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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 Yield Go Holdings Ltd., 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 and The Stock Exchange of Hong Kong 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.

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## Master Success International

### Investment Limited

萬事成國際投資有限公司

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

## Yield Go Holdings Ltd.

耀高控股有限公司

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

**(Stock Code: 1796)**

**COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY  
CASH OFFER BY HEAD & SHOULDERS SECURITIES LIMITED  
FOR AND ON BEHALF OF  
MASTER SUCCESS INTERNATIONAL INVESTMENT LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF YIELD GO HOLDINGS LTD.  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY MASTER SUCCESS INTERNATIONAL  
INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



**Capital 9 Limited**

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders

**MERDEKA** 領智

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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 Capital 9 containing, among other things, details of the terms of the Offer is set out on pages 6 to 14 of this Composite Document. A letter from the Board is set out on pages 15 to 21 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-29 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 Wednesday, 13 July 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 Capital 9” 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.

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

22 June 2022

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## CONTENT

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	<i>Page</i>
<b>EXPECTED TIMETABLE</b> .....	ii
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM CAPITAL 9</b> .....	6
<b>LETTER FROM THE BOARD</b> .....	15
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	IBC-1
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	IFA-1
<b>APPENDIX I — FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER</b> .....	I-1
<b>APPENDIX II — FINANCIAL INFORMATION ON THE GROUP</b> .....	II-1
<b>APPENDIX III — GENERAL INFORMATION ON THE GROUP</b> .....	III-1
<b>APPENDIX IV — GENERAL INFORMATION ON THE OFFEROR</b> .....	IV-1
<b>ACCOMPANYING DOCUMENT — FORM OF ACCEPTANCE</b>	

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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 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 the Composite Document and the Form of Acceptance ( <i>Note 1</i> ) . . . . .	Wednesday, 22 June 2022
Offer opens for acceptance ( <i>Note 1</i> ) . . . . .	Wednesday, 22 June 2022
Latest time and date for acceptance of the Offer ( <i>Notes 2 and 4</i> ) . . . . .	4:00 p.m. on Wednesday, 13 July 2022
Closing Date of the Offer ( <i>Notes 2 and 4</i> ) . . . . .	Wednesday, 13 July 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 Wednesday, 13 July 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> ) . . . . .	Friday, 22 July 2022

*Note 1:* The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and are 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 Wednesday, 13 July 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 Wednesday, 13 July 2022 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.

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## EXPECTED TIMETABLE

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*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 after 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.

*Note 4:* If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

- (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 the Directors;
“Business Day(s)”	a day on which the Stock Exchange is open for transaction of business;
“Capital 9”	Capital 9 Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Charged Shares”	means the 360,000,000 Shares which are charged in favour of the Vendor pursuant to the Share Charge;
“Closing Date”	13 July 2022, being the closing date of the Offer;
“Company”	Yield Go Holdings Ltd., a company established in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 1796);
“Completion”	completion of the Sale and Purchase Agreement;
“Completion Date”	the date on which Completion took place, being 29 April 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;
“Directors”	means the directors of the Company;
“Executive”	means 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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“Facility”	a loan facility of up to HK\$87,000,000 in aggregate severally granted by Head & Shoulders Securities to the Offeror as borrower pursuant to the Facility Agreement, with the Offer Shares to be acquired by the Offeror under the Offer shall be deposited into its securities account opened with Head & Shoulders Securities and pledged to Head & Shoulders Securities as security for the Facility;
“Facility Agreement”	the facility agreement dated 29 April 2022 entered into between the Offeror and Head & Shoulders Securities in relation to the 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 corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO and the offer agent to the Offeror;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company, comprising all of the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Offer;
“Independent Financial Adviser” or “Merdeka”	Merdeka Corporate Finance 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 and parties acting in concert with it;

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## DEFINITIONS

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“Joint Announcement”	the announcement jointly issued by the Company and the Offeror dated 11 May 2022 in relation to, among others, the Offer pursuant to Rule 3.5 of the Takeovers Code;
“Last Trading Day”	29 April 2022, being the last trading day of the Shares before the publication of the Joint Announcement;
“Latest Practicable Date”	17 June 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;
“Offer”	the unconditional mandatory 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 11 May 2022 (i.e. the date of the Joint Announcement) and ending on the Closing Date;
“Offer Price”	the price of HK\$0.7212 per Offer Share payable by the Offeror to the Shareholders for each Offer Share accepted under the Offer;
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert it;
“Offeror”	Master Success International Investment Limited (萬事成國際投資有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability, which is owned as to 46.67% by Mr. Chen Yidong (陳怡冬), 29.33% by Mr. Lin Zheng (林嶢), 12% by Mr. Wang Kuan (王寬), and 12% by Mr. Chen Jian (陳建);
“Offeror Guarantors”	Mr. Lin Zheng and Mr. Chen Yidong;
“Overseas Shareholders”	the Shareholders whose addresses, as shown on the register of members of the Company, are outside Hong Kong;

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## DEFINITIONS

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“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;
“Promissory Note”	a promissory note in the principal amount of HK\$151,500,000 with the interest calculated at 8% per annum issued by the Offeror and co-issued by Mr. Lin Zheng in favour of the Vendor for settlement of part of the consideration under the Sale and Purchase Agreement;
“Relevant Period”	the period from 11 November 2021, 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 29 April 2022 entered into between the Vendor, the Vendor Guarantor, the Offeror and the Offeror Guarantors in relation to the sale and purchase of the Sale Shares;
“Sale Shares”	an aggregate of 360,000,000 Shares acquired by the Offeror pursuant to the Sale and Purchase Agreement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary shares of HK\$0.01 each in the capital of the Company;
“Share Charge”	the charge over the Sale Shares in favour of the Vendor granted by the Offeror as security under the Promissory Note;
“Share Registrar”	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar and transfer office of the Company;
“Shareholder(s)”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;



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## DEFINITIONS

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“Vendor”	Hoi Lang Holdings Ltd. (凱朗控股有限公司), a limited liability company incorporated in the British Virgin Islands which is owned as to 50% by the Vendor Guarantor, 30% by Ms. Ng Yuen Chun (吳婉珍), and 20% by Mr. Ho Chi Hong (何志康);
“Vendor Guarantor”	Mr. Man Hoi Yuen (文海源), an executive Director and 50% beneficial owner of the Vendor;
“%”	per cent.

*Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.*



## Capital 9 Limited

22 June 2022

*To the Independent Shareholders,*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
HEAD & SHOULDERS SECURITIES LIMITED  
FOR AND ON BEHALF OF  
MASTER SUCCESS INTERNATIONAL INVESTMENT LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF YIELD GO HOLDINGS LTD.  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY MASTER SUCCESS INTERNATIONAL  
INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

### 1. INTRODUCTION

Reference is made to the Joint Announcement.

On 29 April 2022 (after trading hours), the Vendor, the Vendor Guarantor, the Offeror and the Offeror Guarantors 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 360,000,000 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\$247,500,000 in aggregate, equivalent to HK\$0.6875 per Sale Share. Completion took place immediately upon the signing of the Sale and Purchase Agreement on the Completion Date, being 29 April 2022.

Immediately prior to the Completion, the Offeror and parties acting in concert with it (excluding the Vendor) 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 and parties acting in concert with it are interested in an aggregate of 360,000,000 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 and parties acting in concert with it).

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## LETTER FROM CAPITAL 9

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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. UNCONDITIONAL MANDATORY 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\$0.7212 in cash**

The Offer Price of HK\$0.7212 per Offer Share is equal to the sum of (i) the purchase price per Sale Share of HK\$0.6875 paid by the Offeror under the Sale and Purchase Agreement; and (ii) the interest payable under the Promissory Note per Sale Share of HK\$0.0337. 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 the 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 CAPITAL 9

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### 2.2 Comparisons of value

The Offer Price of HK\$0.7212 per Offer Share represents:

- (i) a discount of approximately 58.07% to the closing price of HK\$1.72 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 57.82% to the closing price of HK\$1.71 per Share as quoted on the Stock Exchange immediately before trading in the Shares were halted on 3 May 2022 and being the Last Trading Day (i.e. 29 April 2022);
- (iii) a discount of approximately 55.81% to the average closing price of HK\$1.632 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 53.50% to the average closing price of HK\$1.551 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 51.17% to the average closing price of HK\$1.477 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 157.57% over the audited consolidated net asset value of the Group of approximately HK\$0.28 per Share as at 31 March 2021 (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\$135,865,000 as at 31 March 2021 and 480,000,000 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 157.57% over the unaudited consolidated net asset value of the Group of approximately HK\$0.28 per Share as at 30 September 2021 (being the date to which the latest unaudited consolidated interim results of the Group were made up), calculated based on the Group's unaudited consolidated net assets of approximately HK\$134,569,000 as at 30 September 2021 and 480,000,000 Shares in issue as at the Latest Practicable Date.

### 2.3 Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$1.79 per Share (from 17 May 2022 to 19 May 2022) and HK\$1.04 per Share (on 16 November 2021 and 17 November 2021), respectively.

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## LETTER FROM CAPITAL 9

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### **2.4 Value of the Offer**

Based on the Offer Price of HK\$0.7212 per Offer Share and 480,000,000 Shares in issue as at the Latest Practicable Date, the total issued share capital of the Company is valued at HK\$346,176,000. 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 360,000,000 Shares held by the Offeror and the parties acting in concert with it immediately after the Completion, 120,000,000 Shares are subject to the Offer. Based on the Offer Price of HK\$0.7212 per Offer Share, the value of the Offer is HK\$86,544,000.

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

The Offeror intends to fund the consideration payable under the Offer in full by the 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 Facility. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to the 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. Capital 9, 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, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of the Composite Document).

Acceptance of the Offer would be irrevocable and not be capable of being withdrawn, subject to 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 Business Days of 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.

## **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 Company, the Offeror and parties acting in concert with it, Head & Shoulders Securities, Capital 9, the Independent Financial Adviser, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offer will accept 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).

**Any acceptance by any Overseas Shareholders and overseas beneficial owners of the Shares will be deemed to constitute a representation and warranty from such Overseas Shareholders or overseas beneficial owners of the Shares, as applicable, to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders and overseas beneficial owners of the Shares should consult their own professional advisers if in doubt.**

### 2.11 Nominee registration

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

### 2.12 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 and parties acting in concert with it

The Offeror is an investment holding company incorporated under the laws of the British Virgin Islands with limited liability, which is owned as to 46.67% by Mr. Chen Yidong, 29.33% by Mr. Lin Zheng, 12% by Mr. Wang Kuan and 12% by Mr. Chen Jian.

Mr. Chen Yidong has experience in business management and property investment. He is one of the directors and founders holding 39% equity interest in China Yong Energy (Xiamen) Co., Ltd.\* (華永能源廈門有限公司), a company incorporated in the PRC in 2019 which is principally engaged in the trading of commodities such as steel and property investment. He is also the beneficial owner of Xiamen Xunda International Trading Company Limited\* (廈門迅達國際貿易有限公司), a company incorporated in the PRC in 2019 which is principally engaged in the trading of commodities such as steel and petrochemical products, and achieved turnover of over RMB4 billion in 2021. Apart from the above, Mr. Chen Yidong also invested in and managed business of Xiamen Dinglong Trading Company Limited\* (廈門錠龍貿易有限公司), a company incorporated in the PRC in 2019 which is principally engaged in trading business.

Mr. Lin Zheng is the sole director of the Offeror. He is one of the founders and directors of Beijing Rebellion Technology Company Limited\* (北京銳百凌科技有限公司) (“**Beijing Rebellion**”), a company incorporated in the PRC in 2017 which is principally engaged in the design and sales of gas and flame detection system. He also had experience in investing in and managing nickel smelting and trading business.

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## LETTER FROM CAPITAL 9

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Mr. Wang Kuan has around 8 years' experiences in outdoor and interior design industry. He is one of the founders and directors of Fuzhou Badu Decoration and Design Engineering Company Limited\* (福州八度裝飾設計工程有限公司), a company incorporated in the PRC in 2015 which is principally engaged in outdoor and interior design. In 2019, he formed Yisu Meixue (Fuzhou) Technology Company Limited\* (易素美學(福州)科技有限公司) which is also principally engaged in similar design business.

