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

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If you are in any doubt as to any aspect of the Offer, 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 all your shares in Silver Tide Holdings Limited you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s).

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

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 Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Form of Acceptance.

**Central Force Premium  
Group Limited**  
*(Incorporated in the British Virgin Islands  
with limited liability)*

**Silver Tide Holdings Limited**  
**銀濤控股有限公司**  
*(Incorporated in the Cayman Islands  
with limited liability)*  
**(Stock Code: 1943)**

### COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFER BY



FOR AND ON BEHALF OF

**CENTRAL FORCE PREMIUM GROUP LIMITED**  
**TO ACQUIRE ALL THE ISSUED SHARES OF SILVER TIDE HOLDINGS LIMITED**  
**(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED**  
**TO BE ACQUIRED BY CENTRAL FORCE PREMIUM GROUP LIMITED**  
**AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



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



**Capital 9 Limited**

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

A letter from Head & Shoulders Securities containing, among other things, details of the terms of the Offer is set out on pages 6 to 13 of this Composite Document. A letter from the Board is set out on pages 14 to 19 of this Composite Document. A letter from the Independent Board Committee containing its advice on the Offer to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages IFA-1 to IFA-20 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out on pages I-1 to I-9 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Share Registrar by not later than 4:00 p.m. on Thursday, 20 October 2022 or such later time and/or the date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

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

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

29 September 2022

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## EXPECTED TIMETABLE

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

<b>Event</b>	<b>Time &amp; Date</b>
Despatch date of this Composite Document and the Form of Acceptance ( <i>Note 1</i> ) . . . . .	Thursday, 29 September 2022
Offer opens for acceptance ( <i>Note 1</i> ) . . . . .	Thursday, 29 September 2022
Latest time and date for acceptance of the Offer ( <i>Notes 2 and 4</i> ) . . . . .	4:00 p.m. on Thursday, 20 October 2022
Closing Date ( <i>Notes 2 and 4</i> ) . . . . .	Thursday, 20 October 2022
Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange ( <i>Notes 2 and 4</i> ) . . . . .	No later than 7:00 p.m. on Thursday, 20 October 2022
Latest date for posting of remittance for the amounts due under the Offer in respect of valid acceptances received under the Offer ( <i>Notes 3 and 4</i> ) . . . . .	Monday, 31 October 2022

*Note 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.

Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed “5. Right of Withdrawal” in Appendix I to this Composite Document.

*Note 2:* In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Thursday, 20 October 2022. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

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 (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

*Note 3:* Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be despatched to the accepting Shareholder(s) by ordinary post at their own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt by the Share Registrar of all the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance to render the acceptance under the Offer complete and valid, in accordance with the Takeovers Code.

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## EXPECTED TIMETABLE

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*Note 4:* If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning, or post-super typhoon extreme conditions:

- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

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

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## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code;
“associate”	has the meaning ascribed to it in the Takeovers Code;
“Board”	the board of Directors;
“Business Day(s)”	a day on which the Stock Exchange is open for transaction of business;
“Chiyu Bank Facility”	a loan facility in the principal amount of HK\$130 million granted by Chiyu Banking Corporation Ltd. in favour of the Offeror for financing part of the consideration of the sale and purchase of the Sale Shares;
“Closing Date”	Thursday, 20 October 2022, being the closing date of the Offer;
“Company”	Silver Tide Holdings Limited, a company established in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 1943);
“Completion”	completion of the Sale and Purchase Agreement;
“Completion Date”	the date on which Completion took place, being 15 August 2022;
“Composite Document”	this composite offer and response document jointly despatched by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code in respect of the Offer;
“Deposit”	a refundable deposit in the sum of HK\$20,000,000 paid by 金格投資控股股份有限公司 (Jinke Investment Holding Co., Ltd.*), a company controlled by the Offeror’s Guarantor, to the Vendor for the acquisition of the Sale Shares;
“Directors”	directors of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;

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## DEFINITIONS

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“Facilities”	collectively, the Chiyu Bank Facility, the H&S Facility and the Luso Bank Facility;
“Form of Acceptance”	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document;
“Group”	the Company and its subsidiaries;
“Head & Shoulders Securities”	Head & Shoulders Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“H&S Facility”	a loan facility in the principal amount of HK\$85,000,000 granted by Head & Shoulders Securities in favour of the Offeror for financing the consideration of the Offer, pursuant to which the Offer Shares to be acquired by the Offeror under the Offer shall be deposited into its securities account opened with Head & Shoulders Securities as security;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Board, comprising all of the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Offer;
“Independent Financial Adviser or “Capital 9”	Capital 9 Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer;
“Independent Shareholders”	all Shareholders other than the Offeror, Mr. Wang and parties acting in concert with any of them;
“Joint Announcement”	the announcement jointly issued by the Company and the Offeror dated 19 August 2022 in relation to, among others, the Offer pursuant to Rule 3.5 of the Takeovers Code;

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## DEFINITIONS

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“Last Trading Day”	10 August 2022, being the last trading day of the Shares before the publication of the Joint Announcement;
“Latest Practicable Date”	26 September 2022, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Luso Bank Facility”	a loan facility in the principal amount of HK\$150 million granted by Luso International Banking Ltd. in favour of the Offeror which was utilised by the Offeror as part of the consideration of the sale and purchase of the Sale Shares;
“Merdeka Corporate Finance”	Merdeka Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer;
“Offer”	the mandatory unconditional cash offer being made by Head & Shoulders Securities for and on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code;
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commenced from 19 August 2022 (i.e. the date of the Joint Announcement) and ending on the Closing Date;
“Offer Price”	the price of HK\$0.34 per Offer Share payable by the Offeror to the Shareholders for each Offer Share accepted under the Offer;
“Offer Shares”	all the Shares in issue, other than those Shares already owned or agreed to be acquired by the Offeror, Mr. Wang and parties acting in concert any of them;
“Offeror”	Central Force Premium Group Limited, a company ultimately and indirectly wholly owned by Mr. Wang;
“Offeror’s Guarantor” or “Mr. Wang”	Mr. Wang Jianfeng;

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## DEFINITIONS

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“Overseas Shareholders”	the Shareholders whose addresses, as shown on the register of members of the Company, are outside Hong Kong;
“PRC”	The People’s Republic of China, and for the purpose of this Composite Document, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Relevant Period”	the period from 19 February 2022, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 August 2022 (as supplemented by the Supplemental Agreement) entered into between the Vendor, the Vendor’s Guarantor, the Offeror and the Offeror’s Guarantor in relation to the sale and purchase of the Sale Shares;
“Sale Shares”	an aggregate of 750,000,000 Shares acquired by the Offeror pursuant to the Sale and Purchase Agreement, which represents 75% of the total issued Shares as at the date of the Joint Announcement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Share Charge”	the share charge dated 15 August 2022 executed by the Offeror as in favour of Chiyu Banking Corporation Ltd. in respect of the Sale Shares as security for the Chiyu Bank Facility;
“Share Registrar”	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar and transfer office of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

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## DEFINITIONS

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“Supplemental Agreement”	a supplemental agreement entered into by and among the Vendor, the Vendor’s Guarantor, the Offeror and the Offeror’s Guarantor dated 15 August 2022 in relation to amendments to certain terms of the Sale and Purchase Agreement;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Vendor”	the vendor of the Sale Shares, being Silver Tide Enterprises Limited (銀濤企業有限公司*), a limited liability company incorporated in the British Virgin Islands which is 100% owned by the Vendor’s Guarantor;
“Vendor’s Guarantor”	Mr. Ip Chi Ming, the Chairman, Chief Executive Officer and an executive Director of the Company and 100% beneficial owner of the Vendor; and
“%”	per cent.



29 September 2022

*To the Independent Shareholders,*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY**



**FOR AND ON BEHALF OF  
CENTRAL FORCE PREMIUM GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
SILVER TIDE HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED BY  
CENTRAL FORCE PREMIUM GROUP LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

**1. INTRODUCTION**

Reference is made to the Joint Announcement.

On 10 August 2022 (after trading hours), the Vendor, the Vendor's Guarantor, the Offeror and the Offeror's Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, being 750,000,000 Shares in aggregate, representing 75% of the entire issued share capital of the Company as at the date of the Joint Announcement, at a consideration of HK\$255,000,000 in aggregate, equivalent to HK\$0.34 per Sale Share. Completion of the Sale and Purchase Agreement took place on 15 August 2022.

Immediately prior to Completion, the Offeror, Mr. Wang 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 after Completion and as at the Latest Practicable Date, the Offeror, Mr. Wang and parties acting in concert with any of them are interested in an aggregate of 750,000,000 Shares, representing 75% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make the Offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror, Mr. Wang and parties acting in concert with any of them).

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## LETTER FROM HEAD & SHOULDERS SECURITIES

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

## 2. MANDATORY UNCONDITIONAL CASH OFFER

### 2.1 Principal terms of the Offer

The Offer is being made by Head & Shoulders Securities for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

**For each Offer Share. . . . . HK\$0.34 in cash**

The Offer Price of HK\$0.34 per Offer Share is equal to the purchase price per Sale Share under the Sale and Purchase Agreement which was arrived at after arm's length negotiations between the Offeror and the Vendor. The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

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

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and benefits attached thereto, including but not limited to the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, that is, the despatch date of this Composite Document.

As at the Latest Practicable Date, the Company has not declared any dividend which is outstanding and not yet paid and the Company does not intend to declare, make or pay any dividend or other distributions prior to close of the Offer.

