons taken into account in arriving at its recommendation, we concur with the view of the Independent Financial Adviser and consider that the Offer Price and the Offer are both not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that 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 should, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Offer, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offer.

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,

For and on behalf of the Independent Board Committee of
King's Stone Holdings Group Limited

Mr. Cai Huihui
Non-executive Director

Ms. Liu Jingna
Non-executive Director

Mr. Ruan Dongdong
Non-executive Director

Mr. Wang Wenxing
*Independent non-executive
Director*

Mr. An Wen Long
*Independent non-executive
Director*

Ms. Florence Ng
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the transactions contemplated thereunder for the purpose of incorporation into this Composite Document.



Capital 9 Limited

Unit 1219, 12/F,
Bank of America Tower,
12 Harcourt Road,
Central,
Hong Kong

10 July 2025

*To the Independent Board Committee and the Independent Shareholders of
King's Stone Holdings Group Limited*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SILVERBRICKS SECURITIES COMPANY LIMITED
FOR AND ON BEHALF OF JIANENG ERA INTERNATIONAL TRADING CO.,
LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF
KING'S STONE HOLDINGS GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY THE OFFEROR AND/OR PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, particulars of which are set out in the section headed "Letter from Silverbricks Securities" (the "**Letter from Silverbricks Securities**") contained in the composite document of the Company dated 10 July 2025 (the "**Composite Document**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

Reference is made to the Rule 3.5 Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer. On 20 March 2025 (after trading hours), the Vendor, the Vendor's Guarantor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell to the Offeror or its nominee, and the Offeror has agreed to acquire, the Sale Shares (representing 75% of the total issued share capital of the Company as at the Latest Practicable Date), at the Consideration upon the Closing which took place on 20 March 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Immediately prior to the Closing, the Offeror and parties acting in concert with it did not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following the Closing and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them are interested in 750,000,000 Shares, representing 75% of the total issued share capital of the Company. Therefore, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it).

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the non-executive Directors, namely Mr. Cai Huihui, Ms. Liu Jingna, Mr. Ruan Dongdong, Mr. Wang Wenxing, Mr. An Wen Long and Ms. Florence Ng, has been established to make a recommendation to the Independent Shareholders in respect of the Offer as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer.

With the approval of the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code, we have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are not in the same group as the financial or other professional advisers (including stockbrokers) to the Company and to the Offeror, and we are not associated with the Offeror or the Company or any party acting, or presumed to be acting in concert with any of them and we had not had, any connection, financial or otherwise, with either the Offeror or the Company or the controlling shareholder(s) of either of them. In the past two years preceding the Rule 3.5 Announcement, there was no engagement between the Company and its controlling shareholder and/or the Offeror and its ultimate beneficial owners and parties acting in concert with any of them and us. Apart from the normal advisory fee payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company, the Offeror, any of their respective substantial shareholders, directors or chief executives, their respective associates, or any person acting, or deemed to be acting, in concert with any of them. Accordingly, we are qualified to give independent advice in relation to the Offer.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, among other things, the annual results announcement of the Company for the year ended 31 March 2025 (the “**2025 AR**”) and other information contained in the Composite Document.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, we have relied on (i) the information, facts and representations provided, and the opinions and views expressed, to us by the Company, the Directors and/or the management of the Group, and (ii) the information, facts, representations, opinions and views of the Company, the Directors, the management of the Group and/or the Offeror contained or referred to in the Composite Document, including but not limited to the Letter from the Board contained in the Composite Document (the “**Letter from the Board**”) and the Letter from Silverbricks Securities contained therein, all of which have been assumed to be true, accurate and complete at the time they were made and continue to be so as at the Latest Practicable Date. We understand that the Company will notify the Shareholders of any material changes during the Offer Period as soon as possible in accordance with the Takeovers Code. Independent Shareholders will be notified of any material changes of such information provided and our opinion, if any, as soon as possible throughout the Offer Period. We have also assumed that all statements of belief, opinion, view and intention made by the Company, the Directors, the management of the Group and/or the Offeror in the Composite Document, including but not limited to the Letter from the Board and the Letter from Silverbricks Securities contained therein, were reasonably made after due and careful enquiry and the expectations and intentions of the Company, the Directors, the management of the Group and/or the Offeror will be met or carried out as the case may be. We consider that we have received and reviewed sufficient information to form an informed view and have no reason to believe that any material information has been omitted or withheld, or to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, the Directors, the management of the Group and/or the Offeror. The Company has confirmed to us that no material facts which would have material impact on formulating our opinion and recommendation to the Independent Board Committee have been withheld or omitted from the information provided to us, the opinion expressed to us, and/or information or opinion contained or referred to in the Composite Document.

We have not, however, carried out any independent verification of the information provided by the Company, the Directors, the management of the Group and/or the Offeror, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group, the Offeror, or any of their respective subsidiaries, controlled entities, jointly controlled entities or associates. We consider that we have performed our duties with impartiality and independence from the Company and the Offeror.

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

We have not considered and express no opinion on the tax and regulatory implications on the Independent Shareholders of their acceptances or non-acceptances of the Offer since these are dependent upon their own individual circumstances. In particular, the Independent Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Offer, we have taken into consideration the following principal reasons and factors:

(1) Information on the Group

(a) Historical financial performance

The Group was principally engaged in (i) provision of formwork work services to both the public and private sectors in the construction industry in Hong Kong and (ii) securities dealing and broking in Hong Kong. The Group disposed of its entire interest in its subsidiary, Yellow River Securities Limited, which was principally engaged in securities dealing and broking in December 2024 and has ceased to provide dealing and brokering service since then.

Set out below are the summarised financial information of the Group for the two years ended 31 March 2024 (“FY2024”) and 2025 (“FY2025”), as extracted from the 2025 AR, and further confirmed by the Company:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Operating performance

	FY2024 <i>HK\$'000</i> (Restated)	FY2025 <i>HK\$'000</i> (Note)
Continuing operations		
Revenue from construction services	452,263	173,388
– <i>Private sector</i>	425,448	81,048
– <i>Public sector</i>	26,815	92,340
Cost of services	(434,212)	(220,525)
Gross profit/(loss)	18,051	(47,137)
<i>Gross profit margin</i>	4.0%	N/A
Other income and gains	968	730
Administrative and other operating expenses	(35,505)	(48,833)
Other losses	(13,670)	(4,283)
Finance costs	(51)	(12)
Loss before income tax	(30,207)	(99,535)
Income tax credit	1,367	156
Loss for the year from continuing operations	(28,840)	(99,379)
Discontinued operations		
Loss for the year from discontinued operations	(3,252)	(2,694)
Loss for the year	(32,092)	(102,073)

Note:

The figures in respect of the Group's consolidated statement of profit and loss and other comprehensive income for FY2025 as set out in 2025 AR have been agreed by HLB Hodgson Impey Cheng Limited (the "HLB") to be the same amounts set out in the Group's audited consolidated financial statements for FY2025. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on 2025 AR.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For FY2025, the Group's revenue from its construction services, being its continuing operations, decreased by approximately HK\$278.9 million or 61.7% to approximately HK\$173.4 million from approximately HK\$452.3 million (restated) for FY2024. Gross loss of approximately HK\$47.1 million for FY2025 was recorded, compared to gross profit of approximately HK\$18.1 million (restated) for FY2024. As stated in the 2025 AR and further advised by the Company, the revenue decrease and gross loss was mainly attributable to (i) the intense market competition of the construction services segment which led to smaller number of successful tenders and lower value of contracts awarded; (ii) delay in certification of works performed for certain projects at Wong Chuk Hang and Kai Tak by relevant customers, which was believed by the Group to be due to their intention to delay the settlement of the outstanding amount of those projects; and (iii) additional subcontracting costs incurred due to increase in subcontracting works to deal with unexpected changes to the on-site arrangements of certain projects initiated by customers, whilst corresponding amount of charge to customers (i.e. Group's revenue) could not be recognised yet until completion of certification of works by relevant customers.