Mr. Chen Jian has over 10 years' experiences in business management. He has been the deputy general manager of Beijing Rebellion since 2017. Before joining Beijing Rebellion, he took management role and focused on business development and marketing in other business enterprises in trading and software development industry.

Save as (i) the common interest in the Offeror; and (ii) Mr. Lin Zheng and Mr. Chen Jian are colleagues at Beijing Rebellion, there is no other relationship between/among any of the shareholders of the Offeror.

### 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 19 of this Composite Document.

## 4. INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Upon Completion, the Offeror has become the controlling shareholder of the Company. 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.

Subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. However, as at the Latest Practicable Date, no business plan has been formulated yet and no such investment or business opportunities has been identified nor has the Offeror and/or the Company entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, or disposal of or downsizing of the Group's existing business. Further, the Offeror has no intention to discontinue the employment of the employees (save for the change in the composition of the Board) or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business.

The Board is currently made up of six Directors, comprising three executive Directors, being Mr. Man Hoi Yuen, Ms. Ng Yuen Chun, and Mr. Ho Chi Hong; and three independent non-executive Directors, being Mr. Chan Ka Yu, Dr. Lo Ki Chiu and Mr. Leung Wai Lim.



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## LETTER FROM CAPITAL 9

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It is intended that Ms. Ng Yuen Chun will resign after Completion and with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate no more than 2 new Directors to the Board after the close of the Offer and any such appointment 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).

### **5. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, 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 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 within a reasonable period following the close of the Offer to ensure that sufficient public float exists in the Shares. 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.

### **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.

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## LETTER FROM CAPITAL 9

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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 Company, the Offeror and parties acting in concert with it, Head & Shoulders Securities, Capital 9, the Independent Financial Adviser, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates or any other parties 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.

### **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  
**Capital 9 Limited**

**Chu Tat Hoi**  
*Managing Director*

**Chan Man Yee**  
*Director*

*\* for identification purpose only*

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LETTER FROM THE BOARD

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**Yield Go Holdings Ltd.**  
**耀高控股有限公司**

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

**(Stock Code: 1796)**

*Executive Directors:*

Mr. Man Hoi Yuen (*Chairman*)

Ms. Ng Yuen Chun

Mr. Ho Chi Hong

*Registered office in the Cayman Islands:*

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Independent non-executive Directors:*

Mr. Chan Ka Yu

Dr. Lo Ki Chiu

Mr. Leung Wai Lim

*Headquarters and Principal Place  
of Business in Hong Kong:*

Unit 3, 32/F

Cable TV Tower

No. 9 Hoi Shing Road

Tsuen Wan, New Territories

Hong Kong

22 June 2022

*To the Independent Shareholders,*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
HEAD & SHOULDERS SECURITIES LIMITED  
FOR AND ON BEHALF OF  
MASTER SUCCESS INTERNATIONAL INVESTMENT LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF YIELD GO HOLDINGS LTD.  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY MASTER SUCCESS INTERNATIONAL  
INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

Reference is made to the Joint Announcement.

On 29 April 2022 (after trading hours), the Vendor, the Vendor Guarantor, the Offeror and the Offeror Guarantors 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 360,000,000 Shares in aggregate, representing 75% of the entire issued share capital of the Company as at the

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## LETTER FROM THE BOARD

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date of the Joint Announcement, at a consideration of HK\$247,500,000 in aggregate, equivalent to HK\$0.6875 per Sale Share. Completion took place immediately upon the signing of the Sale and Purchase Agreement on the Completion Date, being 29 April 2022.

As mentioned in the “Letter from Capital 9” contained in this Composite Document, immediately prior to the Completion, the Offeror and parties acting in concert with it (excluding the Vendor) 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 and parties acting in concert with it are interested in an aggregate of 360,000,000 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 and parties acting in concert with it).

This letter forms part of this 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 non-executive Directors, namely, Mr. Chan Ka Yu, Dr. Lo Ki Chiu and Mr. Leung Wai Lim, 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 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 13 May 2022, Merdeka 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.

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## LETTER FROM THE BOARD

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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.

### THE OFFER

As set out in the “Letter from Capital 9” contained in this Composite Document, Head & Shoulders Securities will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

**For each Offer Share . . . . . HK\$0.7212 in cash**

The Offer Price of HK\$0.7212 per Offer Share is equal to the sum of (i) the purchase price per Sale Share of HK\$0.6875 paid by the Offeror under the Sale and Purchase Agreement; and (ii) the interest payable under the Promissory Note per Sale Share of HK\$0.0337. 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 the 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 Capital 9” 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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### ARRANGEMENTS BETWEEN VENDOR AND OFFEROR

As disclosed in the Joint Announcement, certain arrangements were made between the Vendor and parties acting in concert with it (excluding the Offeror) on one side, and the Offeror and parties acting in concert with it (excluding the Vendor). Details of which are extracted below:

#### **Provisions regarding nomination and resignation of Directors under the Sale and Purchase Agreement**

Subject to compliance with Listing Rules, Takeovers Code and the articles of association of the Company, from the date of the Sale and Purchase Agreement until all payments under the Promissory Note are fully settled, (a) the Offeror can only nominate no more than 2 directors to the Board; and (b) not do anything that would cause Mr. Man Hoi Yuen and/or Mr. Ho Chi Hong to lose their positions in the Board. For the avoidance of doubt, if Mr. Man Hoi Yuen and/ or Mr. Ho Chi Hong has to undergo a re-election pursuant to the Listing Rules and/or the articles of association of the Company, the Offeror undertakes to vote for any such resolution in the relevant general meeting.

#### **Provisions regarding nomination and resignation of Directors and capital structure of the Company under the Promissory Note**

From the issue date of the Promissory Note until all payments under the Promissory Note are fully settled, the Offeror shall not and shall not procure others to: (a) change the capital structure, increase the authorised or issued share capital of the Company, issue or allocate any new shares, warrants, options or any derivatives, loan capital of the Company, create any rights to subscribe for the Shares, to grant or agree to grant or redeem or modify the terms of any existing options, acquire any rights convertible into Shares or loan capital of the Company; (b) issue any shares, warrants or derivatives, other securities or loan capital of the Company; (c) issue any bonds or convertible bonds of the Company; (d) purchase or redeem any Shares or provide financial assistance for any such activities; (e) alter the provisions of the memorandum and articles of association of the Company; (f) do anything which may in any way depreciate, jeopardise or otherwise prejudice the value of the Charged Shares; and (g) change or nominate any director to the Board, with the exception of requesting for the resignation of Ms. Ng Yuen Chun in accordance with the Sale and Purchase Agreement, and the nomination of no more than 2 directors to the Board. The Offeror further undertakes to procure the Board to comply with the aforesaid restrictions.