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## LETTER FROM HEAD & SHOULDERS SECURITIES

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### 2.2 Comparisons of value

The Offer Price of HK\$0.34 represents:

- (i) a discount of approximately 68.22% to the closing price of HK\$1.07 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 67.92% to the closing price of HK\$1.06 per Share as quoted on the Stock Exchange on the Last Trading Day (i.e. 10 August 2022);
- (iii) a discount of approximately 62.22% to the average closing price of HK\$0.90 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 61.80% to the average closing price of HK\$0.89 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 59.04% to the average closing price of approximately HK\$0.83 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day; and
- (vi) a premium of approximately 61.90% over the audited consolidated net asset value of the Group of approximately HK\$0.21 per Share as at 31 March 2022 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the Group's audited consolidated net assets of approximately HK\$211,142,000 as at 31 March 2022 and 1,000,000,000 Shares in issue as at the Latest Practicable Date.

### 2.3 Highest and lowest Share prices

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$1.43 on 26 August 2022, and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.75 on 11 March 2022.

### 2.4 Value of the Offer

Based on the Offer Price of HK\$0.34 per Offer Share and 1,000,000,000 Shares in issue as at the Latest Practicable Date, the total issued share capital of the Company is valued at HK\$340,000,000. Assuming there being no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer and excluding the aggregate of 750,000,000 Shares held by the Offeror and the parties acting in concert with it immediately after Completion, 250,000,000 Shares are subject to the Offer. Based on the Offer Price of HK\$0.34 per Offer Share, the value of the Offer is HK\$85,000,000.

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## LETTER FROM HEAD & SHOULDERS SECURITIES

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### **2.5 Confirmation of sufficient financial resources**

The Offeror intends to fund the consideration payable under the Offer in full by the H&S Facility and the Offer Shares to be acquired by the Offeror under the Offer shall be deposited and pledged with Head & Shoulders Securities as security for the H&S Facility. By reason of being the lender under the H&S Facility, Head & Shoulders Securities is deemed to be acting in concert with the Offeror in relation to the Offer pursuant to class (9) of the definition of “acting in concert” under the Takeovers Code. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to the H&S Facility will depend to any significant extent on the business of the Company. As at the Latest Practicable Date, Head & Shoulders Securities and its associates (as defined under the Takeovers Code) did not have any interest in any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Merdeka Corporate Finance, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient resources are, and will remain, available to the Offeror to satisfy the amount of funds required for full acceptance of the Offer.

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

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, claims, encumbrances and all third party rights and with all rights attached thereto as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made (i.e. the date of this Composite Document).

As at the Latest Practicable Date, the Company has not declared any dividend which is outstanding and not yet paid and the Company does not intend to declare, make or pay any dividend or other distributions prior to close of the Offer.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, except as permitted under the provision of the Takeovers Code.

### **2.7 Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but, in any event, within seven (7) Business Days following the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid. No fractions of a cent will be payable and the amount of consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

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## LETTER FROM HEAD & SHOULDERS SECURITIES

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### 2.8 Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

### 2.9 Taxation advice

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Offeror's Guarantor, parties acting in concert with the Offeror, Head & Shoulders Securities, the Company, the Vendor, the Vendor's Guarantor, Merdeka Corporate Finance, the Independent Financial Adviser, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### 2.10 Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas 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 by such Overseas Shareholders in respect of such overseas jurisdictions).

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

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## LETTER FROM HEAD & SHOULDERS SECURITIES

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### 2.11 Procedures for acceptance and settlement

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

## 3. INFORMATION ON THE PARTIES

### 3.1 The Offeror

The Offeror is incorporated in the British Virgin Islands with limited liability and is an investment holding company wholly owned by Regal Loyalty Limited. Regal Loyalty Limited is a company incorporated in the British Virgin Islands and its principal business is investment holding. As at the Latest Practicable Date, Regal Loyalty Limited is directly and wholly owned by Mr. Wang, who is also the sole director of the Offeror. As at the Latest Practicable Date, the Offeror is interested in 750,000,000 Shares.

Mr. Wang, aged 51, is the sole ultimate beneficial owner and sole director of the Offeror. Mr. Wang studied plastics engineering (塑料工程專業) in Zhejiang University of Technology and graduated in July 1994. He obtained a master’s degree in accounting in December 2004 from The University of Wollongong in Australia.

Mr. Wang has extensive experience in agriculture, healthcare, culture tourism, real estate development and environmentally friendly construction industries in the PRC. He has been the chairman of the board and the general manager of Jinke Investment Holding Co., Ltd.\* (金格投資控股股份有限公司) since 2017 which is principally engaged in asset management, investment management, agriculture, healthcare, culture tourism, real estate development, environmental friendly construction in the PRC. Mr. Wang is currently a member of the executive committee of Shanghai Pudong New Area Association of Industry and Commerce\* (上海市浦東新區工商聯) and the vice president of the Shanghai Association of Enterprises (Chambers of Commerce) in Shanghai\* (上海市各地在滬企業(商會)聯合會).

### 3.2 The Group

Details of the information on the Group are set out in the section headed “Information on the Group” in the “Letter from the Board” as set out on page 17 of this Composite Document.

## 4. FUTURE INTENTION OF THE OFFEROR REGARDING THE GROUP

Upon Completion, the Offeror became a controlling shareholder (as defined under the Listing Rules) of the Company. 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. With Mr. Wang’s personal background and management experience in various industries including agriculture, healthcare, culture tourism, real estate

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## LETTER FROM HEAD & SHOULDERS SECURITIES

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development and environmentally friendly construction industries in the PRC, the Offeror intends to leverage the synergies between the Offeror and the Group to explore related business opportunities in Hong Kong and the PRC in the future. 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, no particular plans or strategies regarding the future development of the Group has been formulated by the Offeror. As at the Latest Practicable Date, the Offeror has no intention, understanding, negotiation or arrangement in relation to the disposal of or downsizing of or ceasing of the existing businesses or assets of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to discontinue the employment of the employees; or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror also intends to continue the existing principal business of the Group immediately following Completion.

### **5. PROPOSED CHANGE OF BOARD COMPOSITION**

As at the Latest Practicable Date, the Board is currently made up of six Directors, comprising three executive Directors, being Mr. Ip Chi Ming, Mr. Wong Kin Wah and Ms. Hui Nok Yi; and three independent non-executive Directors, being Mr. Tang Chi Wang, Mr. Pau Chi Hoi and Mr. Law Chi Hung.

It is intended that all of the six Directors will resign after Completion and with effect from the earliest time permitted under the Takeovers Code, being immediately upon the close of the Offer on 20 October 2022. The Offeror intends to nominate new Directors to the Board to replace the existing Directors immediately upon the resignation of the existing Directors. The Offeror is in the process of identifying suitable candidates. The appointments will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

As at the Latest Practicable Date, the Offeror has not reached any final decision as to the identities of the new Director(s).

### **6. PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY**

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

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

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## LETTER FROM HEAD & SHOULDERS SECURITIES

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then the Stock Exchange may exercise its discretion to suspend dealings in the Shares.

Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure sufficient public float exists in the Shares, including but not limited to placing down sufficient number of accepted Shares by the Offeror for this purpose.

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

### 7. 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.

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 the members of the Company and in the case of joint holders, to such holder whose name appears first in the relevant register. None of the Offeror, the Offeror's Guarantor, parties acting in concert with the Offeror, Head & Shoulders Securities, the Company, the Vendor, the Vendor's Guarantor, Merdeka Corporate Finance, the Independent Financial Adviser, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents or remittances or any other liabilities that may arise as a result thereof or in connection therewith.

### 8. ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which forms part of this Composite Document, before reaching a decision as to whether or not to accept the Offer.

Yours faithfully,  
For and on behalf of  
**Head & Shoulders Securities Limited**  
**Chan Wai Sang**  
*Director*

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LETTER FROM THE BOARD

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**Silver Tide Holdings Limited**  
**銀濤控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 1943)

*Executive Directors:*

Mr. Ip Chi Ming  
*(Chairman and Chief Executive Officer)*  
Mr. Wong Kin Wah  
Ms. Hui Nok Yi

*Registered office in the Cayman Islands:*

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

*Independent non-executive Directors:*

Mr. Tang Chi Wang  
Mr. Pau Chi Hoi  
Mr. Law Chi Hung

*Headquarters and Principal*

*Place of Business in Hong Kong:*  
Flat A-B, 14th Floor  
Skyline Tower  
No. 18 Tong Mi Road  
Mongkok  
Kowloon  
Hong Kong

29 September 2022

*To the Independent Shareholders,*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY**



**FOR AND ON BEHALF OF  
CENTRAL FORCE PREMIUM GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
SILVER TIDE HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE  
ACQUIRED BY CENTRAL FORCE PREMIUM GROUP LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

Reference is made to the Joint Announcement.

On 10 August 2022 (after trading hours), the Vendor, the Vendor's Guarantor, the Offeror and the Offeror's Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, being 750,000,000 Shares in aggregate, representing 75% of the entire issued share capital of the

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## LETTER FROM THE BOARD

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Company as at the date of the joint announcement, at a consideration of HK\$255,000,000 in aggregate, equivalent to HK\$0.34 per Sale Share. Completion of the Sale and Purchase Agreement took place on 15 August 2022.

As mentioned in the “Letter from Head & Shoulders Securities” contained in this Composite Document, immediately prior to the Completion, the Offeror, Mr. Wang 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 after Completion and as at the Latest Practicable Date, the Offeror, Mr. Wang and parties acting in concert with any of them are interested in an aggregate of 750,000,000 Shares, representing 75% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make an Offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror, Mr. Wang and parties acting in concert with any of them).

This letter forms part of the Composite Document and set out, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer; and (iii) the letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Offer.

Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Tang Chi Wang, Mr. Pau Chi Hoi and Mr. Law Chi Hung, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. The above-named independent non-executive Directors have no direct or indirect interest or involvement in the Offer. It is considered appropriate for them to be members of the Independent Board Committee in this regard.

As announced on 22 August 2022, Capital 9 has been appointed, with the approval of the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer.