Loss for the year from continuing operations of approximately HK\$99.4 million for FY2025 was recorded, a substantial increase by approximately HK\$70.6 million from that of approximately HK\$28.8 million for FY2024, mainly due to (a) the gross loss for FY2025 compared to gross profit for FY2024 as mentioned above; and (b) the increase in administrative expenses by approximately HK\$13.3 million, mainly attributable to the one-off discretionary bonus of HK\$22.0 million awarded to staff for the year compared to HK\$13.6 million for FY2024. As advised by the Company, such discretionary bonus was awarded to the staff taking into account, among others, his outstanding performance relating to project completed in previous years under the challenging operating environment of the Group (in particular, his successful negotiation with clients for recovery of outstanding payment claims especially those related to variation orders in the Taikoo Place project so as to maintain positive cash flow of the Group, and his fast-tracking the construction schedules of the Wong Chuk Hang project, being a high-value project successfully secured by the Group at a reasonable tender price, to meet tight deadlines to ensure smooth project execution and substantial completion of the project during FY2024 and FY2025), the importance of his role in the daily operation of the Group's principal business. Such staff joined the Group in March 1998 and has become a project director (the "**Project Director**") of Hop Fat Yuk Ying Engineering Limited (the "**Subsidiary**"), an indirect wholly-owned subsidiary of the Company which is a registered subcontractor in Hong Kong providing formwork work services, since April 2010. He is responsible for overseeing operations and the technical aspects of the formwork works projects undertaken by the Subsidiary. The Project Director has over 25 years of experience in the construction industry specialising in providing formwork works in Hong Kong. For FY2023, the Project Director was awarded staff bonus of HK\$5 million for his contribution to the Group's construction services business. As advised by the Company, the Project Director is not acting in concert or a representative/nominee or has any relationship, business, financial or otherwise, with the Vendor, its ultimate beneficial owner and parties acting in concert with any of them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Company, the Group has no arithmetic formula to determine the amount of discretionary bonus awarded to staff. The Board will consider whether a bonus will be awarded, to whom and the amount, primarily determined based on a number of factors, including but not limited to, a staff's contribution to the Group's business in previous years, the operating environment of the Group, the importance of his role in the daily operation of the Group's principal business, the financial performance of the Group taking into account the operating environment of the Group. Such decision is made and approved by the Board after publication of annual or interim financial results of the Group generally.

As stated in the 2025 AR and further advised by the Company, the Group entered into a sale and purchase agreement with independent third parties in December 2024 to dispose of the entire equity interests of Titan Hwaks Limited and its subsidiary, and has ceased its dealing and brokerage services since then. Loss for the year from such discontinued operations of approximately HK\$2.7 million was recorded by the Group for FY2025, compared to that of approximately HK\$3.3 million for FY2024. Taking into account the loss from both the continuing operations and discontinued operations, loss for the year of approximately HK\$102.1 million was recorded for FY2025, compared to that of HK\$32.1 million for FY2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial position

	As at 31 March	
	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Note 1)</i>
Non-current assets	10,353	249
Property, plant and equipment	8,510	196
Intangible assets	1,544	–
Prepayments, other receivables and other assets	94	53
Statutory deposits	205	–
Current assets	255,012	146,145
Contract assets	94,440	86,814
Trade receivables	26,536	5,920
Tax recoverable	1,482	1,976
Amount due from the ultimate holding company	390	–
Prepayments, other receivables and other assets	9,310	41,762
Trust bank balances held on behalf of customers	24,715	–
Cash and cash equivalents	98,139	9,673
Current liabilities	81,235	40,798
Trade payables	44,059	25,818
Amount due to immediate holding company	18,468	–
Other payables and accruals	17,811	14,980
Lease liabilities	897	–
Non-current liabilities	287	32
Deferred tax liabilities	188	32
Lease liabilities	99	–
Net current assets	173,777	105,347
Net assets	183,843	105,564
Gearing ratio (<i>Note 2</i>)	Nil	Nil

Notes:

1. The figures in respect of the Group's consolidated statement of financial position for FY2025 as set out in 2025 AR have been agreed by HLB to be the same amounts set out in the Group's audited consolidated financial statements for FY2025. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on 2025 AR.
2. The gearing ratio is calculated based on total bank and other borrowings divided by total equity.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the table above, the Group recorded net assets of approximately HK\$105.6 million as at 31 March 2025, representing a decrease by approximately HK\$78.3 million or 42.6% from approximately HK\$183.8 million as at 31 March 2024. As shown in the table above and advised by the Company, such decrease was mainly due to (i) decrease in trust bank balances held on behalf of customers, being money deposited by clients and held by the Group in the course of the conduct of the regulated activities of securities trading business, by approximately HK\$24.7 million due to money withdrawal by relevant clients according to their instructions; and (ii) decrease in cash and cash equivalents by approximately HK\$88.5 million to approximately HK\$9.7 million as at 31 March 2025 from approximately HK\$98.1 million as at 31 March 2024, mainly attributable to (a) payment of the aforesaid discretionary bonus awarded to staff of HK\$22.0 million; (b) cash used in prepayment for purchases of raw materials for the construction needs after 31 March 2025 of three ongoing projects at Central and Shatin and one new project at Causeway Bay which commenced in the first quarter of 2025, and leases of tools due to the gradual change in its business operation model from the use of mainly owned tools in FY2024 to leased tools in its construction services in FY2025, which resulted in the increase in the prepayments, other receivables and other assets by approximately HK\$32.5 million from 31 March 2024 to 31 March 2025; (c) repayment of amount due to immediately holding company of the Company, Central Force Premium Group Limited, being advances from it for financing the daily operation needs of the Group, of approximately HK\$18.5 million; and (d) cash used in other daily operation needs but payment for construction works not yet received from customers, in particular, there was delay in certification of projects on hand by customers, mainly Wong Chuk Hang and Kai Tak projects as mentioned above, causing delay in revenue recognition and payment receiving from customers of those projects by the Group but some of the relevant cost was incurred and settled by the Group.

As stated in the annual report of the Company for FY2024, the contract assets are unbilled revenue for works completed and pending certification by customers, representing the Group's right to receive consideration which is conditional on obtaining of certification. Those assets will be transferred to trade receivables when the aforesaid right becomes unconditional, which is typically at the time the Group obtains certification of relevant completed construction works from the customers. The contract assets decreased from approximately HK\$94.4 million as at 31 March 2024 to approximately HK\$86.8 million as at 31 March 2025 as certification of certain completed works has been obtained and thus relevant amount of contract assets has been transferred to trade receivables during the year (and a portion of which was settled by customers as at 31 March 2025).

We have reviewed and noted from the management accounts of the Group for April 2025 and were confirmed by the Company that there was no material change in the Group's financial position as at 30 April 2025 compared to that as at 31 March 2025, caused by incidents other than those in the ordinary course of business of the Group which should be brought to the attention of the Shareholders.

(b) Outlook of the Group

As stated in the interim report of the Company for the six months ended 30 September 2024 (the “**2024/25 IR**”), the Group’s tendering results were not satisfactory in the first half of FY2025. The intense market competition led to a smaller number of successful tenders and quotations and lower value of contracts awarded to the Group, resulting in revenue decrease and gross loss of the Group for the first half of FY2025 compared to the first half of FY2024.

As stated in the 2025 AR, the Board believes that smart building and construction digitalisation will continue to be prominent trends in the industry. The Group’s existing business, which plays a vital role in the construction process, will actively adapt to market changes and technological advancements. The Board remains cautiously optimistic about the outlook for the Hong Kong construction industry.

Formwork in construction is essentially the mould or temporary framework into which concrete is poured and allowed to harden, defining the final shape of the structure. As advised by the Directors, formwork is an indispensable element in housing construction. According to the 2025-26 Budget Speech¹ delivered by the Financial Secretary of the Hong Kong in February 2025, the total public housing supply in Hong Kong will reach 190,000 units in the coming 5 years and over 17,000 private residential units are expected to be completed annually. In addition, according to the construction expenditure forecast for public and private sectors for the ten years from 2022/23 to 2031/32 updated in July 2023 by the Construction Industry Council² (the “**CIC**”) in Hong Kong, the construction expenditure in Hong Kong is forecasted to reach HK\$295 million to HK\$375 million up to 2031/32. These industry figures support the expected increase in housing construction and thus potential demand for formwork work and related construction services in Hong Kong in the near future, and indicate business opportunities for the Group as one of the formwork work and related construction services providers in Hong Kong.

We noted from the annual/interim reports published by other listed companies in Hong Kong which are principally engaged in similar business with the Group that they are facing similar pressure with that faced by the Group, such as intense market competition which has driven down contract prices, decrease in number of contracts, unexpected on-site expenses and/or delays in project payments. Notwithstanding the outlook of the construction industry might be positive in the near future in light of the forecasted industry demand mentioned above, the outlook of the Group is considered challenging and uncertain as it depends on, among others, whether the Group can grasp the business opportunities and win tenders of formwork and related construction service projects with reasonable profit margin rolled out in the market including but not limited to those mentioned in the paragraph above, given the revenue decrease and gross loss recorded by the Group for FY2025, compared to FY2024, was mainly attributable to, among others, intense market competition of the construction services segment which led to smaller number of successful tenders and lower value of contracts awarded as stated in the 2025 AR and advised by the Company.

¹ https://www.budget.gov.hk/2025/eng/pdf/Budget25-26_Eng_Leaflet.pdf

² <https://www.cic.hk/eng/>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As further advised by the Company, due to the poor market condition of the brokerage business and change in business strategy of the Group, the Group disposed of its entire interest in Yellow River Securities Limited, a subsidiary engaged in brokerage business, in December 2024 and has ceased to provide dealing and brokerage services since then and reallocated its internal resources to the construction services business and/or any other business opportunity of the Group.