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## LETTER FROM THE BOARD

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### **Provisions regarding nomination and resignation of Directors and capital structure of the Company under the Share Charge**

In addition to certain customary restrictions which may appear in a share charge, the Offeror made further undertakings with the Vendor that during the continuance of the Share Charge, the Offeror shall: (a) not vote for any plan or proposal for share split, stock dividend, share consolidation, share sub-division, bonus issue, distribution in specie, placement, rights issue, issue and/ or grant of share option, share award, convertible bonds and/or any other derivatives or such other corporate actions in similar form or bearing a dilution effect on the issued share capital of the Company without prior written consent of the Vendor; (b) procure the Board not to propose for share split, stock dividend, share consolidation, share sub-division, bonus issue, distribution in specie, placement, rights issue, issue and/ or grant of share option, share award, convertible bonds and/or any other derivatives or such other corporate actions in similar form or bearing a dilution effect on the issued share capital of the Company without prior written consent of the Vendor; (c) not nominate more than 2 directors to the Board; and (d) not do anything that would cause Mr. Man Hoi Yuen and/or Mr. Ho Chi Hong to lose their positions in the Board. If Mr. Man Hoi Yuen and/or Mr. Ho Chi Hong has to undergo a re-election pursuant to the Listing Rules and/or the articles of association of the Company, the Offeror undertakes not to and procure its nominees not to vote against any such resolution in the relevant general meeting.

### **PRESUMED ACTING IN CONCERT**

As the Vendor agreed to receive deferred payment via acceptance of the Promissory Note, the Vendor and its ultimate beneficial owners are presumed to be providing finance or financial assistance to the Offeror and acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code.

### **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 Group only engages its business in Hong Kong, and all revenue of the Group is derived from operations carried out in Hong Kong. The Company acts as an investment holding company and its subsidiaries are principally engaged in fitting-out services and supply of fitting-out materials. The fitting-out services include both (i) fitting-out works conducted on new buildings; and (ii) interior renovation works on existing buildings that involve upgrades, makeovers and demolition of existing works.

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

### **INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed “Information on the Parties” in the “Letter from Capital 9” contained in this Composite Document.

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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 “Intentions of the Offeror regarding the Group” in the “Letter from Capital 9” 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 Capital 9”, 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 Capital 9”, 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 (save for the change in the composition of the Board); or to dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business.

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 Capital 9” contained in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, 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 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 within a reasonable period following the close of the Offer to ensure that sufficient public float exists in the Shares. 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.



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## LETTER FROM THE BOARD

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### 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-29 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 Capital 9” 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  
**Yield Go Holdings Ltd.**  
**Man Hoi Yuen**  
*Chairman 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.*

### **Yield Go Holdings Ltd.**

### **耀高控股有限公司**

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

**(Stock Code: 1796)**

22 June 2022

*To the Independent Shareholders,*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
HEAD & SHOULDERS SECURITIES LIMITED  
FOR AND ON BEHALF OF  
MASTER SUCCESS INTERNATIONAL INVESTMENT LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF YIELD GO HOLDINGS LTD.  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY MASTER SUCCESS INTERNATIONAL  
INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

#### **INTRODUCTION**

We refer to the Composite Document issued jointly by the Offeror and the Company dated 22 June 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.

Merdeka has been appointed with our approval 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-29 of the Composite Document.

We also wish to draw your attention to the “Letter from Capital 9” 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, especially the Offer Price, are not fair and not 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.

Nevertheless, the Independent Shareholders should also note that (i) the market price of the Shares have been trading above the Offer Price since 22 July 2021 and up to the Latest Practicable Date; (ii) there is no guarantee that the Share price will sustain at a level above the Offer Price after the Closing Date; (iii) the Independent Shareholders (regardless to their amount of shareholdings) may not be able to realise their investments in the Shares at a price higher than the Offer Price, when they are going to dispose of their partial or entire holdings. The Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares.

Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the financial performance of the Group and be aware of the potential difficulties they may encounter in disposing of their investments in the Shares at a price higher than the Offer Price after the close of the Offer given the generally low trading volume during the period commencing from 29 April 2021, being the twelve-month period prior to the Last Trading Day, up to and including the Latest Practicable Date.

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. Chan Ka Yu**  
*Independent*  
*non-executive Director*

**Dr. Lo Ki Chiu**  
*Independent*  
*non-executive Director*

**Mr. Leung Wai Lim**  
*Independent*  
*non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



Room 1108–1110, 11/F.  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

22 June 2022

*To: The Independent Board Committee and the  
Independent Shareholders of Yield Go Holdings Ltd.*

Dear Sirs or Madams,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
HEAD & SHOULDERS SECURITIES LIMITED  
FOR AND ON BEHALF OF  
MASTER SUCCESS INTERNATIONAL INVESTMENT LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF YIELD GO HOLDINGS LTD.  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY MASTER SUCCESS INTERNATIONAL  
INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in this Composite Document dated 22 June 2022, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in this Composite Document unless the context requires otherwise.

As noted from the Board Letter, on 29 April 2022 (after trading hours), the Vendor, the Vendor Guarantor, the Offeror and the Offeror Guarantors 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 360,000,000 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\$247,500,000 in aggregate, equivalent to HK\$0.6875 per Sale Share. Completion took place immediately upon the signing of the Sale and Purchase Agreement on the Completion Date, being 29 April 2022.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As mentioned in the “Letter from Capital 9” contained in this Composite Document, immediately prior to the Completion, the Offeror and parties acting in concert with it (excluding the Vendor) 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 and parties acting in concert with it are interested in an aggregate of 360,000,000 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 and parties acting in concert with it).