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

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## LETTER FROM THE BOARD

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### MANDATORY UNCONDITIONAL CASH OFFER

As set out in the “Letter from Head & Shoulders Securities” contained in this Composite Document, Head & Shoulders Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

**For each Offer Share . . . . . HK\$0.34 in cash**

The Offer Price of HK\$0.34 per Offer Share is equal to the purchase price per Sale Share under the Sale and Purchase Agreement which was arrived at after arm’s length negotiations between the Offeror and the Vendor. No fractions of a cent will be payable and the amount of consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent. The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and benefits attached thereto, including but not limited to the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company has not declared any dividend which is outstanding and not yet paid and the Company does not intend to declare, make or pay any dividend or other distributions prior to close of the Offer.

Please also refer to the “Letter from Head & Shoulders Securities” contained in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance for further information in relation to, among other things, the Offer and acceptance and settlement procedures of the Offer.

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## LETTER FROM THE BOARD

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### 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 (i) the provision of formwork works services to both the public and private sectors in the construction industry in Hong Kong; and (ii) securities dealing and broking through its wholly-owned subsidiary, Yellow River Securities Limited, a licensed corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO. As the Completion involves change in substantial shareholder of Yellow River Securities Limited, prior approval from the SFC is required and was granted on 29 June 2022. Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

### INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Parties” in the “Letter from Head & Shoulders Securities” contained in this Composite Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY

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

	Immediately prior to Completion		Immediately upon Completion and as at the Latest Practicable Date	
	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares
Offeror and the parties acting in concert with it				
- The Offeror	-	-	750,000,000	75
- Mr. Wang	-	-	-	-
Sub-total	-	-	750,000,000	75
Vendor (Note 1)	750,000,000	75	0	0
Public Shareholders	250,000,000	25	250,000,000	25
Total	<u>1,000,000,000</u>	<u>100</u>	<u>1,000,000,000</u>	<u>100</u>

*Notes:*

1. The Vendor is 100% beneficially owned by the Vendor’s Guarantor. The Vendor’s Guarantor is the Chairman, Chief Executive Officer and an executive Director of the Company.
2. Save as disclosed in note 1, there is no other Director holding any Shares (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the section headed “Future Intention of the Offeror regarding the Group” in the “Letter from Head & Shoulders Securities” contained in this Composite Document for details regarding Offeror’s intention on the business of the Group. In particular, as stated in the “Letter from Head & Shoulders Securities”, the Offeror intends that the Group will continue the principal business of the Group and will maintain the listing status of the Company. However, the Offeror will conduct a review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group.

As stated in the “Letter from Head & Shoulders Securities”, as at the Latest Practicable Date, no particular plans or strategies regarding the future development of the Group has been formulated by the Offeror. As at the Latest Practicable Date, the Offeror has no intention, understanding, negotiation or arrangement in relation to the disposal of or downsizing of or ceasing of the existing businesses or assets of the Group.

As stated in the “Letter from Head & Shoulders Securities”, save for the Offeror’s intention regarding the Group as set out therein, the Offeror has no intention to discontinue the employment of any employees of the Group; or to dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business. The Offeror also intends to continue the existing principal business of the Group immediately following the Completion.

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

### PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY

As stated in the “Letter from Head & Shoulders Securities” contained in this Composite Document, the Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

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

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares.

Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure sufficient public float exists in the Shares,

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## LETTER FROM THE BOARD

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including but not limited to placing down sufficient number of accepted Shares by the Offeror for this purpose. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares after the close of the Offer.

### RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages IBC-1 to IBC-2 of this Composite Document, which contains its recommendation to the Independent Shareholders in respect of the Offer, and (ii) the “Letter from the Independent Financial Adviser ” as set out on pages IFA-1 to IFA-20 of this Composite Document, which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the principal factors considered by it before arriving at its recommendation.

### ADDITIONAL INFORMATION

Your attention is also drawn to the “Letter from Head & Shoulders Securities” and the additional information contained in the appendices to this Composite Document and the accompanying Forms of Acceptance.

Yours faithfully,  
By order of the Board  
**Silver Tide Holdings Limited**  
**Ip Chi Ming**  
*Chairman, Chief Executive Officer  
and Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in respect of the Offer for inclusion in this Composite Document.*

### **Silver Tide Holdings Limited** **銀濤控股有限公司**

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

**(Stock Code: 1943)**

29 September 2022

*To the Independent Shareholders,*

Dear Sir or Madam,

#### **MANDATORY UNCONDITIONAL CASH OFFER BY**



#### **FOR AND ON BEHALF OF CENTRAL FORCE PREMIUM GROUP LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF SILVER TIDE HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY CENTRAL FORCE PREMIUM GROUP LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

#### **INTRODUCTION**

We refer to the Composite Document issued jointly by the Offeror and the Company dated 29 September 2022 of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether or not the terms of the Offer is fair and reasonable and to make a recommendation as to the acceptance of the Offer.

Capital 9 has been appointed as the Independent Financial Adviser to advise us in respect of the above. Detail of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages IFA-1 to IFA-20 of the Composite Document.

We also wish to draw your attention to the “Letter from Head & Shoulders Securities” and the “Letter from the Board” as set out in the Composite Document as well as the additional information set out in the appendices to the Composite Document.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We, being the members of the Independent Board Committee, have declared that, we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

### RECOMMENDATIONS

Having considered the terms of the Offer and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we consider that the terms of the Offer are not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders not to accept the Offer. The Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in the Composite Document.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,  
For and on behalf of the  
**Independent Board Committee**

**Mr. Tang Chi Wang**  
*Independent*  
*non-executive Director*

**Mr. Pau Chi Hoi**  
*Independent*  
*non-executive Director*

**Mr. Law Chi Hung**  
*Independent*  
*non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*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.*



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

29 September 2022

*To the Independent Board Committee and the Independent Shareholders of  
Silver Tide Holdings Limited*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
HEAD & SHOULDERS SECURITIES LIMITED  
FOR AND ON BEHALF OF  
CENTRAL FORCE PREMIUM GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
SILVER TIDE HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED BY  
CENTRAL FORCE PREMIUM GROUP LIMITED  
AND THE 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 Head & Shoulders Securities” (“**Letter from Head & Shoulders Securities**”) contained in the composite document of the Company dated 29 September 2022 (“**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 Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer. On 10 August 2022 (after trading hours), the Vendor, the Vendor’s Guarantor, the Offeror and the Offeror’s Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, being 750,000,000 Shares in aggregate, representing

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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75% of the entire issued share capital of the Company as at the Latest Practicable Date, for a consideration of HK\$255,000,000 (equivalent to HK\$0.34 per Sale Share). The Completion took place on 15 August 2022.

Immediately prior to the Completion, 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. Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned 750,000,000 Shares in aggregate, representing 75% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make the Offer.

### THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Tang Chi Wang, Mr. Pau Chi Hoi and Mr. Law Chi Hung, has been established to advise and recommend the Independent Shareholders as to whether the terms of the Offer are 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 a stockbroker) to the Company, 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 assistance 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 Latest Practicable Date, there was no engagement between the Company and/or the Offeror and us. Apart from the normal advisory fee payable to us in connection with our 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 report of the Company for the year ended 31 March 2022 (the “**2022/3 AR**”) and other information contained in the Composite Document.

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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contained or referred to in the Composite Document, including but not limited to the Letter from the Board and the Letter from Head & Shoulders 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. 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 Head & Shoulders Securities contained therein, were reasonably made after due and careful enquiry and the expectations and intentions made by 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 reach 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. We have been confirmed by the Company that no material facts 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.

All the Directors issuing the Composite Document jointly and severally accept full responsibility for the accuracy of information contained in the Composite Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document 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 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.

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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 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 is 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.

Set out below are the summarised financial information of the Group for the two years ended 31 March 2021 (“FY2021”) and 2022 (“FY2022”), as extracted from the 2022/3 AR, and further confirmed by the Company:

##### Operating performance

	<b>FY2021</b>	<b>FY2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
<b>Revenue, comprising</b>	<b>437,177</b>	<b>340,084</b>
(i) Construction services	437,177	339,378
– Private sector	367,051	315,487
– Public sector	70,126	23,891
(ii) Dealing and broking services	–	706
– Brokerage commission	–	617
– Interest income	–	89
Cost of sales and services	(419,556)	(360,927)
<b>Gross profit/ (loss)</b>	<b>17,621</b>	<b>(20,843)</b>
<i>Gross profit margin</i>	4%	N/A
Other income and gains	15,799	3,052
Administrative and other operating expenses	(18,259)	(18,065)
<b>Profit/ (loss) for the year attributable to owners of the parent</b>	<b>14,127</b>	<b>(33,844)</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Financial position*

	<b>As at 31 March</b>	
	<b>2021</b>	<b>2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
<b>Non-current assets</b>	<b>30,960</b>	<b>25,965</b>
Property, plant and equipment	26,750	20,005
Trading right	–	500
Prepayments, other receivables and other assets	4,210	210
Deferred tax assets	–	5,045
Statutory deposits	–	205
<b>Current assets</b>	<b>265,959</b>	<b>256,759</b>
Contract assets	144,710	109,205
Trade receivables	27,917	24,761
Amount due from the ultimate holding company	31	298
Amount due from a related party	–	124
Prepayments, other receivables and other assets	15,663	11,209
Financial assets at fair value through profit or loss	–	35,213
Trust bank balances held on behalf of customers	–	44,676
Cash and cash equivalents	77,270	30,973
Tax recoverable	368	300
<b>Current liabilities</b>	<b>49,336</b>	<b>68,408</b>
Trade payables	42,412	61,229
Other payables and accruals	4,949	4,728
Lease liabilities	1,975	2,451
<b>Non-current liabilities</b>	<b>2,597</b>	<b>3,174</b>
Lease liabilities	2,267	3,174
Deferred tax liabilities	330	–
Net current assets	216,623	188,351
Net assets	244,986	211,142
Gearing ratio ( <i>Note</i> )	Nil	Nil

*Note:* The gearing ratio is calculated based on total bank and other borrowings divided by total equity.