(2) Background of the Offeror and its intention on the Group

As stated in the Letter from Silverbricks Securities, the Offeror was incorporated in Hong Kong with limited liability and is engaged in the provision of import and export trading, wholesale and sales of electronic products, sales of electronic components and agent of selling memory chips. The Offeror is directly owned as to 98% and 2% by Ms. Zeng and Ms. Tang, respectively. Ms. Zeng has several years of experience in procurement of electronic parts and components in the PRC. The sole director of the Offeror is Ms. Tang, who has several years of experience in sales management in the new energy sector across the PRC for companies engaging in research, production, and sales of lithium batteries.

According to the analysis released by the Hong Kong Trade Development Council, a statutory body established in 1966 to promote, assist and develop Hong Kong's trade, with 51 offices globally, including 13 in Mainland China, on 29 May 2025, based on its survey, the global electronics sector is expected to continue to grow in 2025. And its survey indicated that many electronics traders were broadly positive with regard to their future market prospects, expecting that their overall sales levels would rise or, at least, remain the same over both the short (six to 12 months) and medium terms (12-24 months)³. Notwithstanding the outlook of the electronic components industry which seems positive and it is stated in the Letter from Silverbricks Securities that the Offeror intends to expand the existing businesses of the Group through, among others, exploring business opportunities in electronic components market, such preliminary intention of development is considered uncertain for the Group given such industry is totally different from that of the existing principal business of the Group.

As stated in the Letter from Silverbricks Securities, all the existing Directors will resign with effect from the earliest time permitted under the Listing Rules and Rule 7 of the Takeovers Code. New Directors to the Board will be nominated immediately after the publication of the Composite Document in compliance with Rule 26.4 of the Takeovers Code. According to the biographies of the proposed new Directors as stated in the Letter from Silverbricks Securities, all the proposed new Directors do not have management experience directly related to the existing principal business of the Group.

Long-term business plans and strategies for the future business development of the Group will be formulated by the Offeror after its review of the existing principal businesses, operations and financial position, investments, proposed investments of the Group. Further, subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. The Offeror has no intention to privatise the Company and intends to maintain the listing of the Shares on the Stock Exchange.

³ <https://research.hktdc.com/en/article/MjAyMTAwNTc0Mw>

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The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. As at the Latest Practicable Date, the Offeror has no intention to (i) discontinue the employment of any employees of the Group (who are not Directors); or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

Independent Shareholders should be aware that notwithstanding the Offeror has no intention to discontinue the employment of any employees of the Group (other than existing Directors), the Group's business will be under the management of a new Board and subject to the long-term business plans and strategies to be formulated by the Offeror. None of the proposed new Directors and the Offeror seems to have management experience directly related to the construction services business of the Group. Taking into account the above, the outlook of the Group is considered uncertain.

(3) The Offer

Principal terms of the Offer

Silverbricks Securities, for and on behalf of the Offeror, is making the Offer at the Offer Price of HK\$0.08 in cash for each Offer Share. The Offer Price is equal to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer is unconditional in all respects when made and extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

As at the Latest Practicable Date, there were 1,000,000,000 Shares in issue and the Company does not have any outstanding Shares, options, warrants, derivatives or other securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, and has not entered into any agreement for the issue of such Shares, options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Comparison of value

The Offer Price of HK\$0.08 per Offer Share represents:

- (i) a discount of approximately 77.46% to the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 18.37% to the closing price of HK\$0.098 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 15.79% to the average closing price of HK\$0.0950 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

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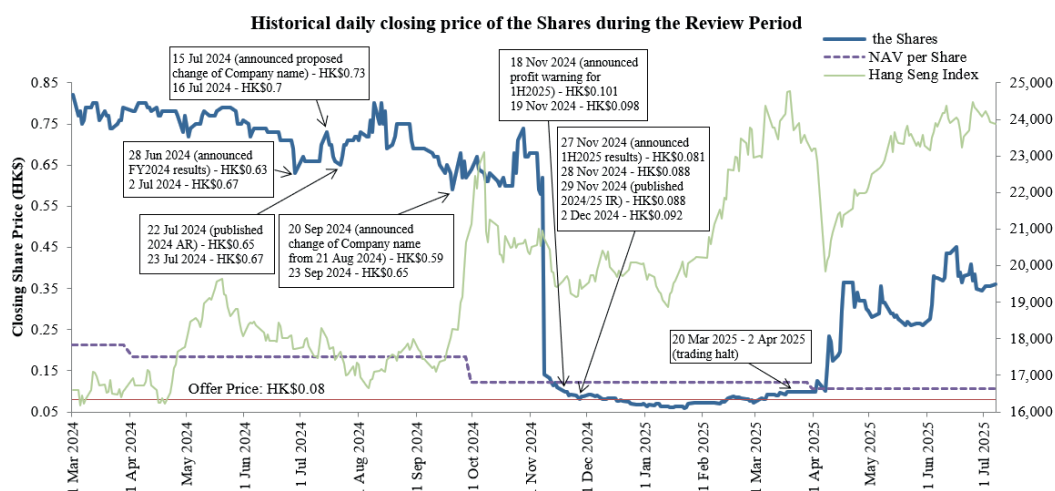
- (iv) a discount of approximately 13.33% to the average closing price of approximately HK\$0.0923 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 4.65% to the average closing price of approximately HK\$0.0839 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 56.47% to the audited consolidated net asset value of the Group (“NAV”) of approximately HK\$0.1838 per Share as at 31 March 2024 calculated based on the audited net asset of the Group as at 31 March 2024 of approximately HK\$183,843,000 and 1,000,000,000 Shares in issue as at the Latest Practicable Date;
- (vii) a discount of approximately 34.05% to the unaudited consolidated NAV of approximately HK\$0.1213 per Share as at 30 September 2024 calculated based on the unaudited net asset of the Group as at 30 September 2024 of approximately HK\$121,304,000 and 1,000,000,000 Shares in issue as at the Latest Practicable Date; and
- (viii) a discount of approximately 24.24% to the consolidated NAV of approximately HK\$0.1056 per Share as at 31 March 2025 calculated based on the net asset of the Group as at 31 March 2025 of approximately HK\$105,564,000 and 1,000,000,000 Shares in issue as at the Latest Practicable Date.

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To assess the fairness and reasonableness of the Offer Price, we have analysed the Offer Price with reference to (i) the historical price performance and NAV of the Shares; (ii) the historical trading liquidity of the Shares; and (iii) the comparison with market comparables.

(i) Historical price performance and NAV of the Shares

The chart below depicts the closing price level of the Shares as quoted on the Stock Exchange from 1 March 2024 (being around 1-year period immediately preceding the Last Trading Day) and up to and including the Latest Practicable Date (the “**Review Period**”), and the comparison of the Offer Price with Share price performance and NAV per Share:



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

Note: The NAV per Share is calculated by dividing the NAV as extracted from the then latest published financial reports of the Company by the total number of issued Shares as at the relevant date based on the monthly returns of the Company published on the website of the Stock Exchange.

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We consider the length of the Review Period to be reasonably long enough to illustrate the historical trend and level of movement of the closing prices of the Shares.

As shown in the chart above, the closing price of the Shares moved between the range of HK\$0.58 to HK\$0.82 from 1 March 2024 to 7 November 2024, during which the results announcement and report for FY2024 was announced on 28 June 2024 and 22 July 2024 respectively, and the proposed and formal change of Company name was announced on 15 July 2024 and 20 September 2024 respectively.

The closing price of the Shares dropped substantially to HK\$0.14 on 8 November 2024 from HK\$0.62 on 7 November 2024 despite no announcement was made by the Company. As advised by the Company, they are not aware of the reason of such drop. From mid-September 2024 to mid-March 2025, contrary to the raising trend of the Hang Seng Index, the closing price of the Shares declined gradually, fell below HK\$0.1 after profit warning for the results of 1H2025 announced by the Company on 18 November 2024, and reached HK\$0.098 two trading days before the trading halt of the Shares on 20 March 2025.

Following the resumption of trading of the Shares on 3 April 2025, the Shares went upward and closed at HK\$0.126 per Share as compared to that of HK\$0.098 per Share on the Last Trading Day. The closing price of the Shares then moved between HK\$0.102 and HK\$0.45 (around 1.3 to 5.6 times higher than the Offer Price) and closed at HK\$0.355 on the Latest Practicable Date.

As advised by the Company, formwork work services providers, including the Group, are asset heavy companies generally. The Group's assets mainly include plant and equipments which the Group used to provide construction services, contract assets (being unbilled revenue for construction works pending for certification by customers and retention receivables), trade receivables (the amount transferred from contracts assets mainly after the certification on construction work from customer is obtained) and cash and cash equivalents generated from business. Taking into account the above, we consider that comparison of the NAV per Share with the Offer Price to assess the fairness and reasonableness of the Offer Price is meaningful, and any discount to NAV per Share as represented by the Offer Price is considered not fair and not reasonable.