As at the Latest Practicable Date, save for the 480,000,000 Shares in issue, the Company does not have any outstanding options, warrants, derivatives which are convertible into or which confer rights to holder(s) thereof to subscribe for or exchange into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code), and has not entered into any agreement for the issue of such options, derivatives, warrants or other relevant securities which are convertible or exchangeable into Shares.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chan Ka Yu, Dr. Lo Ki Chiu and Mr. Leung Wai Lim, has been established in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

We, Merdeka Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in this respect and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Merdeka Corporate Finance Limited as the Independent Financial Adviser has been approved by the Independent Board Committee. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee and the Independent Shareholders as to (i) whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Offer should be accepted.

We are independent from and not connected with the Company, the Offeror, the Offeror Guarantors, the Vendor, the Vendor Guarantor, any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between Merdeka Corporate Finance Limited and the Group or the Offeror. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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fees or benefits from the Offeror and the Company or any of their respective substantial shareholders or any person acting, or deemed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer.

### **BASIS OF OUR ADVICE**

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained in or referred to in this Composite Document and the information and representations as provided to us by the Directors and the management of the Company (the “**Management**”). Our review procedures include, among others, review of the interim reports of the Group for the six months ended 30 September 2021 and 2020 and the annual reports of the Group for the year ended 31 March 2021 and 2020 respectively, this Composite Document, relevant announcements published by the Company, the industry trends of the Group’s principal business, the share price performance, the trading liquidity of the Company and comparable companies to the Company. We have assumed that all information and representations that have been provided by the Directors and the Management are true, complete and accurate in all material respects at the time when they were made and up to the date throughout the Offer Period and should there be any material changes thereto, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Composite Document were reasonably made after due enquiries and careful considerations.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Independent Shareholders will be notified of any material changes to such information provided in this Composite Document and our opinion as soon as possible. We have also assumed that all statements of opinion made by the Directors and the Management in this Composite Document were reasonably made after due enquiries and careful consideration. The Directors have confirmed that, to the best of their information and knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in this Composite Document, including this letter, misleading.

While we have taken reasonable steps to satisfy the requirements under the Takeovers Code and the Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company or the Offeror as set out in this Composite Document, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Offer.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

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

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Offer, we have considered the principal factors and reasons as set out below:

#### 1. Background information of the Group

##### *1.1 Principal business*

As set out in the Board Letter, 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 Group only engages its business in Hong Kong, and all revenue of the Group is derived from operations carried out in Hong Kong. The Company acts as an investment holding company and its subsidiaries are principally engaged in fitting-out services and supply of fitting-out materials, and all revenue of the Group is derived from operations carried out in Hong Kong. The fitting-out services include both (i) fitting-out works conducted on new buildings; and (ii) interior renovation works on existing buildings that involve upgrades, makeovers and demolition of existing works (collectively, being the “Fitting-Out Services”).

##### *1.2 Historical financial information*

Set out below are summary tables of the consolidated results of the Group (i) for the six months ended 30 September 2020 (“HY2020”) and 2021 (“HY2021”), extracted from the interim reports of the Company for the six months ended 30 September 2021 (the “2021 Interim Report”) and 2020 (the “2020 Interim Report”); and (ii) for the three financial years ended 31 March 2019 (“FY2019”), 31 March 2020 (“FY2020”) and 31 March 2021 (“FY2021”) as extracted from the annual reports of the Company for the year ended 31 March 2021 (the “2021 Annual Report”) and 2020 (the “2020 Annual Report”), respectively.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Table 1: Historical financial information of the Group**

	For the six months ended				
	30 September		For the year ended 31 March		
	2021	2020	2021	2020	2019
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)	<i>HK\$'000</i> (Audited)	<i>HK\$'000</i> (Audited)
Revenue	105,714	144,341	278,182	420,302	669,780
– Fitting Out Services (including fitting-out works and interior renovation works)	105,714	144,341	278,182	420,302	661,982
– Supply of fitting-out materials	nil	nil	nil	nil	7,798
Direct costs	(100,845)	(168,475)	(306,323)	(408,902)	(589,352)
Gross profit/(loss)	4,869	(24,134)	(28,141)	11,400	80,428
Gross profit margin/(Negative profit margin)	4.6%	(16.7%)	(10.1%)	2.7%	12.0%
Other gains	9	5,352	11,836	46	62
Administrative and other operating expenses	(5,444)	(6,931)	(14,546)	(17,073)	(32,531)
Finance costs	(730)	(907)	(1,703)	(2,230)	(1,828)
(Loss)/Profit for the period/year	(1,296)	(26,552)	(32,515)	(7,962)	35,963
	<b>As at</b>		<b>As at</b>		
	<b>30</b>		<b>31 March</b>		
	<b>September</b>		<b>2020</b>		
	<b>2021</b>		<b>2019</b>		
	<i>HK\$'000</i>		<i>HK\$'000</i>		
	(Unaudited)		(Audited)		
Non-current assets	1,770	2,339	3,132	186	
Current assets	199,555	208,210	281,213	339,868	
Current liabilities	66,367	73,842	115,922	125,312	
Non-current liability	389	842	43	–	
Net assets	134,569	135,865	168,380	214,742	
Gearing ratio	36.5%	35.3%	29.3%	11.7%	

As illustrated above, all the Group's revenue has been generated from provision of the Fitting-Out Services (including fitting-out works and interior renovation works) in Hong Kong since 2020 and the Group's sources of revenue are categorised as residential and non-residential fitting-out services.

*(i) For the six months ended 30 September 2021*

The Group's revenue decreased by approximately 26.7% to approximately HK\$105.7 million for HY2021, compared with HK\$144.3 million for HY2020. The decrease was primarily attributable to a decrease in the number of projects available



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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within the market during HY2021, which was caused by the impact of COVID-19 pandemic in Hong Kong. Please refer to our analysis regarding the historical number of quotations/tenders submitted by the Group before and after the COVID-19 pandemic under the section headed “3. Prospects and outlook of the Group” in this letter.