For FY2022, the Group's revenue decreased by approximately HK\$97.1 million or 22.2% to approximately HK\$340.1 million from approximately HK\$437.2 million for FY2021. Gross loss of approximately HK\$20.8 million for FY2022 was made, compared to gross profit of approximately HK\$17.6 million for FY2021. As shown in the table above, such revenue decrease was mainly attributable to the decrease in the revenue from construction services by approximately HK\$97.8 million for FY2022 compared to FY2021, as result of revenue decrease in private sector and public sector by approximately HK\$51.6 million and HK\$46.2 million respectively. As stated in

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2022/3 AR, the overall revenue decrease was mainly due to (i) substantial completion of the projects on hand during the year; (ii) competitive project pricing arising from intense market competition; and (iii) delay of certification of the Group's certain work done by the relevant main contractors as they require additional time for certification of work done involved in several variation orders of the relevant projects undertaken by the Group, especially the projects at Tai Wai and Taikoo Place.

Regarding completion stage of project in reason (i), as advised by the Company, a majority of the Group's projects on hand in FY2022 approached the last stage of development, of which revenue that can be generated from such last stage was generally lower than that in previous batches which were recognised by the Group in previous years, leading to revenue decrease from those projects in FY2022 compared to FY2021.

Regarding competitive project pricing in reason (ii), due to intense market competition, the price charged (and thus revenue generated) by the Group for projects conducted in FY2022 was generally lower than that conducted in FY2021 for project of similar scale, as less buffer was included in the price charged for the project for any unexpected cost. However, unexpected additional subcontracting costs arose due to unexpected delay of work progress and changes to the on-site arrangements for the projects in FY2022, especially Tai Wai and Taikoo Place projects, and those cost had to be borne by the Group, which led to overall revenue decrease for FY2022 compared to FY2021 and gross loss in FY2022.

Regarding delay of certification in reason (iii), it was mainly related to suspension or delay of Tai Wai project and Taikoo Place project in the private sector of construction services segment. The Tai Wai project referred to the Pavilia Farm project on Tai Wai Station which was suspended as the concrete strength of some reinforced concrete structure in towers in such project failed to meet the requirements of the approved design. The Taikoo Place referred to another project in which foundation problem was also found in the site. Preparation works (such as purchase of raw materials and maintenance of manpower) and/or construction works for the aforesaid projects have commenced already and thus cost has been incurred by the Group, but the schedule of those projects had to be delayed. Thus, no material revenue was derived from them in FY2022. While some variation works were done by the Group for those projects, there were delay of certification of those works by relevant customers, thus the Group could not bill revenue of those works while relevant cost was incurred in FY2022.

As further advised by the Company, it was the plan of the Company to focus its financial resources and effort in the private sector projects in FY2022, thus fewer public sector projects have been done by the Group in the year. Hence, there was a revenue decrease from public sector of construction services segment recorded by the Group for FY2022 compared to FY2021.

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In addition, there was disruption in supply of materials coming to Hong Kong from the PRC due to ongoing 2019 novel coronavirus (“COVID-19”) pandemic which resulted in delay in site progress and increase in cost due to the prolonged need for maintaining the required site workforce, being other factor leading to the Group’s gross loss for FY2022.

Due to the factors above, the Group recorded the overall revenue decrease and gross loss for FY2022, compared to the revenue and gross profit for FY2021.

The Group recorded net loss of approximately HK\$33.8 million for FY2022, compared to net profit of approximately HK\$14.1 million for FY2021, mainly due to (a) the revenue decrease and gross loss for FY2022 mentioned above; and (b) other income and gains of approximately HK\$3.0 million only was recorded for FY2022, a decrease by approximately HK\$12.7 million compared to that for FY2021. Such decrease in other income and gains, which mainly comprised bank interest income, rental income, government grants, net exchange gains, was mainly attributable to the decrease in government subsidies from approximately HK\$12.8 million for FY2021 to approximately HK\$0.6 million for FY2022. We understood from the Company that the Group has taken measures to improve operating efficiency and a prudent approach in tendering projects with an aim to maintain profit margin of new projects undertaken by the Group. As further advised by the Company, the impact of supply disruption was mitigated with the relaxed COVID-19 quarantine measures and border control between mainland China and Hong Kong.

As to the financial position of the Group, as shown in the table above, the Group recorded net assets of approximately HK\$211.1 million as at 31 March 2022, representing a decrease by approximately HK\$33.8 million or 13.8% from approximately HK\$245.0 million as at 31 March 2021. As advised by the Group, such decrease was mainly due to the combined effect of (i) decrease in contract assets by approximately HK\$35.5 million, as a result of the decrease in the provision of construction services during FY2022 as stated in 2022/3 AR; (ii) recognition of financial assets at fair value through profit or loss of approximately HK\$35.2 million as at 31 March 2022, compared to nil as at 31 March 2021, as the Group invested in and held Hong Kong-listed securities for trading as at 31 March 2022; (iii) recognition of trust bank balances held on behalf of customers of approximately HK\$44.7 million as at 31 March 2022, as the Group has maintained segregated trust accounts with authorised institutions to hold customers’ monies in the course of conducting securities broking business after its acquisition of a securities firm in August 2021; (iv) decrease in cash and cash equivalent by approximately HK\$46.3 million as at 31 March 2022, compared to that as at 31 March 2021, mainly due to the use of cash resources to finance the Group’s daily operations and acquire the Hong Kong listed securities mentioned above; and (v) increase in trade payables by approximately HK\$18.8 million mainly due to payables arising from securities broking business.

As stated in the 2022/3 AR, the Group had no bank borrowing during FY2022. As at 31 March 2022, the Group’s gearing ratio was nil and net current asset position was recorded. It is also noted that the auditors of the Company did not raise concern on the

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Group's ability to continue as a going concern in the accountants' report set out in the 2022/3 AR. Based on the above, we concur with the Directors' view that the Group has no liquidity problem to continue its operation and business development.

### **(b) Prospects of the Group**

As stated in the 2022/3 AR, the general outlook of the formwork industry and the business environment in which the Group operates remains difficult and challenging due to the uncertainties of construction industry in Hong Kong brought by the outbreak of COVID-19 pandemic. Since January 2020, the outbreak of COVID-19 pandemic has had drastic effect on the Hong Kong economy and construction industry in terms of cash flows, operational efficiencies and completion progress of certain projects, including supply chain disruptions, workforce shortages due to illness and preventative quarantines and work stoppages due to measures imposed by the customers. Considering such challenges and competition, the Group will take appropriate measures to improve operating efficiency and a prudent approach in tendering projects in order to lessen any adverse impacts on the Group.

As advised by the Company, its customers of construction services segment mainly include main contractors in Hong Kong, some of which have long been established and are leading in the industry, and have sub-contracted construction works of many housing construction projects in private or public sector they undertook from land developers to the Group for years. Hence, the more the land supply for housing construction for land developers to develop, the more projects will be offered by the land developers to the main contractors, and thus the more opportunities to the Group as a subcontractor to be awarded construction service contracts. Formwork is an indispensable constituent in the construction industry. It is a temporary mould, built by using timber, plywood, aluminium and/or steel, that is erected during the course of general construction of buildings such that concrete can be poured or placed into it for the construction of permanent structures. The Directors are optimistic about the prospects of the formwork industry in Hong Kong as they believe that the increase in land supply in Hong Kong in the medium to long term and the continuous effort of the Hong Kong Government in developing land resources, as revealed in its Policy Address in 2020, offers emerging opportunities to the Group for its business development by taking up new projects in coming years. In addition, the Directors noted that the supply chain disruption of materials from the PRC to Hong Kong due to the outbreak of COVID-19 pandemic has become less severe based on the Group's procurement of raw materials from the PRC in last few months, and believed that the situation will continue to be improved. As further advised by the Company, the Group has maintained a long term and good relationship with subcontractors of construction workers and thus has not encountered material labour shortage in the past albeit the workforce shortages in the industry due to illness and preventative quarantines. To stay competitive in the industry, the Group will (i) enhance its communication with those subcontractors on the schedule of the Group's projects for arranging construction workers; (ii) continue to locate alternative reliable subcontractors of construction workers to mitigate possible

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impact of factors which are beyond control of the Group such as illness of workers due to COVID-19 pandemic; and (iii) designate more staff to closely monitor the construction progress in construction site of the Group's projects who are responsible to report to and communicate with the management of the Group about the progress and problems encountered in the construction sites, so that the problems can be dealt with promptly, thus operating efficiency and service quality of the Group in delivering its services can be enhanced.