Taking into account (i) the closing prices of the Shares had been staying well above the Offer Price after resumption of trading after publication of the Rule 3.5 Announcement; (ii) the Offer Price represented a discount to the closing prices of the Shares of approximately 18.37% to 82.22% during the Offer Period from the date of the Rule 3.5 Announcement (i.e. 2 April 2025) up to the Latest Practicable Date; (iii) the Offer Price represented a discount to the audited/unaudited NAV per Share as at 31 March 2024, 30 September 2024 and 31 March 2025 respectively, the Offer Price is unattractive, not fair and not reasonable.

Independent 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 after the Latest Practicable Date.

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(ii) *Historical trading liquidity of the Shares*

The table below sets out the trading volume of the Shares and the percentages of average daily trading volume to the total number of issued Shares and Shares held by the public Shareholders, respectively during the Review Period:

Month/period	Total trading volume for the month/period	Number of trading days	Average daily trading volume (Note 1)	Average daily trading volume over total number of issued Shares held by the public Shareholders	
				Average daily trading volume over total number of issued Shares	Average daily trading volume over total number of issued Shares held by the public Shareholders
	Shares	days	Shares	(Note 2) %	(Note 3) %
2024					
March	1,420,000	20	71,000	0.01	0.03
April	3,615,000	20	180,750	0.02	0.07
May	2,275,000	21	108,333	0.01	0.04
June	2,170,000	19	114,211	0.01	0.05
July	20,720,000	22	941,818	0.09	0.38
August	4,265,000	22	193,864	0.02	0.08
September	1,580,000	19	83,158	0.01	0.03
October	18,330,000	21	872,857	0.09	0.35
November	360,488,600	21	17,166,124	1.72	6.87
December	18,460,000	20	923,000	0.09	0.37
2025					
January	9,900,000	19	521,053	0.05	0.21
February	4,915,000	20	245,750	0.02	0.10
March	7,470,000	13	574,615	0.06	0.23
April	302,232,280	17	17,778,369	1.78	7.11
May	32,130,000	20	1,606,500	0.16	0.64
June	90,865,000	21	4,326,905	0.43	1.73
July (up to the Latest Practicable Date)	2,855,000	5	571,000	0.06	0.23

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

Notes:

1. Calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period.
2. Calculated by dividing the average daily trading volumes of the Shares by the total issued Shares at the end of each month or as at the Latest Practicable Date, where applicable.
3. Calculated by dividing the average daily trading volumes of the Shares by the total issued Shares held by the public Shareholders at the end of each month or as at the Latest Practicable Date, where applicable.

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During the Review Period, the average daily trading volume ranged from approximately 71,000 Shares (in March 2024) to approximately 17,778,369 Shares (in April 2025), representing approximately 0.01% to 1.78% of the total number of issued Shares, and approximately 0.03% to 7.11% of the total number of issued Shares held by the public Shareholders, as at the end of the respective month/period.

The total trading volume of the Shares in November 2024 reached over 360 million Shares, representing approximately 1.72% of the total number of issued Shares. We noted from the trading volume released in the website of the Stock Exchange that the daily trading volume of the Shares reached 19.2 million to 162.0 million from 8 to 12 November 2024, much higher than the rest of the trading days in that month. We noted that no specific news was announced by the Company on those days, and further understood from the Company that it is not aware of the reason of such sudden increase in the daily trading volume.

The Independent Shareholders may encounter difficulties in selling a significant number of Shares in the open market at a fixed cash price within a short period of time without disturbing the market price. Nevertheless, it is noted that the trading volume of the Shares amounted to over 180 million shares, representing over 72% of the number of Shares held by the Shareholders other than the Offeror and parties acting in concert with it, in only 7 trading days from the date on which trading of the Shares resumed (i.e. 3 April 2025) to 14 April 2025. Further, the closing price of the Shares in those 7 trading days stayed above the Offer Price, and moved upward and reached HK\$0.233 on 9 April 2025 from HK\$0.126 on 3 April 2025 regardless of the increase in the number of Shares sold in the market in those days, and it surged to HK\$0.365 (i.e. around 4.5 times higher than the Offer Price) on 17 and 22 April 2025, indicating the trading price of the Shares may not definitely move downwards with the increase in the number of Shares sold in the market. Hence, instead of accepting the Offer, the Shareholders who intend to realise their investment in the Shares are recommended to sell their Shares in the market if net proceeds from such sale of Shares would exceed the net amount receivable under the Offer.

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(iii) *Peer comparison*

We noted that the trading multiples analysis of price to earnings ratio (“**P/E Ratio**”) and price to book ratio (“**P/B Ratio**”) of comparable companies are commonly adopted approaches in assessing an offer price. Given net loss was recorded by the Company for FY2024, the P/E Ratio analysis may not yield any conclusive meaning and thus was not adopted. As an alternative, we have adopted price-to-sales ratio (“**P/S Ratio**”). Revenue is the top-level parameter of a company’s financial performance. We consider that P/S Ratio analysis is suitable as it reflects how the market values the revenue generating ability of the Group and the Comparable Companies of which the principal business are similar to each other.

The assets of the Group attributable to construction services segment for revenue generation accounted for over 90% of the total assets of the Company as at 30 September 2024. Those assets mainly included properties, plant and equipments, contract assets, trade receivables, prepayments for purchases of raw materials attributable to the Group’s construction services segment and cash and cash equivalents. We have also reviewed the latest published financial statements of the Comparable Companies (as defined below) and noted that the composition of their assets were similar to that of the Group, mainly comprised properties, plant and equipments, contract assets, trade receivables etc. relating to their construction services segments. Hence, we consider that the P/B Ratio analysis is also suitable as it reflects how the market values those revenue generating assets of the Group and the Comparable Companies, of which a majority portion were attributable to construction services segment. We therefore adopted the P/S Ratio and P/B Ratio analysis as shown in the table below in assessing the fairness and reasonableness of the Offer Price.

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We have identified, to the best of our knowledge and effort, an exhaustive list of three companies (the “**Comparable Companies**”) based on the following criteria: (i) it is a small-cap issuer listed on the Stock Exchange with a proposed market capitalisation at the time of listing of equal to or less than HK\$700 million as defined in the consultation conclusions on “Main Board Profit Requirement” published by the Stock Exchange in May 2021⁴, taking into account the Company is also a small-cap issuer in terms of market capitalisation based on the aforesaid definition; and (ii) it is principally engaged in similar business with the Group, being provision of formwork work services in Hong Kong, and over 90% revenue of which were generated from such business in Hong Kong in the latest preceding financial year.

Stock Code	Company	Market capitalisation as at the Latest Practicable Date	Total revenue (% of total revenue generated from construction services segment)	Total assets (% of total assets attributable to construction services segment)	Net asset value	P/S Ratio	P/B Ratio
			HK\$'000 (Note 1)	HK\$'000 (Note 2)		Times (Note 3)	Times (Note 4)
1429	Skymission Group Holdings Limited	76,800	402,912 (100%)	345,068 (100%) (Note 6)	252,963	0.19	0.30
3789	Royal Deluxe Holdings Limited	63,600	730,955 (100%)	467,238 (100%) (Note 6)	310,581	0.09	0.56
1630	Kin Shing Holdings Limited	60,000	878,762 (100%)	417,597 (57.0%) (Note 5)	112,841	0.07	0.53
			Maximum			0.19	0.53
			Minimum			0.07	0.20
			Average			0.12	0.34
			Median			0.09	0.30
1943	The Company	80,000	173,388 (100%) (Note 7)	146,394 (100%)	105,564	0.46	0.76

Source: Website of the Stock Exchange (www.hkex.com.hk) and the respective annual results announcement of the Company and the Comparable Companies

⁴ [https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/November-2020-MB-Profit-Requirement/Conclusions-\(May-2021\)/cp202011cc.pdf](https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/November-2020-MB-Profit-Requirement/Conclusions-(May-2021)/cp202011cc.pdf)

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Notes:

1. Market capitalisation of the Comparable Companies are calculated based on their respective closing price as quoted on the Stock Exchange and number of issued shares based on their latest published information as at the Latest Practicable Date. Market capitalisation of the Company, as represented by the Offer Price, is calculated based on the Offer Price of HK\$0.08 per Offer Share and 1,000,000,000 Shares in issue as at the Latest Practicable Date.
2. Figures extracted from the latest published results announcement of the Comparable Companies.
3. P/S Ratio of the Comparable Companies are calculated by dividing their respective market capitalisation by their respective consolidated revenue, as extracted from their latest published annual financial statements. Implied P/S Ratio of the Company is calculated by dividing its market capitalisation, as represented by the Offer Price, by its consolidated revenue for FY2025.
4. P/B Ratio of the Comparable Companies are calculated by dividing their respective market capitalisation by their respective consolidated equity attributable to the ordinary shareholders, as extracted from their latest published financial statements. Implied P/B Ratio of the Company is calculated by dividing its market capitalisation, as represented by the Offer Price, by its consolidated equity attributable to the Shareholders as at 31 March 2025.
5. Calculated based on the amount of segment assets attributable to construction services segment as stated in the latest published results announcement of the Comparable Company.
6. It is stated in the latest published results announcement or report of the Comparable Company that it had only one operating segment (i.e. construction services related) and no breakdown of segment assets was disclosed. Hence, all its assets are regarded as attributable to construction services segment.
7. This represents the total revenue from continuing operations of the Company for FY2025.