The Group recorded gross profit of approximately HK\$4.9 million during HY2021 comparing to a gross loss of approximately HK\$24.1 million for HY2020. The Group’s gross profit margin was approximately 4.6% for HY2021 as compared to a negative gross profit margin of approximately 16.7% for HY2020. The gross loss of approximately HK\$24.1 million for HY2020 was primarily due to (i) decrease in revenue arising from decline in number of projects available within the market; (ii) increase in the Group’s overall construction costs mainly due to additional costs arising from maintaining the operation of work sites as a result of the delay in certain projects under the impact of COVID-19 pandemic during HY2020; and (iii) gross loss of approximately HK\$28.0 million recorded for a project undertaken by the Group at Tuen Mun due to the additional costs incurred to catch up with the progress and handover to end-buyers (the “**Tuen Mun Project**”). On the other hand, the increase in gross profit for HY2021 compared to gross loss for HY2020 was primarily attributable to the improvement in the overall construction costs control under the current fierce industry competition during the period. As advised by the Management, the construction costs control is likely to sustain and the Group shall continue to be benefitted in future years.

The Group incurred administrative and other operating expenses of approximately HK\$5.4 million for HY2021 compared to approximately HK\$6.9 million for HY2020, representing a 21.7% decrease. This was mainly due to the decrease in depreciation expense, professional fees and staff cost incurred during HY2021.

Net loss of the Group amounted to approximately HK\$1.3 million for HY2021, representing a decrease of 95.1% compared to approximately HK\$26.6 million for HY2020. Such decrease was mainly due to the improvement in the costs control.

The net assets value of the Group was approximately HK\$135.87 million as at 31 March 2021 and approximately HK\$134.57 million as at 30 September 2021, respectively. We consider the change in net assets value of the Group as at 30 September 2021 and 31 March 2021 were relatively stable as compared to historical adjustment as at 31 March 2019 and 2020, respectively.

The gearing ratio of the Group increased from approximately 35.3% as at 31 March 2021 to approximately 36.5% as at 30 September 2021, which was mainly due to increase in bank borrowings during HY2021.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(ii) For the year ended 31 March 2021*

During FY2021, the Group's revenue decreased by approximately 33.8% to approximately HK\$278.2 million compared to that of approximately HK\$420.3 million for FY2020. Such decrease was primarily due to (i) the decrease in number of projects available within the market during FY2021 caused by the impact of COVID-19 pandemic in Hong Kong; and (ii) the adoption of a more competitive project pricing strategy by the Group in order to secure new projects (notwithstanding a relatively low gross profit margin) during FY2021 in response to the intense market competition.

As advised by the Management, the competition in fitting-out industry has always been intense and the outbreak of COVID-19 pandemic has caused the industry to become more competitive as the fitting-out industry in Hong Kong is fragmented and there are no particular licensing requirements for carrying out fitting-out works in private sector. The Management is of the view that even if the impact of COVID-19 pandemic dies down, the Group may still face strong competition from other existing and/or new contractors in the tender process for fitting-out projects given some of the competitors may have more resources, longer operating histories, stronger relationship with customers and reputable brand names, which directly exert pricing pressure to the Group which reduces the profit margins even though the Group will continue to implement of construction cost control. Hence, it is uncertain to conclude the future financial performance of the Group.

The Group recorded gross loss of approximately HK\$28.1 million for FY2021 in comparison to gross profit of approximately HK\$11.4 million for FY2020. During FY2021, the Group recorded a negative gross profit margin of approximately 10.1% in comparison to a gross profit margin of approximately 2.7% for FY2020. Such change from gross profit to gross loss was attributable to the decrease in the revenue and increase in direct cost which was mainly due to the Tuen Mun Project during FY2021. The Management further explained that the Tuen Mun Project had been prolonged and delayed under the COVID-19 pandemic, and incurred unexpected additional costs, which had been absorbed by the Group.

The Group's administrative and other operating expenses decreased approximately 15.2% from approximately HK\$17.1 million in FY2020 to approximately HK\$14.5 million in FY2021. Such decrease was primarily due to the decrease in staff cost, professional fees and entertainment expenses incurred during FY2021.

Loss attributable to equity holders of the Company for FY2021 was approximately HK\$32.5 million. Such loss was mainly attributable to the gross loss recorded from the Tuen Mun Project during the FY2021, which had been prolonged and delayed under the COVID-19 pandemic, due to unexpected additional costs incurred.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The net assets of the Group decreased from approximately HK\$168.38 million as at 31 March 2020 to approximately HK\$135.87 million as at 31 March 2021. Such decrease in net assets of the Group was mainly attributable to decrease in contract asset and trade and other receivables, which was ultimately due to decrease in revenue for FY2021.

The gearing ratio of the Group increased from approximately 29.3% as at 31 March 2020 to approximately 35.3% as at 31 March 2021. The increase was primarily due to a drop in total equity resulted from increase in net loss from approximately HK\$8.0 million for FY2020 to approximately HK\$32.5 million for FY2021.

*(iii) For the year ended 31 March 2020*

During FY2020, the Group's revenue decreased by approximately 37.2% to approximately HK\$420.3 million in comparison to approximately HK\$669.8 million for FY2019. Such decrease in revenue was primarily due to (i) the decrease in number of large-sized projects undertaken during FY2020; (ii) the delay in certain projects as a result of the outbreak of COVID-19 epidemic which made workers at the same site or unit to work separately to prevent from getting infected or spreading the virus, which in turn has slowed down the work progress; and (iii) the adoption of a more competitive project pricing strategy by the Group in response to the intense market competition.

The Group's gross profit decreased by approximately 85.8% to approximately HK\$11.4 million from approximately HK\$80.4 million for FY2019, which was attributable to the decrease in the revenue as discussed above and the decrease in the Group's gross profit margin. Gross profit margin for FY2020 was approximately 2.7%, which lowered from approximately 12.0% of FY2019. The decrease in the gross profit margin was mainly due to the adoption of a more competitive pricing strategy by the Group in response to intense market competition, coupled with the increase in the overall construction costs resulted from unexpected additional costs incurred for certain projects during FY2020 due to the delays in projects as a result of social unrest in Hong Kong since June 2019 and the outbreak of the COVID-19 pandemic at the beginning of 2020.

The Group's net loss was approximately HK\$8.0 million for FY2020, whereas FY2019 attained approximately HK\$36.0 million of net profit. Such change was mainly due to the decrease in revenue and increase in direct costs due to the delays in projects as a result of the social unrest in Hong Kong since June 2019 and the outbreak of the COVID-19 pandemic at the beginning of 2020 as discussed above.