Given the Company's view above that the Group can benefit from the increase in land supply in Hong Kong for housing construction as more business opportunities to the Group to bid or take up new projects as a formwork work services provider are expected as discussed above, we noted the following information which supports the expected increase in housing construction in Hong Kong and thus business opportunities for the Group:

- (i) the Hong Kong Government reiterated its commitment to continue investing in infrastructure to stimulate the Hong Kong economy in response to the impact of the pandemic. It continued its effort on both public and private housing, as well as the transitional housing. As mentioned in the Policy Address in 2021 of the Hong Kong Government<sup>1</sup>, it is expected that the annual capital works expenditure will exceed HK\$100 billion in the coming years;
- (ii) as released in the 2021-22 Budget<sup>2</sup>, the estimated production of public housing was about 101,400 units in the five-year period from 2020-21, comprising over 70,000 public rental housing/ Green Form Subsidised Home Ownership Scheme units and over 30,000 other subsidised sales units. As released in the 2022-23 Budget<sup>3</sup>, the Hong Kong Government expects that (i) about 330,000 public housing units will be provided in the coming 10 years from 2022; (ii) private residential units of over 19,000 units on average annually will be completed in the five years from 2022 onward, representing an increase of about 14% over the annual average of the past five years; and (iii) around 4,200 and 11,000 units of transitional housing units will be completed in 2022 and 2023 respectively; and
- (iii) according to the updated "Construction Expenditure Forecast" for the ten years from 2021/22 to 2030/31 released in May 2022 by the Construction Industry Council<sup>4</sup>, a council formed in 2007 of which the main functions are to forge consensus on long-term strategic issues, convey the industry's needs and aspirations to the Hong Kong Government, as well as provide a communication channel for the Hong Kong Government to solicit advice on all construction-related matters, taking into account the latest market situation and information in both the public and private sectors and based on

<sup>1</sup> <https://www.policyaddress.gov.hk/2021/eng/policy.html>

<sup>2</sup> <https://www.budget.gov.hk/2021/eng/index.html>

<sup>3</sup> <https://www.budget.gov.hk/2022/eng/index.html>

<sup>4</sup> <https://www.cic.hk/eng/>

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the price level in September 2021, it is expected that the construction expenditure forecast in Hong Kong ranges from HK\$225 billion to HK\$345 billion per annum in the coming ten years.

In respect of the securities dealing and broking business acquired in August 2021, as advised by the Group, it intends to increase manpower to source underwriting deals of share placement by Hong Kong-listed companies with an aim to increase commission income of the Group.

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

As stated in the Letter from Head & Shoulders Securities, the Offeror is an investment holding company, of which the sole ultimate beneficial owner and sole director is Mr. Wang who is the chairman of the board and the general manager of Jinke Investment Holding Co., Ltd.\* (金格投資控股股份有限公司) and has management experience in various industries including real estate development, agriculture, healthcare, culture tourism and environmentally friendly construction industries in the PRC.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange and continue the existing principal business of the Group without downsizing, and has no intention to dispose of, downsize or re-deploy the assets of the Group other than those in its ordinary course of business immediately after the close of the Offer. Other than a proposed change to all the members of the Board, the Offeror intends to continue the employment of the existing management and employees of the Group, including the management who oversee and manage the existing principal business of the Group, and has no intention to make any significant changes to that. It is intended that all of the six Directors will resign after Completion and with effect from the earliest time permitted under the Takeovers Code, being immediately upon the close of the Offer on 20 October 2022. The Offeror intends to nominate new Directors to the Board to replace the existing Directors immediately after the resignation of the existing Directors. The Offeror is in the process of identifying suitable candidates. The Offeror also intends to leverage the synergies between the Offeror and the Group to explore related business opportunities in Hong Kong and the PRC in the future, and may take appropriate corporate actions to enhance the long-term growth potential of the Group after reviewing various aspects of the Group, such as its existing principal business, operation, financial position and investments, for the purpose of formulating long-term business plans and strategies.

Taking into the account of the above, no immediate material change on the business operation of the Group is expected after the close of the Offer. Nevertheless, Independent Shareholders should be aware that the future operating performance of the Group will also be subject to the management by the new Board to be appointed and the long-term business plans and strategies for the future business development of the Group to be formulated by the Offeror after its review of the Group.

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### (3) The Offer

#### (a) Principal terms of the Offer

Head & Shoulder Securities, for and on behalf of the Offeror, is making the Offer at the Offer Price of HK\$0.34 in cash for each Offer Share. The Offer Price is equal to the purchase price per Sale Share under the Sale and Purchase Agreement. The Offer is unconditional in all respects when made, including acceptance level of the Offer.

As at the Latest Practicable Date, there were 1,000,000,000 Shares in issue and the Company does not have any outstanding securities, options, warrants or derivatives which are convertible or exchangeable into Shares and the Company has not entered into any agreement for the issue of such securities, options, warrants or derivatives.

#### (b) Comparison of value

The Offer Price of HK\$0.34 per Offer Share represents:

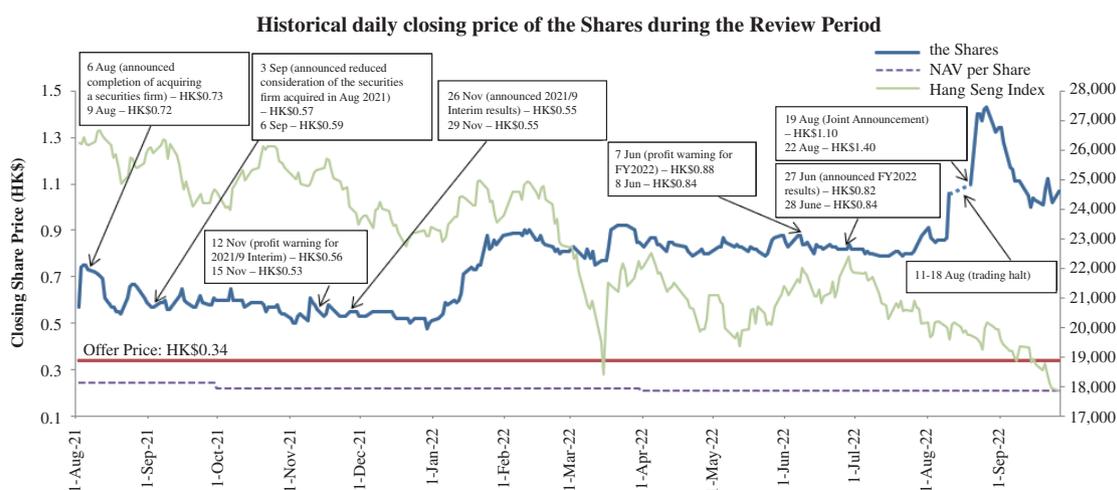
- (i) a discount of approximately 68.22% to the closing price of HK\$1.07 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 67.92% to the closing price of HK\$1.06 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 62.22% to the average closing price of HK\$0.90 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 61.80% to the average closing price of approximately HK\$0.89 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 59.04% to the average closing price of approximately HK\$0.83 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day; and
- (vi) a premium of approximately 61.90% over the audited consolidated net asset value of the Group (“NAV”) of approximately HK\$0.21 per Share as at 31 March 2022 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the Group’s audited consolidated net asset of approximately HK\$211,142,000 as at 31 March 2022 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 of the Shares; (ii) the historical trading liquidity of the Shares; and (iii) the comparison with market comparables.

### (i) Historical price performance of the Shares

The chart below depicts the closing price level of the Shares as quoted on the Stock Exchange from 1 August 2021 (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 Share price performance and Offer Price with NAV per Share:



Source: Website of the Stock Exchange ([www.hkex.com.hk](http://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.

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, there was a decreasing trend in the closing price of the Shares from up to HK\$0.75 in August 2021 (4 and 5 August 2022) to HK\$0.475 in December 2021 (29 December 2021). After that, the closing price of the Share went upward and reached HK\$0.88 on 24 January 2022 which was generally in line with the upward trend of Hang Seng Index as shown in the chart above, then moved between the range from HK\$0.75 (11 March 2022) to HK\$0.92 (21 March to 25 March 2022) from late January 2022 to the date prior to the entering into of the Sale and Purchase Agreement (9 August 2022). The Sale and Purchase Agreement was signed after trading hours on 10 August 2022 on which the Shares closed at HK\$1.06. Profit warning announcement for the six months ended 30 September 2021 (“**2021/9 Interim**”) and FY2022 were published

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by the Company after trading hours on 12 November 2021 and 7 June 2022 respectively and a decrease in the closing price of the Shares on the respective following trading day was noted. The closing price of the Shares remained steady or slightly increased after publication of the respective results announcements after trading hours on 26 November 2021 and 27 June 2022 respectively. Other than that, it is noted that no particular news was announced by the Company which might affect the price trend of the Shares. We have made enquiries with the management of the Company and understood that they are not aware of any specific reason for the aforesaid upward or downward movement in the closing price of the Shares before the trading halt from 11 August 2022.

At the request of the Company, trading in the Shares was suspended from 11 August 2022 to 18 August 2022 pending the publication of the Joint Announcement. Following the resumption of trading of the Shares on 19 August 2022, the Shares went upward and closed at HK\$1.1 per Share as compared to that of HK\$1.06 per Share on the Last Trading Day. We reckon that such rise in the closing price of the Shares was likely due to the market reaction to the Joint Announcement. The closing price of the Shares then fluctuated within the range from HK\$1.0 to HK\$1.43 and closed at HK\$1.07 on the Latest Practicable Date.

We noted that (i) the closing prices of the Shares had been staying well above the Offer Price throughout the Review Period, in particular, after the Shares resumed trading after publication of the Joint Announcement regarding the Offer on 19 August 2022, reflecting the market reaction to the Offer; and (ii) the Offer Price represented a significant discount to the closing prices of the Shares of approximately 66.00% to 76.22% during the Offer Period from the date of the Joint Announcement (i.e. 19 August 2022) up to the Latest Practicable Date. Compared with the historical price performance of the Shares, albeit the premium represented by the Offer Price over the audited NAV per Share as at 31 March 2022, the Offer Price is unattractive and hence not fair and not reasonable. While the closing price of the Shares continued to stay above the Offer Price after the Joint Announcement on 19 August 2022, it is uncertain whether the current level of Share price will be sustainable in the absence of the Offer, the Independent Shareholders should also be aware that price movement of the Shares after the close of the Offer is uncertain as the price trend may be affected by many different factors such as the investors or Shareholders' view on the prospects of the Group under the management of the new Board to be appointed, the market trend and so on.

**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 price against NAV per Share*

As shown in the chart in (i) above, the Share closed at a premium over the NAV per Share throughout the Review Period. It is also noted that the NAV went downward while the trading price of the Shares went upward from January to August in 2022, which indicated that investors might not have valued the Shares of the Company based solely on the underlying value of the Group's assets during the Review Period. Hence, despite the Offer Price represents a premium of approximately 61.90% over the audited consolidated NAV of the Group of approximately HK\$0.21 per Share as at 31 March 2022, such premium is considered less representative in accessing the fairness and reasonableness of the Offer Price, as compared to the day-to-day market value of the Shares.