The P/S Ratio of the Comparable Companies ranged from approximately 0.07 times to 0.19 times, with an average and median of approximately 0.12 times and 0.09 times respectively. Based on their respective latest published annual financial statements, the revenue recorded by the Comparable Companies ranged from approximately HK\$402.9 million to approximately HK\$878.8 million. The implied P/S Ratio of the Company, as represented by the Offer Price, is approximately 0.46 times, which is higher than the highest P/S Ratio among the Comparable Companies. This is considered indicating that the Offeror is willing to pay more (in terms of multiple to the amount of sales) to invest in the revenue generating ability of the Group than that paid by investors to the Comparable Companies, thus the Offer Price is not unfavourable based on this comparison.

The P/B Ratio of the Comparable Companies ranged from approximately 0.20 times to 0.53 times, with an average and median of approximately 0.34 times and 0.30 times respectively. Based on their respective latest published financial statements, the equity attributable to owners recorded by the Comparable Companies ranged from approximately HK\$112.8 million to approximately HK\$310.6 million. The implied P/B Ratio of the Company, as represented by the Offer Price, is approximately 0.76 times, which is higher than the highest P/B Ratio among the Comparable Companies. This is considered indicating that the Offeror is willing to pay more (in terms of multiple to the amount of net asset value) to invest in the Group's net assets than that paid by investors to the Comparable Companies, thus the Offer Price is not unfavourable based on this comparison.

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RECOMMENDATION

Notwithstanding the implied P/S Ratio and P/B Ratio of the Company as represented by the Offer Price are higher than the highest P/S Ratio and P/B Ratio among the Comparable Companies respectively, indicating the Offer Price (in terms of a multiple to the amount of sales or net asset value) is not unfavourable to the Shareholders as compared to the trading price of the Comparable Companies, having considered that,

- (a) the Offer Price is unattractive, given it represents a discount to the closing price of the Shares on the Latest Practicable Date, the Last Trading Day, and the five-day, 10-day and 30-day average closing price of the Shares immediately prior to and including the Last Trading Day respectively; and
- (b) the comparison of the Offer Price with NAV per Share is considered meaningful given the Group is an asset heavy company and the Offer Price represents a discount to NAV per Share as at 31 March 2024, 30 September 2024 and 31 March 2025,

we are of the view that the terms of the Offer are not fair and not reasonable so far as the Independent Shareholders are concerned.

On the other hand, having considered

- (a) the declined financial performance of the Group for FY2025 compared to FY2024;
- (b) notwithstanding the outlook of the construction industry might be positive in the near future in light of the expected increase in housing construction, and thus potential demand for formwork work and related construction services, as supported by the budgeted housing supply in Hong Kong according to the Financial Secretary of Hong Kong in February 2025 and the forecasted construction expenditure in Hong Kong in the ten years up to 2031/32 released by the CIC, whether the Group can grasp the business opportunities and win tenders of formwork and related construction services projects with reasonable profit margin rolled out in the market is uncertain, given the revenue decrease and gross loss recorded by the Group for FY2025, compared to FY2024, was mainly attributable to, among others, intense market competition of the construction services segment which led to smaller number of successful tenders and lower value of contracts awarded;
- (c) the uncertainty of the Company's outlook under management by the new Board and the long-term business plans and strategies to be formulated by the Offeror, given none of the proposed new Directors and the Offeror have management experience directly related to the construction services business of the Group; and

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- (d) notwithstanding the Independent Shareholders may encounter difficulties in selling a significant number of Shares in the open market at a fixed cash price within a short period of time without disturbing the market price, given (i) it is noted that the trading volume of the Shares amounted to over 180 million shares, representing over 72% of the number of Shares held by the Shareholders other than the Offeror and parties acting in concert with it, in only 7 trading days from the date on which trading of the Shares resumed (i.e. 3 April 2025) to 11 April 2025 and (ii) the closing price of the Shares in those 7 trading days stayed above the Offer Price regardless of the increase in the number of Shares sold in the market, and it surged to HK\$0.365 on 17 and 22 April 2025 (i.e. around 4.5 times higher than the Offer Price), indicating the trading price of the Shares may not definitely move downwards with the increase in the number of Shares sold in the market,

the Independent Shareholders are recommended to sell their Shares in the market at a price higher than the Offer Price, instead of accepting the Offer.

Taking into account the factors above, we recommend the Independent Board Committee to recommend, and we recommend, the Independent Shareholders not to accept the Offer.

Independent Shareholders are advised to consider all the factors above before deciding whether to accept the Offer, in particular, the trading price of the Shares, and beware of the potential difficulties they may encounter in disposing of their investments in the Shares in the market at a fixed price within a short period. They should seek advice from their own professional advisers prior to making any investment decision.

Yours faithfully,
For and on behalf of
Capital 9 Limited

Chan Man Yee
Director

Chan Man Yee is a licensed person and responsible officer of Capital 9 Limited registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and have over 15 years of experience in the corporate finance industry.

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 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, marked “King’s Stone Holdings Group Limited – 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, marked “King’s Stone Holdings Group Limited – Offer” on the envelope, 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, marked “King’s Stone Holdings Group Limited – Offer” on the envelope, 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 out 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, marked "King's Stone Holdings Group Limited – Offer" on the envelope, 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, marked "King's Stone Holdings Group Limited – Offer" on the envelope, together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Silverbricks 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 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 respect of the Offer) 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 have been extended, revised or have expired.
- (c) If the Offer are extended or revised, 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 are closed to the Independent Shareholders who have not accepted the relevant 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 relevant 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 the 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. ANNOUNCEMENT

- (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 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 have expired. The announcement will state the total number of 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 it 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 it.

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 it 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 (in respect of the Offer) 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 Listing Rules, where appropriate.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the sub-paragraph (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. ANNOUNCEMENT” 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 receipt of the notice of withdrawal, despatch 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, or make such document(s) available for collection by, the relevant Independent Shareholders at their own risks.

7. OVERSEAS INDEPENDENT SHAREHOLDERS

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas 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, the Independent 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 independent legal advice in respect of the Offer. It is the responsibility of the Overseas Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including 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 Independent Shareholders in respect of the acceptance of the Offer in such jurisdictions.

The Offeror and the parties acting in concert with it, the Company, Silverbricks Securities, VS Capital, the Independent Financial Adviser, the Registrar, the company secretary of the Company 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 Independent Shareholders for any taxes or duties as such persons may be required to pay.

Acceptance of the Offer by any Overseas Independent Shareholder will be deemed to constitute a representation and warranty from such Overseas Independent Shareholder to the Offeror that the all applicable laws and requirements have been complied with and such Overseas Independent 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. Overseas Independent Shareholder should consult their professional advisers if in doubt.

8. TAXATION ADVICE

Overseas 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 it, the Company, Silverbricks Securities, VS Capital, the Independent Financial Adviser, the Registrar 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 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 it, Silverbricks Securities, VS Capital, the Independent Financial Adviser and any of their respective directors nor the Registrar or the company secretary of the Company 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, Silverbricks Securities, VS Capital, the Registrar 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, Silverbricks Securities and VS Capital 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, the Company, Silverbricks Securities, VS Capital, the Independent Financial Adviser 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. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of (i) the audited financial information of the Group for each of the three financial years ended 31 March 2022, 2023 and 2024 as extracted from the relevant annual reports of Company; and (ii) the unaudited financial information of the Group for the six months ended 30 September 2023 and 2024 as extracted from the relevant interim reports of the Company:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 September		Year ended 31 March		
	2024	2023	2024	2023	2022
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	103,297	254,563	452,666	372,086	340,084
Cost of sales	(130,937)	(239,181)	(434,364)	(330,636)	(360,927)
Gross profit/(loss)	(27,640)	15,382	18,302	41,450	(20,843)
Other income and gains	401	2,980	1,199	12,976	3,052
Administrative and other operating expenses	(35,266)	(11,123)	(38,805)	(27,718)	(18,065)
Other losses	–	(9,133)	(14,046)	(15,011)	(3,200)
Finance costs	(34)	(58)	(109)	(121)	(163)
(Loss)/profit before income tax	(62,539)	(1,952)	(33,459)	11,576	(39,219)
Income tax credit/(expense)	–	(442)	1,367	(6,609)	5,375
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR/PERIOD ^(Note 1)	(62,539)	(2,394)	(32,092)	4,967	(33,844)
OTHER COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	– [#]	–	(174)	–	–
Total comprehensive (loss)/income attributable to owners of the Company ^(Note 1)	(62,539)	(2,394)	(32,266)	4,967	(33,844)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
Basic and diluted	(HK\$6.3 cents)	(HK\$0.2 cents)	HK(3.2) cents	HK0.5 cents	HK(3.4) cents

[#] Less than HK\$1,000

Notes:

- (1) There is no non-controlling interest for each of the financial years ended 31 March 2022, 2023 and 2024 and each of the six months ended 30 September 2023 and 2024.
- (2) The Group had not declared any payment of dividend for each of the financial years ended 31 March 2022, 2023 and 2024 and each of the six months ended 30 September 2023 and 2024.