The net assets of the Group decreased from approximately HK\$214.74 million as at 31 March 2019 to approximately HK\$168.38 million as at 31 March 2020. Such decrease in net assets of the Group was mainly attributable to decrease in contract

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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asset, trade and other receivables and cash and bank balances, which was ultimately due to decrease in revenue for FY2020.

The gearing ratio of the Group increased from approximately 11.7% as at 31 March 2019 to approximately 29.3% as at 31 March 2020. The increase was primarily due to the decrease in equity because of the change from net gain for FY2019 to net loss for FY2020 and increase in bank borrowings during FY2020.

## 2. Background and intention of the Offeror

### 2.1 Background information of the Offeror and parties acting in concert with it

As stated in the “Letter from Capital 9”, the Offeror is an investment holding company incorporated under the laws of the British Virgin Islands with limited liability, which is owned as to 46.67% by Mr. Chen Yidong, 29.33% by Mr. Lin Zheng, 12% by Mr. Wang Kuan and 12% by Mr. Chen Jian.

Mr. Chen Yidong has experience in business management and property investment. He is one of the directors and founders holding 39% equity interest in China Yong Energy (Xiamen) Co., Ltd.\* (華永能源廈門有限公司), a company incorporated in the PRC in 2019 which is principally engaged in the trading of commodities such as steel and property investment. He is also the beneficial owner of Xiamen Xunda International Trading Company Limited\* (廈門迅達國際貿易有限公司), a company incorporated in the PRC in 2019 which is principally engaged in the trading of commodities such as steel and petrochemical products, and achieved turnover of over RMB4 billion in 2021. Apart from the above, Mr. Chen Yidong also invested in and managed business of Xiamen Dinglong Trading Company Limited\* (廈門錠龍貿易有限公司), a company incorporated in the PRC in 2019 which is principally engaged in trading business.

Mr. Lin Zheng is the sole director of the Offeror. He is one of the founders and directors of Beijing Rebellion Technology Company Limited\* (北京銳百凌科技有限公司) (“**Beijing Rebellion**”), a company incorporated in the PRC in 2017 which is principally engaged in the design and sales of gas and flame detection system. He also had experience in investing in and managing nickel smelting and trading business.

Mr. Wang Kuan has around 8 years’ experiences in outdoor and interior design industry. He is one of the founders and directors of Fuzhou Badu Decoration and Design Engineering Company Limited\* (福州八度裝飾設計工程有限公司), a company incorporated in the PRC in 2015 which is principally engaged in outdoor and interior design. In 2019, he formed Yisu Meixue (Fuzhou) Technology Company Limited\* (易素美學(福州)科技有限公司) which is also principally engaged in similar design business.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Mr. Chen Jian has over 10 years' experiences in business management. He has been the deputy general manager of Beijing Rebellion since 2017. Before joining Beijing Rebellion, he took management role and focused in business development and marketing in other business enterprises in trading and software development industry.

Save as (i) the common interest in the Offeror; and (ii) Mr. Lin Zheng and Mr. Chen Jian are colleagues at Beijing Rebellion, there is no other relationship between/among any of the shareholders of the Offeror.

### *2.2 Intentions of the Offeror regarding the Group*

As set out in the "Letter from Capital 9", upon Completion, the Offeror has become the controlling shareholder of the Company. 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.

Subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. However, as at the Latest Practicable Date, no business plan has been formulated yet and no such investment or business opportunities has been identified nor has the Offeror and/or the Company entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, or disposal of or downsizing of the Group's existing business. Further, the Offeror has no intention to discontinue the employment of the employees (save for the change in the composition of the Board) or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business.

### *2.3 Proposed change of the Board composition*

As at the Latest Practicable Date, the Board is made up of six Directors, comprising three executive Directors, being Mr. Man Hoi Yuen ("**Mr. Man**"), Ms. Ng Yuen Chun, and Mr. Ho Chi Hong ("**Mr. Ho**"); and three independent nonexecutive Directors, being Mr. Chan Ka Yu, Dr. Lo Ki Chiu and Mr. Leung Wai Lim.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the Letter from the Board, subject to compliance with Listing Rules, Takeovers Code and the articles of association of the Company, from the date of the Sale and Purchase Agreement until all payments under the Promissory Note are fully settled, (a) the Offeror can only nominate no more than 2 directors to the Board; and (b) not do anything that would cause Mr. Man and/or Mr. Ho to lose their positions in the Board (the “**Board Arrangement**”). As the Board Arrangement would enable the Vendor to secure the fulfilment of the Offeror’s payment obligation under the Promissory Note for the settlement of the Consideration, we consider the Board Arrangement is reasonable and is a commercial decision between the Vendor and the Offeror. In addition, given Mr. Man and Mr. Ho, who are familiar with the Group’s business operation, will remain in the Board, we consider the Group would be able to maintain its brand awareness among business stakeholders in the Fitting-Out Services industry as well as customers’ and suppliers’ confidence in the Group’s business operation.

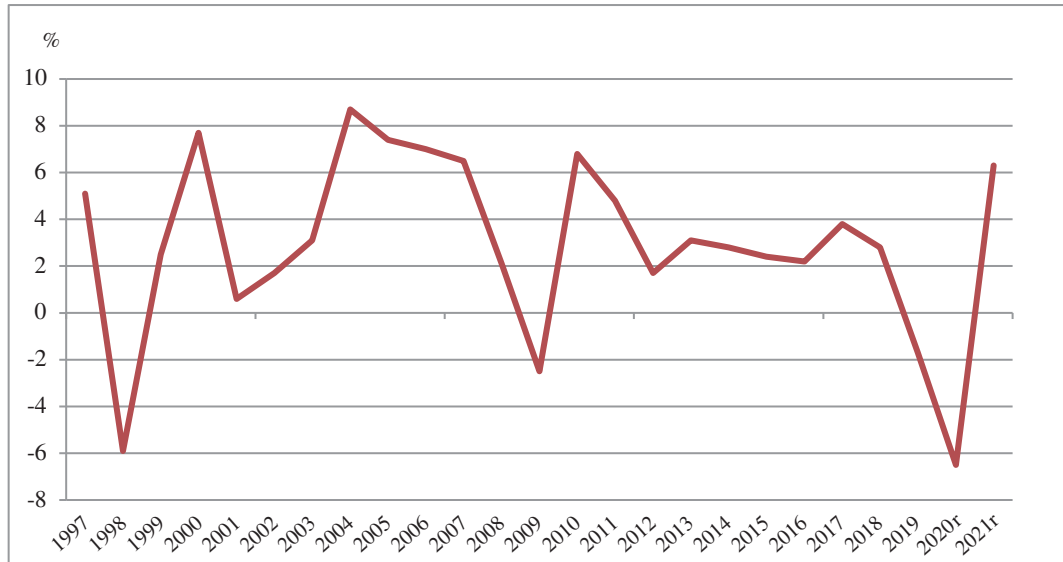
As set out in the “Letter from Capital 9”, it is intended that Ms. Ng Yuen Chun will resign after Completion and with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate no more than 2 new Directors to the Board after the close of the Offer and any such appointment 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).