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### (iii) 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 <i>Shares</i>	Number of trading days <i>days</i>	Average daily trading volume <i>Shares</i> <i>(Note 1)</i>	Average	Average
				daily trading volume over total trading volume <i>Shares</i> <i>(Note 2)</i>	daily trading volume over total number of issued Shares <i>Shareholders</i> <i>(Note 3)</i>
				<i>%</i>	<i>%</i>
<b>2021</b>					
August	60,290,000	22	2,740,455	0.27	1.10
September	17,415,000	21	829,286	0.08	0.33
October	2,970,000	18	165,000	0.02	0.07
November	18,595,000	22	845,227	0.08	0.34
December	3,470,000	22	157,727	0.02	0.06
<b>2022</b>					
January	107,525,000	21	5,120,238	0.51	2.05
February	9,535,000	17	560,882	0.06	0.22
March	36,169,400	23	1,572,583	0.16	0.63
April	1,660,000	18	92,222	0.01	0.04
May	21,565,000	20	1,078,250	0.11	0.43
June	12,750,000	21	607,143	0.06	0.24
July	8,515,000	20	425,750	0.04	0.17
August	37,540,000	17	2,208,235	0.22	0.88
September (up to the Latest Practicable Date)	22,465,000	17	1,321,471	0.13	0.53

Source: Website of the Stock Exchange ([www.hkex.com.hk](http://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.

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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.

During the Review Period, the average daily trading volume ranged from approximately 92,222 Shares (in April 2022) to approximately 5,120,238 Shares (in January 2022), representing approximately 0.01% to 0.51% of the total number of issued Shares, and approximately 0.04% to 2.05% of the total number of issued Shares held by the public Shareholders, as at the end of the respective month/period. The liquidity of the Shares was considered thin throughout the Review Period.

Given the inactive trading of the Shares, the Independent Shareholders (especially those with relatively sizeable shareholdings) 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. While the Offer provides an exit alternative at the Offer Price for the Independent Shareholders who would like to realise their investments in the Shares at a fixed price and within a short period of time, those Shareholders are also advised to consider to sell their Shares in the open market instead of accepting the Offer given the closing prices of the Shares had been staying well above the Offer Price throughout the Review Period, after taking into account the possible pressure on the Share price when selling in bulk. Independent Shareholders should also be aware that they may have to sell their Shares in the market by batches if they do not accept the Offer, given the average daily trading volume of the Shares in the preceding year from August 2021 ranged from approximately 92,000 Shares to 5.1 million Shares as shown in the table above.

*(iv) 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 FY2022, 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 66% of the total assets of the Company as at 31 March 2022. 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

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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.

We have identified, to the best of our knowledge, an exhaustive list of three companies (the “**Comparable Companies**”) listed on the Stock Exchange, which are 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 <i>HK\$'000</i> <i>(Note 1)</i>	Total revenue (% of total revenue generated from construction services segment) <i>HK\$'000</i> <i>(Note 2)</i>	Total assets (% of total assets attributable to construction services segment) <i>HK\$'000</i> <i>(Note 2)</i>	Net asset value <i>HK\$'000</i> <i>(Note 2)</i>	P/S Ratio <i>Times</i> <i>(Note 3)</i>	P/B Ratio <i>Times</i> <i>(Note 4)</i>
1630	Kin Shing Holdings Limited	132,000	600,863 (100%)	379,276 (55.5%) <i>(Note 5)</i>	154,224	0.22	0.86
3789	Royal Deluxe Holdings Limited	153,600	470,420 (96.0%)	415,713 (100%) <i>(Note 6)</i>	285,445	0.33	0.54
1429	Skymission Group Holdings Limited	150,400	538,355 (100%)	444,746 (100%) <i>(Note 6)</i>	360,191	0.28	0.42
			Maximum			0.33	0.86
			Minimum			0.22	0.42
			Average			0.28	0.60
			Median			0.28	0.54
1943	The Company	340,000	340,084 (99.8%)	282,724 (66.6%) <i>(Note 5)</i>	211,142	1.00	1.61

*Source:* Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the respective annual report of the Company and the Comparable Companies

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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\$0.34 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 or report 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 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 FY2022.
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 2022.
5. Calculated based on the amount of segment assets attributable to construction services segment as stated in the latest published results announcement or report.
6. It is stated in 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.

According to a consultation conclusions on “Main Board Profit Requirement” published by the Stock Exchange in May 2021<sup>5</sup>, small-cap issuer was defined as issuer with a proposed market capitalisation at the time of listing of equal to or less than HK\$700 million. Based on this definition, the Company and all the Comparable Companies should be regarded as small to mid-cap issuers. Hence, we consider that the Comparable Companies, including Skymission Group Holdings Limited of which the latest published net asset value was higher than that of the Company and other Comparable Companies, represent a fair and reasonable sample.

The P/S Ratios of the Comparable Companies ranged from approximately 0.22 times to 0.33 times, with an average and median of approximately 0.28 times. Based on their respective latest published annual reports, the revenue recorded by the Comparable Companies ranged from approximately HK\$470.4 million to approximately HK\$1,574.3 million. The implied P/S Ratio of the Company, as represented by the Offer Price, is approximately 1.00 times, which is higher than the P/S Ratios of the Comparable Companies. This is considered indicating that the market 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 of the Comparable Companies.

<sup>5</sup> [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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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The P/B Ratios of the Comparable Companies ranged from approximately 0.42 times to 0.86 times, with an average and median of approximately 0.60 times and 0.54 times respectively. Based on their respective latest published annual reports, the equity attributable to owners recorded by the Comparable Companies ranged from approximately HK\$154.2 million to approximately HK\$396.0 million. The implied P/B Ratio of the Company, as represented by the Offer Price, is approximately 1.61 times, which is higher than the P/B Ratios of the Comparable Companies. This is considered indicating that the market is willing to pay more (in terms of multiple to the amount of net asset value) to invest in the revenue generating assets of the Group than that of the Comparable Companies.

### RECOMMENDATION

Notwithstanding that (i) the Offer Price represents a premium over the audited consolidated NAV of the Group as at 31 March 2022; and (ii) the implied P/S Ratio and P/B Ratio of the Company as represented by the Offer Price are higher than P/S Ratios and P/B Ratios of the Comparable Companies; and (iii) the Independent Shareholders may encounter difficulties in selling their Shares in the open market in bulk at a fixed cash price within a short period of time without disturbing the market price given the thin trading volume of the Shares during the Review Period, having considered that,

- (a) the Offer Price is unattractive, given it is lower than the closing price of the Shares throughout the Review Period, and it represents a significant discount (i.e. equal to or over 50%) to the Share closing price on the Last Trading Day, the average Share closing price for the last five (5), ten (10) and thirty (30) consecutive trading days up to and including the Last Trading Day; and a discount of approximately 68.22% to the closing price of HK\$1.07 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) despite revenue decrease and loss made for FY2022 compared to FY2021, (i) the Group has no liquidity problem to continue its operation and business as indicated in the accountants' report set out in the latest published annual report of the Company, (ii) the Offeror intends to continue the existing principal business of the Group without downsizing as mentioned above, and (iii) as advised by the Company, the management of the Group is determined to develop the Group's business and stay competitive in the market. Measures have been and will be taken by the Group to resolve the factors resulting in the Group's loss performance for FY2022, improve the Group's operating efficiency and maintain the profit margin of new tendering projects, although it takes time and it is uncertain as to whether those measures are effective or ascertainable; and
- (c) the positive prospects of the Group in light of the expected increase in land supply for housing construction in Hong Kong, indicating an expected increase in number of construction contracts to be offered by main contractors to subcontractors and thus an expected increase in business opportunities of the Group as a formwork services provider as analysed above, and it is noted that the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Comparable Companies, which are also formwork service providers, also have similar view on the market prospect as a result of the expected increase in land supply in Hong Kong,

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. Accordingly, 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. Given the Share price which surged to above HK\$1.07 as at the Latest Practicable Date, the Independent Shareholders who wish to realise their investments in the Shares should consider to sell their Shares in the open market instead of accepting the Offer, if the net proceeds from such sale of Shares would exceed the net amount receivable under the Offer. Contrary to the Offer Price which is fixed, the Independent Shareholders (especially those with relatively sizeable shareholdings) should beware of the possible difficulties in selling a significant number of Shares in the open market at a fixed cash price within a short period of time as stated above.

Independent Shareholders should also carefully monitor the operating and financial performance of the Group and the intention of the Offeror and the new Board in relation to the development strategy of the Group, and beware of the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer. 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**

**Chu Tat Hoi**      **Chan Man Yee**  
*Managing Director*      *Director*

*Chu Tat Hoi and Chan Man Yee are licensed persons and responsible officers 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 20 years and 15 years of experience in the corporate finance industry.*

*\* for identification purpose only*

**1. PROCEDURES FOR ACCEPTANCE**

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. The instructions set out in this Composite Document should be read together with the instructions printed on the Form of Acceptance which form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer 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), by post or by hand, to the Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, marked “**Silver Tide Holdings Limited – Offer**” on the envelope, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and the Offeror and the Company may jointly announce as a result of a revision or an extension of the Offer in accordance with the Takeovers Code, if any.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of 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) 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) to the Share Registrar by no later than 4:00 p.m. on the Closing Date; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Share 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) to the Share Registrar by no later than 4:00 p.m. on the Closing Date; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of 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 Share Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) 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 Share 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 Share Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Share 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.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Share Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Head & Shoulders Securities or their respective agent(s) to collect from the Company or the Share Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Share Registrar on your behalf and to authorise and instruct the Share 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 Share Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Share 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) and the Share Registrar has recorded the acceptance and any relevant documents 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) and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Independent Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
  - (iii) certified by the Share Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Share Registrar must be produced.
- (g) In Hong Kong, the seller's ad valorem stamp duty in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable in respect of the relevant acceptances of the Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (i) The address of the Share Registrar, Boardroom Share Registrars (HK) Limited, is at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

**2. SETTLEMENT OF THE OFFER**

- (i) Provided that a valid Form of Acceptance and 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 the relevant Shares are complete and in good order in all respects and have been received by the Share 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 within seven (7) Business Days following the date of receipt by the Share 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.
- (ii) 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.
- (iii) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honored and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.
- (iv) No fraction of a 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 cent.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) The Offer is made on 29 September 2022, being the date of despatch of this Composite Document, and are capable of acceptance on and from this date until 4:00 p.m. on the Closing Date.