Set out below is a summary of the unaudited financial information of the Group for the financial years ended 31 March 2025 and the unaudited and restated financial information of the Group for the financial years ended 31 March 2024, as extracted from the annual results announcement of Company dated 30 June 2025 (the “**2025 AR Announcement**”):

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
		(Restated) <i>(Note 3)</i>
Continuing operations		
Revenue	173,388	452,263
Cost of services	(220,525)	(434,212)
Gross (loss)/profit	(47,137)	18,051
Other income and gains	730	968
Administrative and other operating expenses	(48,833)	(35,505)
Other losses	(4,283)	(13,670)
Finance costs	(12)	(51)
Loss before income tax	(99,535)	(30,207)
Income tax credit	156	1,367
Loss for the year from continuing operations	(99,379)	(28,840)
Discontinued operations <i>(Note 3)</i>		
Loss for the year from discontinued operations	(2,694)	(3,252)
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY		
FOR THE YEAR <i>(Note 1)</i>	(102,073)	(32,092)

	For the year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
		(Restated) ^(Note 3)
OTHER COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(29)	(174)
Reclassification of cumulative translation reserve upon disposal of foreign operations	203	–
	<u>174</u>	<u>(174)</u>
Total comprehensive loss attributable to owners of the Company ^(Note 1)	<u>(101,899)</u>	<u>(32,266)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
From continuing and discontinued operations		
Basic and diluted	HK(10.2) cents	HK(3.2) cents
From continuing operations		
Basic and diluted	<u>HK(9.9) cents</u>	<u>HK(2.9) cents</u>

Notes:

- (1) There is no non-controlling interest for each of the financial years ended 31 March 2024 and 2025.
- (2) The Group had not declared any payment of dividend for each of the financial years ended 31 March 2024 and 2025.
- (3) As disclosed in the 2025 AR Announcement, in December 2024, the Group entered into a sale and purchase agreement with the independent third parties to dispose of the entire equity interests of Titan Hwaks Limited and its subsidiary (collectively named “**Titan Group**”), a direct wholly-owned subsidiary of the Company. Therefore, the carrying amount related to the net assets of the Titan Group was deconsolidated from the consolidated financial statements of the Group as at completion date (being 9 December 2024).

The comparative figures in the consolidated statement of profit or loss and other comprehensive income (for the year ended 31 March 2024) have been restated in the 2025 AR Announcement to re-present the dealing and broking services as a discontinued operation at the beginning of the year. For further details, please refer to the 2025 AR Announcement.

Save as disclosed above, there were no items of any income or expenses which was material in respect of the condensed consolidated financial results of the Group for each of the financial years ended 31 March 2022, 2023, 2024 and 2025 and each of the six months ended 30 September 2023 and 2024.

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

There was no change in the Group’s accounting policy during each of the years ended 31 March 2022, 2023, 2024 and 2025 and each of the six months ended 30 September 2023 and 2024 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2025 as set out in the 2025 AR Announcement and this Composite Document have been agreed by HLB to be the same amounts set out in the Group’s audited consolidated financial statements for the year ended 31 March 2025. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB in the 2025 AR Announcement.

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 consolidated financial statements of the Group for the years ended 31 March 2022 (the “**2022 Financial Statements**”), 31 March 2023 (the “**2023 Financial Statements**”), 31 March 2024 (the “**2024 Financial Statements**”) and 31 March 2025 (the “**2025 Financial Statements**”), for the six months ended 30 September 2023 (the “**2023 Interim Financial Statements**”) and for the six months ended 30 September 2024 (the “**2024 Interim Financial Statements**”, together with the 2022 Financial Statements, the 2023 Financial Statements, the 2024 Financial Statements, the 2025 Financial Statements and the 2023 Interim Financial Statements, collectively as the “**Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The Financial Statements are set out in the following documents which have been published on the websites of the Company (www.kshgl.com) and the Stock Exchange (<https://www.hkexnews.hk>), and can be accessed by the links below:

- The 2022 Financial Statements are set out from pages 40 to 117 in the annual report of the Company for the year ended 31 March 2022 (the “**Annual Report 2022**”), which was published on 21 July 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0721/2022072100486.pdf>

- The 2023 Financial Statements are set out from pages 37 to 111 in the annual report of the Company for the year ended 31 March 2023 (the “**Annual Report 2023**”):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0720/2023072000524.pdf>

- The 2024 Financial Statements are set out from pages 36 to 111 in the annual report of the Company for the year ended 31 March 2024 (the “**Annual Report 2024**”):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0722/2024072200983.pdf>

- The 2025 Financial Statements are set out from pages 1 to 15 in the 2025 AR Announcement:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0630/2025063002990.pdf>

- The 2023 Interim Financial Statements are set out from pages 15 to 42 in the interim report of the Company for the six months ended 30 September 2023 (the “**Interim Report 2023**”):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1221/2023122100296.pdf>

- The 2024 Interim Financial Statements are set out from pages 15 to 40 in the interim report of the Company for the six months ended 30 September 2024 (the “**Interim Report 2024**”):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1129/2024112900629.pdf>

The Financial Statements (but not any other part of the aforementioned documents in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 30 April 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptances or acceptances credits, or any guarantees, or any other contingent liabilities outstanding.

4. MATERIAL CHANGE

The Directors confirm that, save as and except for the below, there has 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 Company were made up, up to and including the Latest Practicable Date:

As disclosed in the annual results announcement of the Company for the year ended 31 March 2025 (“FY2024/25”),

- (a) the Group’s revenue was approximately HK\$173.4 million for FY2024/25, representing a decrease of approximately 61.7% as compared with the revenue of approximately HK\$452.3 million (restated) for the year ended 31 March 2024 (“FY2023/24”), primarily attributable to intense market competition which led to smaller number of successful tenders and lower value of contracts awarded;
- (b) the Group’s gross loss of approximately HK\$47.1 million reported for FY2024/25, compared to the gross profit of approximately HK\$18.1 million (restated) for FY2023/24, primarily due to (i) the increase in additional subcontracting costs and (ii) delay in certification of works performed for certain projects at Wong Chuk Hang and Kai Tak by relevant customers, which was believed by the Group to be due to their intention to delay the settlement of the outstanding amount of those projects;
- (c) the Group’s administrative expenses increased by approximately HK\$13.3 million from approximately HK\$35.5 million (restated) for FY2023/24 to approximately HK\$48.8 million for FY2024/25, representing an increase of approximately 37.5%, mainly attributable to the increase in discretionary bonus to staff of approximately HK\$22.0 million for FY2024/25;
- (d) the Group recorded other losses of approximately HK\$4.3 million for FY2024/25 (for FY2023/24: HK\$13.7 million (restated)), which was mainly attributable to the impairment loss on contract assets of approximately HK\$2.6 million and net loss on disposal of subsidiaries of approximately HK\$1.7 million for FY2024/25;
- (e) for FY2024/25, the Group disposed of the entire equity interests of Titan Hwaks Limited and its subsidiary (the “Titan Group”), which was principally engaged in securities dealing and broking. The operation of Titan Group for FY2023/24 and the period from 1 April 2024 to 9 December 2024 were presented as discontinued operation. The Group recorded a loss of approximately HK\$2.7 million from discontinued operation during the period, as compared with a loss of approximately HK\$3.3 million for FY2023/24; and
- (f) as a result of (a) to (e) above, the loss attributable to owners of the parent amounted to approximately HK\$101.9 million for FY2024/25 as compared to the loss attributable to owners of the parent of approximately HK\$32.3 million for FY2023/24.

1. RESPONSIBILITY STATEMENT

As at the Latest Practicable Date, Ms. Tang is the sole director of each of the Offeror and Huayu Holdings.

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

2. MARKET PRICES

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

Date	Closing price Per Shares (HK\$)
30 September 2024	0.64
31 October 2024	0.68
29 November 2024	0.088
31 December 2024	0.071
28 January 2025	0.072
28 February 2025	0.073
19 March 2025 (being the Last Trading Day)	0.098
31 March 2025	0.098
30 April 2025	0.295
30 May 2025	0.265
30 June 2025	0.345
8 July 2025 (being the Latest Practicable Date)	0.355

During the Relevant Period, the highest and the lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.74 per Share on 28 October 2024 and HK\$0.06 per Share on 22 January 2025.

3. DISCLOSURE OF INTERESTS IN THE COMPANY'S SECURITIES AND ARRANGEMENT IN RELATION TO DEALINGS

During the Relevant Period:

- (a) save for the Existing Shares, none of the Offeror, Huayu Holdings, their respective ultimate beneficial owners nor any person acting in concert with any of them nor the sole director of the Offeror owns or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (b) none of the Offeror, Huayu Holdings, their respective ultimate beneficial owners nor any person acting in concert with any of them has received any irrevocable commitment to accept or reject the Offer;
- (c) save for the Sale and Purchase Agreement, the Offer Facility Agreement, the share charge of the Charged Offer Shares, the Sale Shares Facility Agreement and the share charge of the Charged Sale Shares, none of the Offeror, Huayu Holdings, their respective ultimate beneficial owners and any person acting in concert with any of them or any associates (as defined under the Takeovers Code) of the Offeror has any arrangements of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares with any other person; and
- (d) none of the Offeror Huayu Holdings, their respective ultimate beneficial owners nor any person acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

4. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period:

- (a) save for the Sale and Purchase Agreement, the Offer Facility Agreement, the share charge of the Charged Offer Shares, the Sale Shares Facility Agreement and the share charge of the Charged Sale Shares, none of the Offeror, Huayu Holdings, their respective ultimate beneficial owners nor any person acting in concert with any of them nor the sole director of the Offeror had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of the Shares;
- (b) no person had irrevocably committed themselves to accept or reject the Offer, and no such person had dealt for value in any Shares or any convertible securities, warrants, options of the Company or any derivatives in respect of the Shares; and

- (c) save for the Sale and Purchase Agreement, the Offer Facility Agreement, the share charge of the Charged Offer Shares, the Sale Shares Facility Agreement and the share charge of the Charged Sale Shares, no person owning or controlling any shareholding in the Company with whom the Offeror, Huayu Holdings, their respective ultimate beneficial owners and parties acting in concert with any of them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company.

5. ARRANGEMENT IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date:

- (a) save for (i) the share charge of the Charged Sale Shares, which could only be released upon full discharge of the payment and other obligations under the relevant finance documents, including, among others, the Sale Shares Facility Agreement and the share charge of the Charged Sales Shares or the cancellation or termination of the Sale Shares Facility Agreement; and (ii) the share charge of the Charged Offer Shares, which could only be released upon the full payment of the outstanding amounts payable under the Offer Facility, 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.

Pursuant to the Sale Shares Facility Agreement (as amended by the amendment deed dated 20 June 2025), the maturity date thereunder is 20 September 2025. The Charged Sale Shares under the Sale Shares Facility Agreement refer to an aggregate of 750,000,000 Shares acquired by Huayu Holdings (as the nominee of the Offeror) pursuant to the Sale and Purchase Agreement. The interest rate of the Sale Shares Facility from 20 March 2025 is 12% per annum and was amended from 12% per annum to 20% per annum with effect from 21 June 2025.

Pursuant to the Offer Facility Agreement, the Offer Facility is available for drawdown without conditions for two months from the date of the Offer Facility Agreement until the Closing Date, whichever is later or on such other dates as may be mutually agreed between the parties. The maturity date thereunder is the later of the date falling 180 calendar days after the relevant drawdown date or such other dates as may be mutually agreed between the parties. As at the Latest Practicable Date, the Offer Facility has not yet been drawn down.

Pursuant to the terms and conditions of the aforementioned share charges: (i) Ultra Accord may upon the occurrence of any event of default (which is continuing and not waived by Ultra Accord) elect to declare the security constituted by the share charge of the Charged Sale Shares enforceable by notice to borrower and upon doing so, it may exercise the voting rights attached to the Charged Sale Shares in the name of Huayu Holdings or otherwise and without any further consent or authority from Huayu Holdings. Accordingly, upon election by Ultra Accord to declare the share charge of the Charged Sale Shares enforceable, Ultra Accord will trigger a mandatory general offer under Rule 26.1 of the Takeovers Code. Ultra Accord would not be entitled to exercise the voting rights of the Charged Sale Shares unless and until (1) the security under the relevant share charge shall have become enforceable, and (2) Ultra Accord has elected to enforce the security thereunder upon the occurrence and continuation of any event of default under the Sale Shares Facility and such share charge, pursuant to the terms and conditions thereof; and (ii) Silverbricks Securities may do or cause to be done anything to enforce the share charge of the Charged Offer Shares in the event of default by the Offeror under the Offer Facility Agreement. Save as disclosed above, there was no agreement, arrangement or understanding and any related charges or pledges which may result in the transfer of voting rights in respect of any Shares;

- (b) none of the Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Offer;

- (c) save for the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, Huayu Holdings, their respective ultimate beneficial owners or any person acting in concert with any of them on one hand and any of the Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or was dependent upon the Offer;
- (d) there are no agreements or arrangements to which the Offeror, Huayu Holdings, their respective ultimate beneficial owners or any person acting in concert with any of them, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (e) save for the Consideration paid by the Offeror to the Vendor under the Sale and Purchase Agreement, there is no consideration, compensation or benefit in whatever form paid or to be paid by the Offeror, Huayu Holdings, their respective ultimate beneficial owners or any parties acting in concert with any of them to the Vendor, Vendor's Guarantor (also being the Vendor's ultimate beneficial owner) or any party acting in concert with any of them in connection with the sale and purchase of the Sale Shares; and
- (f) save for the Sale and Purchase Agreement, there is no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between (1) the Offeror, Huayu Holdings, their respective ultimate beneficial owners and/or any party acting in concert with it and (2)(a) the Vendor, Vendor's Guarantor (also being the Vendor's ultimate beneficial owner) and any party acting in concert with any of them or (2)(b) any Shareholders.

6. EXPERT AND CONSENT

The followings are the names and the qualifications of the expert whose letters, opinions or advices are contained or referred to in this Composite Document:

Name	Qualifications
Silverbricks Securities	a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
VS Capital	a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

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

7. MISCELLANEOUS

As at the Latest Practicable Date:

- (a) The registered office of the Offeror is situated at Room D07, 8/F, Kai Tak Fty Building, No. 99 King Fuk Street, San Po Kong, Hong Kong and the correspondence address of both Ms. Tang (the sole director of the Offeror) and Ms. Zeng (being the 98% controlling shareholder of the Offeror) is Room D07, 8/F, Kai Tak Fty Building, No. 99 King Fuk Street, San Po Kong, Hong Kong.
- (b) The registered office of Huayu Holdings is situated at Mandar House, 3rd Floor, Johnson's Ghut, Tortola, British Virgin Islands.
- (c) The registered office of Ultra Accord is situated at Shop F208, 1/F., The Capital, 61-65 Chatham Road South, Kowloon, Hong Kong. The correspondence address of Ms. Chu Chui Ling is Shop F208, 1/F., The Capital, 61-65 Chatham Road South, Kowloon, Hong Kong.
- (d) The registered office of Silverbricks Securities is situated at Rooms 1601-07, 16/F, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- (e) The registered office of VS Capital is situated at Room 1105 11/F Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong.

In the event of inconsistency, the English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts.

8. DOCUMENTS ON DISPLAY

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

- (a) memorandum and articles of association of the Offeror;
- (b) the letter from Silverbricks Securities, the text of which is set out on page 10 to 23 of this Composite Document;
- (c) the written consents as referred to in the paragraph headed "6. EXPERT AND CONSENT" in this Appendix; and
- (d) the Sale and Purchase Agreement.

1. RESPONSIBILITY STATEMENTS

As at the Latest Practicable Date, the Board comprises Mr. Wang Jianfeng as executive Director; Mr. Cai Huihui, Ms. Liu Jingna and Mr. Ruan Dongdong as non-executive Directors and Mr. Wang Wenxing, Mr. An Wen Long and Ms. Florence Ng as independent non-executive Directors.

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

2. SHARE CAPITAL

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

<i>Authorised</i>	<i>HK\$</i>
<u>2,000,000,000 Shares</u>	<u>20,000,000</u>
<i>Issued</i>	
<u>1,000,000,000 Shares</u>	<u>10,000,000</u>

All issued Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital. The Shares are listed and traded on the Stock Exchange. No Shares are listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in the Shares being or proposed to be sought, on any other stock exchange.

Since 31 March 2024, being the date to which the latest audited financial statements of the Group were made up, and up to the Latest Practicable Date, the Company did not issue any Shares.