- (b) In order to be valid for the Offer, the Form of Acceptance must be received by the Share Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive.
- (c) The Offeror reserves the right to revise the terms of the Offer after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (d) The Offeror will publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (e) If the Offer is extended or revised, the Offeror and the Company will jointly issue an announcement in relation to such extension or revision of the Offer, which will state the next closing date or the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given, before the Offer is closed, to the Independent Shareholders who have not accepted the Offer. The revised offer will be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (f) 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. ANNOUNCEMENTS**

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

- (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and/or parties acting in concert with it;
  - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or the parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold; and
  - (v) the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in paragraphs 1(a) to 1(f) of this Appendix, and which have been received by the Share Registrar no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate. Any announcement in relation to the Offer will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.silvertide.hk](http://www.silvertide.hk).

## **5. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (b) below.
- (b) In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed “4. Announcements” above), the Executive may require that the Independent Shareholders who have tendered acceptances 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 within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s) at their own risks.

**6. OVERSEAS SHAREHOLDERS**

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. As the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions, the Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions.

The Offeror, the Offeror's Guarantor, parties acting in concert with the Offeror, the Company, the Vendor, the Vendor's Guarantor, Merdeka Corporate Finance, the Independent Financial Adviser, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay.

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

As at the Latest Practicable Date, the Company had no Overseas Shareholders.

**7. NOMINEE REGISTRATION**

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

**8. TAXATION ADVICE**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Offeror's Guarantor, parties acting in concert with the Offeror, the Company, the Vendor, the Vendor's Guarantor, Merdeka Corporate Finance, the Independent Financial Adviser, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

**9. GENERAL**

- (a) All communications, notices, Form of Acceptance, share 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 Offeror, the Offeror's Guarantor, parties acting in concert with the Offeror, the Company, the Vendor, the Vendor's Guarantor, Merdeka Corporate Finance, the Independent Financial Adviser, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other parties involved in the Offer will 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, Head & Shoulders Securities, Merdeka Corporate Finance 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.

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror that are (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights of

any nature; and (c) together with all rights, benefits and entitlements attaching to them, including, without limitation, the right to receive and retain in full all dividends and other distributions (as applicable) which may be recommended, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company had no intention to make, declare or pay any future dividend/distribution before the close of the Offer.

- (f) 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.
- (g) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (h) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.
- (i) In making their decisions, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and parties acting in concert with it, the Offeror's Guarantor, Head & Shoulders Securities, the Company, the Vendor, the Vendor's Guarantor, Merdeka Corporate Finance, the Independent Financial Adviser or any of their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advice.
- (j) The Offer is made in accordance with the Takeovers Code.

**1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE FINANCIAL YEARS ENDED 31 MARCH 2022**

The following is a summary of the financial results of the Group for each of the three years ended 31 March 2022 as extracted from the annual reports of the Company.

	For the year ended 31 March		
	2022	2021	2020
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
Revenue	340,084	437,177	437,778
– Cost of services/sales	(360,927)	(419,556)	(429,323)
– Other income and gains	3,052	15,799	1,836
– Administrative and other operating expenses	(18,065)	(18,259)	(23,829)
– Finance costs	(163)	(248)	(1,104)
– Other Losses	(3,200)		
(Loss)/Profit before income tax	(39,219)	14,913	(14,642)
Income tax credit/(expense)	5,375	(786)	986
Profit/(Loss) attributable to			
– Equity holders of the Company	(33,844)	14,127	(13,656)
– Non-controlling interests	Nil	Nil	Nil
Total comprehensive income for the year attributable to			
– Equity holders of the Company	(33,844)	14,127	(13,656)
– Non-controlling interests	Nil	Nil	Nil
Dividends	Nil	Nil	Nil
(Loss)/Earnings per share attributable to equity holders of the Company: –			
– Basic and diluted	(HK3.40 cents)	HK1.40 cents	(HK1.5 cents)
Dividends per share	Nil	Nil	Nil

Save as disclosed above, there were no items of income or expense which are material in respect of the financial statements of the Group for each of the three years ended 31 March 2022.

The auditors' report issued by Ernst & Young in respect of the Group's audited consolidated financial statements for the year ended 31 March 2020, and the auditors' report issued by BDO Limited in respect of each of the two years ended 31 March 2022 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

**2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2022**

The audited consolidated financial statements of the Group for the year ended 31 March 2022 are contained in the annual report of the Company for the year ended 31 March 2022 (the “**2022 Annual Report**”) which was published on the websites of the Company (<http://www.silvertide.hk>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0721/2022072100486.pdf>).

**(i) Consolidated Statement of Financial Position as at 31 March 2022**

Please refer to page 47 of the 2022 Annual Report.

**(ii) Consolidated Statement of Cash Flows for the year ended 31 March 2022**

Please refer to page 50 of the 2022 Annual Report.

**(iii) Other Consolidated Financial Statements for the year ended 31 March 2022****(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2022**

Please refer to page 46 of the 2022 Annual Report.

**(b) Consolidated Statement of Changes in Equity for the year ended 31 March 2022**

Please refer to page 49 of the 2022 Annual Report.

**(iv) Summary of Significant Accounting Policies and Notes to the Consolidated Financial Statements for the year ended 31 March 2022**

Please refer to pages 59 to 117 of the 2022 Annual Report.

**3. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 MARCH 2022**

The audited consolidated financial statements of the Group for the year ended 31 March 2022 are contained in the annual report of the Company for the year ended 31 March 2022 (the “**2022 Annual Report**”) which was published on the websites of the Company (<http://www.silvertide.hk>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0721/2022072100486.pdf>).

The audited consolidated financial statements of the Group for the year ended 31 March 2021 are contained in the annual report of the Company for the year ended 31 March 2021 (the “**2021 Annual Report**”) which was published on the websites of the Company (<http://www.silvertide.hk>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0727/2021072700731.pdf>).

The audited consolidated financial statements of the Group for the year ended 31 March 2020 are contained in the annual report of the Company for the year ended 31 March 2020 (the “**2020 Annual Report**”) which was published on the websites of the Company (<http://www.silvertide.hk>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0729/2020072900680.pdf>).

**(i) Summary of Significant Accounting Policies and Notes to the Consolidated Financial Statements for three years ended 31 March 2022**

Please refer to pages 59 to 117 of the 2022 Annual Report, pages 59 to 113 of the 2021 Annual Report and pages 57 to 107 of the 2020 Annual Report.

**4. INDEBTEDNESS**

At the close of business on 31 July 2022, being the latest practicable date for the purpose of determining this statement of indebtedness prior to printing of this Composite Document, the Group has total lease liabilities of approximately HK\$ 4,816,000. The Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rates.

Save as aforesaid, the Group did not have any (a) debt securities issued and outstanding, or authorised or otherwise created but unissued term loans; (b) borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments; (c) mortgages or charges; or (d) guarantees or other material contingent liabilities as at the close of business on 31 July 2022.

**5. MATERIAL CHANGE**

The Directors confirmed that there had been no material changes in the financial or trading position or outlook of the Group since 31 March 2022, being the date to which the latest published audited financial statements of the Company were made, up to the Latest Practicable Date.

**1. RESPONSIBILITY STATEMENT**

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

**2. SHARE CAPITAL**

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

**As at the Latest Practicable Date** *HK\$*

***Authorised:***

2,000,000,000 Shares of HK\$0.01 each 20,000,000.00

***Issued:***

1,000,000,000 Shares of HK\$0.01 each 10,000,000.00

All the existing Shares in issue are fully paid and rank pari passu with each other in all respects, including all rights in respect of capital, dividends and voting.

Since 31 March 2022 (being the date to which the Company's latest published audited accounts were prepared) and up to the Latest Practicable Date, no Shares had been issued by the Company.

As at the Latest Practicable Date, save as disclosed above, the Company has no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares, and has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

### 3. DISCLOSURE OF INTERESTS

#### (i) Interests and short positions in the securities of the Company and its associated corporations of the Directors and chief executive

As at the Latest Practicable Date, none of the Directors and their respective associates nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

#### (ii) Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name of Shareholders	Capacity/Nature of interest	No. of Shares held/interest in	Approximate percentage of the total issued share capital of the Company
The Offeror	Beneficial owner ( <i>Note 1</i> )	750,000,000	75%
Regal Loyalty Limited	Interest in controlled corporation ( <i>Note 1</i> )	750,000,000	75%
Wang Jianfeng	Interest in controlled corporation ( <i>Note 1</i> )	750,000,000	75%
Xu Fang	Interest of spouse ( <i>Note 2</i> )	750,000,000	75%

*Notes:*

- The Offeror is entirely owned by Regal Loyalty Limited and Regal Loyalty Limited is entirely owned by Mr. Wang Jianfeng. Therefore, Mr. Wang Jianfeng and Regal Loyalty Limited are deemed, or taken to be, interested in 750,000,000 Shares held by the Offeror for the purpose of the SFO.