Other than the Shares in issue, the Company had no other outstanding shares options, warrants, derivative or other securities that are convertible into or exchangeable for Shares or other types of equity interest in issue as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS IN THE COMPANY'S SECURITIES AND ARRANGEMENT IN CONNECTION WITH THE OFFER

(a) Interests and short positions in Shares and underlying shares or debentures of the Company of Directors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors nor chief executive of the Company has registered interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code or (iv) to be disclosed under the Takeovers Code.

(b) Interests and short positions in Shares and underlying shares or debentures of the Company of substantial Shareholders' and other persons

As at the Latest Practicable Date, So far as the Directors are aware, the following persons (not being Directors or chief executive of the Company) have or are deemed or taken to have an interest or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO:

The Company

Name	Capacity/Nature	Number of shares held/ interested	Percentage of interest
Huayu Holdings ^(Note 1)	Beneficial owner	750,000,000	75%
Ms. Zeng ^(Note 1)	Interest in a controlled corporation	750,000,000	75%
Ultra Accord ^(Note 2)	Security interest	750,000,000	75%
Ms. Chu Chui Ling ^(Note 2)	Interest in a controlled corporation	750,000,000	75%

Notes:

- Huayu Holdings is directly owned as to 98% by Ms. Zeng. Ms. Zeng is deemed, or taken to be, interested in 750,000,000 Shares held by Huayu Holdings for the purpose of the SFO. Since the Offeror and Huayu Holdings are companies controlled by the same ultimate beneficial owner, i.e. Ms. Zeng, they are deemed to be acting in concert under class (8) of the presumptions in the definition of "acting in concert" under the Takeovers Code.
- On 20 March 2025, Huayu Holdings, the controlling shareholder of the Company, entered into a share charge with Ultra Accord, pursuant to which Huayu Holdings agreed to charge 750,000,000 Shares in favour of Ultra Accord. Ultra Accord is wholly and beneficially owned by Ms. Chu Chui Ling.

Save as disclosed above, as at the Latest Practicable Date, none of the substantial Shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed “Interests and short positions in Shares and underlying shares or debentures of the Company of Directors and chief executive of the Company” above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Additional Disclosure of Interests

As at the Latest Practicable Date,

- (a) none of the Directors was interested within the meaning of Part XV of the SFO in the Shares or any warrants, options, convertible securities or derivatives in respect of any Shares;
- (b) none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding any exempt principal traders and exempt fund managers, owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (c) save for the Sale and Purchase Agreement, the Offer Facility Agreement, the Sale Shares Facility Agreement, the share charge of the Charged Offer Shares and share charge of the Charged Sale Shares, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”, or any of the Company’s associates by virtue of classes (2), (3) or (4) of the definition of “associate” under the Takeovers Code;
- (d) no fund manager (other than exempt fund managers) connected with the Company had managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis, and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Offer Period up to the Latest Practicable Date;
- (e) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer;
- (f) none of the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and

- (g) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined in Rule 25 of the Takeovers Code) between (1) any Shareholder and (2) the Company, its subsidiaries or associated companies.

4. DEALINGS IN THE COMPANY'S SECURITIES

- (a) During the Relevant Period, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares;
- (b) During the Offer Period and up to the Latest Practicable Date, none of the subsidiaries of the Company, or pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code but excluding exempt principal traders and exempt fund managers had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (c) During the Offer Period and up to the Latest Practicable Date, no fund manager connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares; and
- (d) During the Offer Period and up to the Latest Practicable Date, save for the Sale and Purchase Agreement, the Offer Facility Agreement, the Sale Shares Facility Agreement, the share charge of the Charged Offer Shares and the share charge of the Charged Sale Shares, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of "acting in concert", or any of the Company's associates by virtue of classes (2), (3) or (4) of the definition of "associate" under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

5. ARRANGEMENT AFFECTING THE DIRECTORS

- (a) no benefit (save for statutory compensation required under applicable laws) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save for the Sale and Purchase Agreement, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

6. DISCLOSURE OF INTERESTS AND DEALINGS IN THE SECURITIES OF THE OFFEROR BY THE COMPANY

During the Relevant Period, neither the Company nor any of the Directors owned or had dealt for value in any shares of the Offeror, convertible securities, warrants, options, or derivatives in respect of any shares of the Offeror.

7. MATERIAL LITIGATION

Save as disclosed below litigation cases against Hop Fat Ying Engineering Limited, an indirect wholly owned subsidiary of the Company, as defendant, as at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance were known to the Directors to be pending or threatened against any member of the Group:

Court	Case No.	Plaintiff	Nature	Estimated Amount of Claim	Filing Date
District Court	DCEC25-00138	Wu Xiufen	Employees' Compensation Case	Not Stated*	16-Jan-25
District Court	DPI25-00118	RUAN AIPING	Personal Injury	Not Stated*	13-Jan-25
District Court	LB24-04771	Yuen Hong Kin	Personal Injury	Not Stated*	31-Dec-24
District Court	DCEC24-02692	Lai Kwai Wing	Employees' Compensation Case	Not Stated*	11-Dec-24
District Court	DPI24-03968	Ng Tak Sang	Personal Injury	Not Stated*	25-Nov-24
District Court	DPI24-03781	Xue Qikai	Personal Injury	Not Stated*	12-Nov-24
High Court	A24-PI00309	Rai Bishal	Personal Injury	Not Stated*	23-Oct-24
District Court	DCEC24-02224	Lin Jiangang	Employees' Compensation Case	Not Stated*	17-Oct-24
District Court	DCEC24-02158	Tamang Mohan Kumar	Employees' Compensation Case	Not Stated*	9-Oct-24
District Court	DPI24-03062	Thapa Edberg	Personal Injury	Not Stated*	20-Sep-24
High Court	A24-PI00248	Jugjali Laxman	Personal Injury	Not Stated*	22-Aug-24
District Court	DCEC24-01541	Ng Tak Sang	Employees' Compensation Case	Not Stated*	23-Jul-24
District Court	DCEC1308/2024	RUAN AIPING	Employees' Compensation Case	Not Stated*	24-Jun-24

APPENDIX IV GENERAL INFORMATION RELATING TO THE COMPANY

Court	Case No.	Plaintiff	Nature	Estimated Amount of Claim	Filing Date
District Court	DCEC848/2024	HUI CHIT MO	Employees' Compensation Case	Not Stated*	29-Apr-24
District Court	DCEC659/2024	CHEN SHOUAN	Employees' Compensation Case	Not Stated*	8-Apr-24
District Court	DCPI895/2024	YEUNG CHING HIN	Personal Injuries	Not Stated*	22-Mar-24
District Court	DCEC52/2024	LAU KA SING	Employees' Compensation Case	Not Stated*	9-Jan-24
District Court	DCEC28/2024	JUGJALI LAXMAN	Employees' Compensation Case	Not Stated*	5-Jan-24
District Court	DCEC17/2024	RAI BISHAL	Employees' Compensation Case	Not Stated*	3-Jan-24

* *Note:* all the litigation cases are still ongoing in the courts of Hong Kong, amounts of the claims are not assessable as at the Latest Practicable Date.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, there was no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) entered into by the Group within the two years before the Offer Period and ending on the Latest Practicable Date.

9. EXPERT AND CONSENT

The following is the qualifications of the expert which has given opinions or advices contained or referred to in this Composite Document:

Capital 9 Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the Independent Financial Adviser appointed by the Independent Board Committee for the purpose of advising the Independent Board Committee in connection with the Offer and in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Capital 9 Limited 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 and/or report and the references to its name in the form and context in which it appears herein.

10. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the Offer Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

11. MISCELLANEOUS

As at the Latest Practicable Date,

- (a) the registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands;
- (b) the principal place of business of the Company in Hong Kong is at Room 2701B, 27/F, Tower 1, Admiralty Center, 18 Harcourt Road, Admiralty, Hong Kong;
- (c) the Board comprised Mr. Wang Jianfeng as executive Director; Mr. Cai Huihui, Ms. Liu Jingna and Mr. Ruan Dongdong as non-executive Directors and Mr. Wang Wenxing, Mr. An Wen Long and Ms. Florence Ng as independent non-executive Directors;
- (d) the Company's branch share registrar and transfer office in Hong Kong is Boardroom Share Registrars (HK) Limited whose address is situated at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong; and
- (e) the registered office of the Independent Financial Adviser, Capital 9 Limited, is situated at Room 1219, 12/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The English text of this Composite Document shall prevail over their respective Chinese text in case of inconsistency.

12. DOCUMENTS ON DISPLAY

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

- (a) the second amended and restated memorandum and articles of association of the Company;
- (b) the Annual Report 2022, the Annual Report 2023, the Annual Report 2024, the 2025 AR Announcement, the Interim Report 2023 and the Interim Report 2024;
- (c) the letter from the Board, the text of which is set out in this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (e) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (f) the written consent referred to in the paragraph headed "9. EXPERT AND CONSENT" in this Appendix IV to this Composite Document; and
- (g) this Composite Document and the accompanying Form of Acceptance.