2. Ms. Xu Fang is the spouse of Mr. Wang Jianfeng. Therefore Ms. Xu Fang is deemed, or taken to be, interested in 750,000,000 Shares held by the Offeror for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or which would be required to be disclosed pursuant to the requirements of the Takeovers Code.

#### 4. SHAREHOLDINGS AND DEALINGS IN SECURITIES

During the Relevant Period,

- (a) save for the sale of Sale Shares by the Vendor pursuant to the Sale and Purchase Agreement, none of the Company or the Directors had dealt for value in any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares;
- (b) save that Mr. Ip Chi Ming was interested in the Sale Shares held by the Vendor immediately before the Completion, no other Director had owned or controlled any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares; and
- (c) none of the Company or the Directors had owned or controlled, or had dealt for value in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

During the Offer Period and up to the Latest Practicable Date:

- (a) none of the subsidiaries of the Company or the pension funds of the Company or any member of the Group or any persons 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 (excluding exempt principal traders and exempt fund managers) had owned or controlled, or 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;
- (b) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of

the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code; and

- (c) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.

As at the Latest Practicable Date:

- (a) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares; and
- (b) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offers.

#### **5. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS**

As at the Latest Practicable Date:

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

## 6. DIRECTORS' SERVICE CONTRACTS

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

Name	Position	Term	Amount of remuneration	Variable remuneration
Hui Nok Yi	Executive Director	3 years from 1 September 2020 to 31 August 2023	HKD\$360,000 per annum payable by 12 monthly instalments	N/A
Tang Chi Wang	Independent non-Executive Director	3 years from 30 April 2021 to 29 April 2024	HKD\$240,000 per annum payable by 12 monthly instalments	N/A

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing service contracts with any member of the Group or any associated company of the Group:

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

## 7. MATERIAL CONTRACTS

The Group did not enter into any contract which are or may be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within two years immediately preceding the commencement of the Offer Period and up to and including the Latest Practicable Date.

## 8. LITIGATION

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.

**9. EXPERT'S QUALIFICATION AND CONSENT**

The followings is the qualification of the expert who has given opinion or advice contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
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 to the Independent Board Committee and the Independent Shareholders in respect 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 herein of its advice or report, as the case may be, and reference to its name in the form and context in which they are respectively included.

**10. DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents are available on display (i) on the website of the Company (<http://www.silvertide.hk>); and (ii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)), from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual report of the Company for the year ended 31 March 2022;
- (iii) the annual report of the Company for the year ended 31 March 2021;
- (iv) the annual report of the Company for the year ended 31 March 2020;
- (v) the letter from the Board, the text of which is set out on pages 14 to 19 of this Composite Document;
- (vi) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages IBC-1 to IBC-2 of this Composite Document;
- (vii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages IFA-1 to IFA-20 of this Composite Document;
- (viii) the directors' service contracts referred to under the paragraph headed "Directors' Service Contracts" of this Appendix III; and

- (ix) the written consent referred to under the paragraph headed “Expert’s Qualification and Consent” of this Appendix III.

**11. MISCELLANEOUS**

- (i) The principal share registrar and transfer office of the Company in the Cayman Islands is Conyers Trust Company (Cayman) Limited, which is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is situated at Flat A-B, 14th Floor, Skyline Tower, No. 18 Tong Mi Road, Mongkok, Kowloon, Hong Kong.
- (ii) The branch share registrar and transfer office of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (iii) The registered office of 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 and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

**1. RESPONSIBILITY STATEMENT**

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

**2. DISCLOSURE OF INTERESTS IN THE COMPANY OF THE OFFEROR**

As at the Latest Practicable Date, the Offeror, Mr. Wang and parties acting in concert with any of them owned or controlled an aggregate of 750,000,000 Shares, representing 75% of the entire issued share capital of the Company. Save for the above, the Offeror, Mr. Wang and parties acting in concert with any of them did not have any other interest in any shares, warrants, options, derivatives or securities carrying conversion of subscription rights into Shares. As at the Latest Practicable Date, apart from the 75% shareholding interest in the Company, none of the Offeror, Mr. Wang and parties acting in concert with any of them had any other interest in any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

**3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN THE COMPANY**

Save for the Sale Shares disposed of by the Vendor and acquired by the Offeror pursuant to the Sale and Purchase Agreement, the execution of the Share Charge and the Facilities, the Offeror, Mr. Wang and parties acting in concert with any of them had not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

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

- (i) none of the Offeror, Mr. Wang and parties acting in concert with any of them has received any irrevocable commitment to accept or reject the Offer or any irrevocable undertaking from any Shareholders not to sell or transfer (or cause the same to be done) or otherwise dispose of (or permit any such action to occur in respect of) any interest in any Shares held by he/it/them;
- (ii) save for the Facilities and the Share Charge, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of the Offeror and which may be material to the Offer;

- (iii) save for the Sale Shares and the Shares dealt with under the Share Charge, none of the Offeror, Mr. Wang and parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants of the Company or any derivatives in respect of such securities;
- (iv) there is no agreement or arrangement to which the Offeror, Mr. Wang and parties acting in concert with any of them, is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (v) none of the Offeror, Mr. Wang and parties acting in concert with any of them has entered into any arrangement or contract in relation to any outstanding derivative in respect of securities in the Company nor has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vi) apart from the consideration for the Sale Shares and the interests and fees payable by the Offeror to its lenders pursuant to the Facilities, there is no other consideration, compensation nor benefit in whatever form paid or to be paid by the Offeror, Mr. Wang and/or any parties acting in concert with any of them to the Vendor and/or the Vendor's Guarantor and/or Chiyu Banking Corporation Ltd. and/or Head & Shoulders Securities and/or Luso International Banking Ltd. and/or any party acting in concert with any of them in relation to or in connection with the sale and purchase of the Sale Shares;
- (vii) save for the Deposit and the return of the Deposit, there is no other understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Vendor, its ultimate beneficial owners, the Vendor's Guarantor and any parties acting in concert with any of them on one hand, and the Offeror, Mr. Wang and parties acting in concert with any of them on the other hand;
- (viii) save for the Deposit and the return of the Deposit, there is no other understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder; and (ii)(a) the Offeror, Mr. Wang and parties acting in concert with any of them or (ii)(b) the Company, its subsidiaries or associated companies;
- (ix) save for the Share Charge and the H&S Facility (pursuant to which the Offer Shares to be acquired by the Offeror under the Offer and to be deposited and pledged into its securities account with Head & Shoulders Securities as security for the H&S Facility may be transferred to Head & Shoulders Securities if the Offeror is unable to fulfill any of its repayment obligation pursuant to the terms of the H&S Facility), there is no other agreement, arrangement or understanding that any securities acquired in pursuance of the Offer or the Sale Shares would be transferred, charged or pledged to any other person;

- (x) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (xi) there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, Mr. Wang and any person acting in concert with any of them and any of the Directors, recent Directors, the Shareholders or recent Shareholders having any connection with or dependence upon the outcome of the Offer; and
- (xii) save for the Facilities and the Share Charge, there is no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror, Mr. Wang and/or parties acting in concert with any of them and/or other associates of the Offeror and any other person.

#### 4. MARKET PRICES

The table below shows the closing prices per Share on the Stock Exchange on (i) the last Business Day of 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\$)
28 February 2022	0.81
31 March 2022	0.84
29 April 2022	0.80
31 May 2022	0.88
30 June 2022	0.82
29 July 2022	0.88
10 August 2022 (being the Last Trading Day)	1.06
31 August 2022	1.34
26 September 2022 (being the Latest Practicable Date)	1.07

During the Relevant Period, the highest and lowest closing prices per Share as quoted on the Stock Exchange were HK\$1.43 per Share on 26 August 2022 and HK\$0.75 per Share on 11 March 2022, respectively.

## 5. CONSENTS AND QUALIFICATIONS

In addition to those listed under the section headed “Expert’s qualification and consent” in paragraph 9 of Appendix III to this Composite Document, the following is the qualifications of the experts whose letters, opinions or advices are contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Merdeka Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Head & Shoulders Securities Limited	a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its opinions, advices, letters and references to its name in the form and context in which they appear.

## 6. MISCELLANEOUS

- (i) The principal members of the Offeror’s concert group are the Offeror and Mr. Wang. The Offeror is a business company incorporated in the British Virgin Islands on 8 October 2019 which is wholly owned by Regal Loyalty Limited. As at the Latest Practicable Date, Regal Loyalty Limited is directly and wholly owned by Mr. Wang, who is also the sole director of the Offeror.
- (ii) The registered office of the Offeror is situated at Unit 8, 3/F., Qwomar Trading Complex, Blackburne Road, Port Purcell, Road Town, Tortola, British Virgin Islands VG1110.
- (iii) The correspondence address of the Offeror and Mr. Wang is situated at Suite 801, 8/F., Tower 1, The Gateway, 25 Canton Road, Tsim Sha Tsui, Hong Kong.
- (iv) The main business address of Head & Shoulders Securities is situated at 28/F., Queen’s Road Centre, 152 Queen’s Road Central, Hong Kong.
- (v) The main business address of Merdeka Corporate Finance is situated at Room 1108-1110, 11/F., Wing On Centre, 111 Connaught Road, Central, Hong Kong.
- (vi) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

**7. DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents are available on display (i) on the website of the Company ([www.silvertide.hk](http://www.silvertide.hk)) and (ii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)) from the date of this Composite Document up to and including the Closing Date:

- (i) memorandum and articles of association of the Offeror;
- (ii) the letter from Head & Shoulders Securities, the text of which is set out on page 6 to 13 of this Composite Document;
- (iii) the written consents as referred to in the paragraph headed “5. Consents and Qualifications” in this Appendix;
- (iv) the Sale and Purchase Agreement and the Supplemental Agreement;
- (v) the Facilities; and
- (vi) this Composite Document and the accompanying Form of Acceptance.