### **3. Prospects and outlook of the Group**

As the Group’s revenue is solely derived from the provision of the Fitting-Out Services for residential and commercial properties in the private sector in Hong Kong, we accordingly performed researches in relation to Hong Kong’s economic environment and the performance of local construction works market.

**3.1 Overview on the GDP growth rate in Hong Kong**

**Table 2: Percentage change of Gross Domestic Product (“GDP”) in Hong Kong: 1997–2021**



(Source: official website of the Census and Statistics Department of Hong Kong)

Note: “r” means revised figures published by the Census and Statistics Department of Hong Kong

As illustrated in the above graph, the gross domestic product (“GDP”) of Hong Kong has fluctuated widely after 2017. The GDP in Hong Kong changed from a positive growth of 3.8% in 2017 (being the highest level since 2012) to a drop in GDP of 6.5% in 2020. Based on the latest results published by the Census and Statistics Department of Hong Kong on 13 May 2022, the GDP bounced back to a positive growth of approximately 6.3% in 2021. Nevertheless, according to a blog published on 15 May 2022 (the “**FS Blog**”) by Mr. CHAN Mo-po (“**Mr. Chan**”), the Financial Secretary of Hong Kong, Mr. Chan mentioned the recent fifth wave of the COVID-19 epidemic has brought severe impact on the economic performance in the first few months of 2022, and economic data for April 2022, which was not available on the publication date of the FS Blog in May 2022, are expected to remain relatively weak due to the epidemic. Therefore, as disclosed in the FS Blog, the Hong Kong Government decided to revise down Hong Kong’s GDP growth forecast for 2022 to 1% to 2% from 2% to 3.5%, which means the momentum of Hong Kong’s economic recovery will be weaker than expected after 6.3% GDP growth in 2021. Given the aforesaid, we believe the GDP performance is dependent on the development of COVID-19 pandemic and how the Hong Kong Government will react to the situation.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

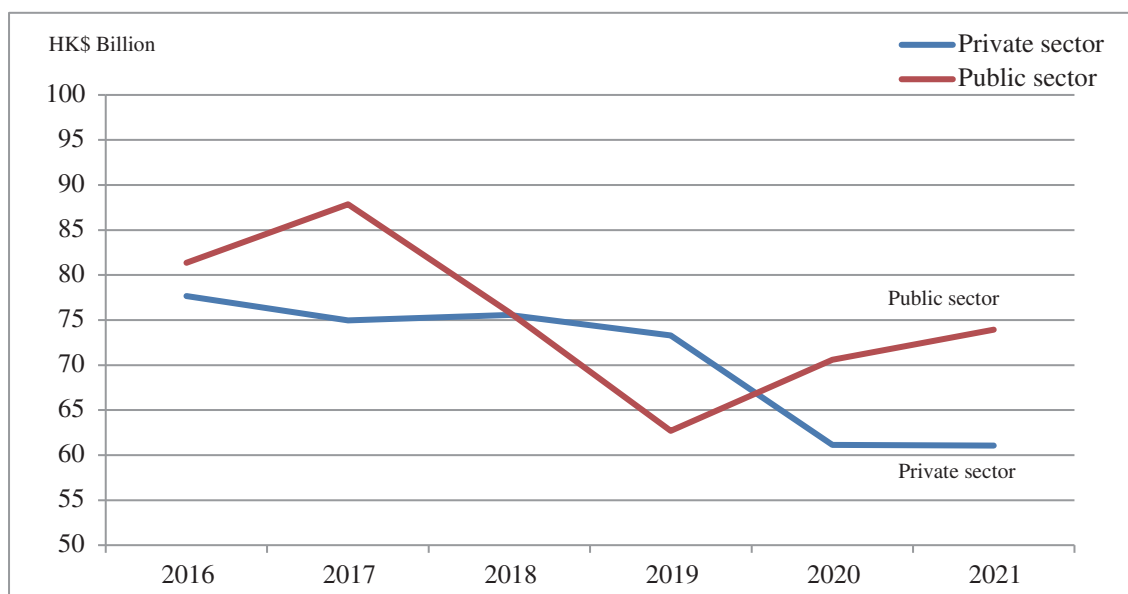
### 3.2 Overview on construction works in Hong Kong

**Table 3A: Total gross value of construction works performed by main contractors in Hong Kong**

	2016	2017	2018	2019	2020	2021
	HK\$ billion	HK\$ billion	HK\$ billion	HK\$ billion	HK\$ billion	HK\$ billion
Total	236.5	249.9	252.2	236.4	229.8	233.7
Private sector sites	77.7	74.9	75.6	73.3	61.1	62.2
Public sector sites	81.4	87.9	75.9	62.7	70.6	74.5
Construction works at locations other than sites	77.4	87.1	100.7	100.4	98.2	97.0

(Source: official website of the Census and Statistics Department of Hong Kong)

**Table 3B: Trend of gross value of construction works in private and public sector sites**



(Source: official website of the Census and Statistics Department of Hong Kong)

According to the Census and Statistics Department of Hong Kong (<https://www.censtatd.gov.hk>) and as illustrated in Table 3A above, the total gross value of construction works performed by main contractors in Hong Kong fluctuated over the past six years. From 2016, the total gross value of construction works performed by main contractors in Hong Kong increased stably from approximately HK\$236.5 billion to approximately HK\$252.2 billion in 2018 with an average yearly increase rate of approximately 4.06%. However, the total gross value dropped by approximately 6.3% to approximately HK\$236.4 billion in 2019 and



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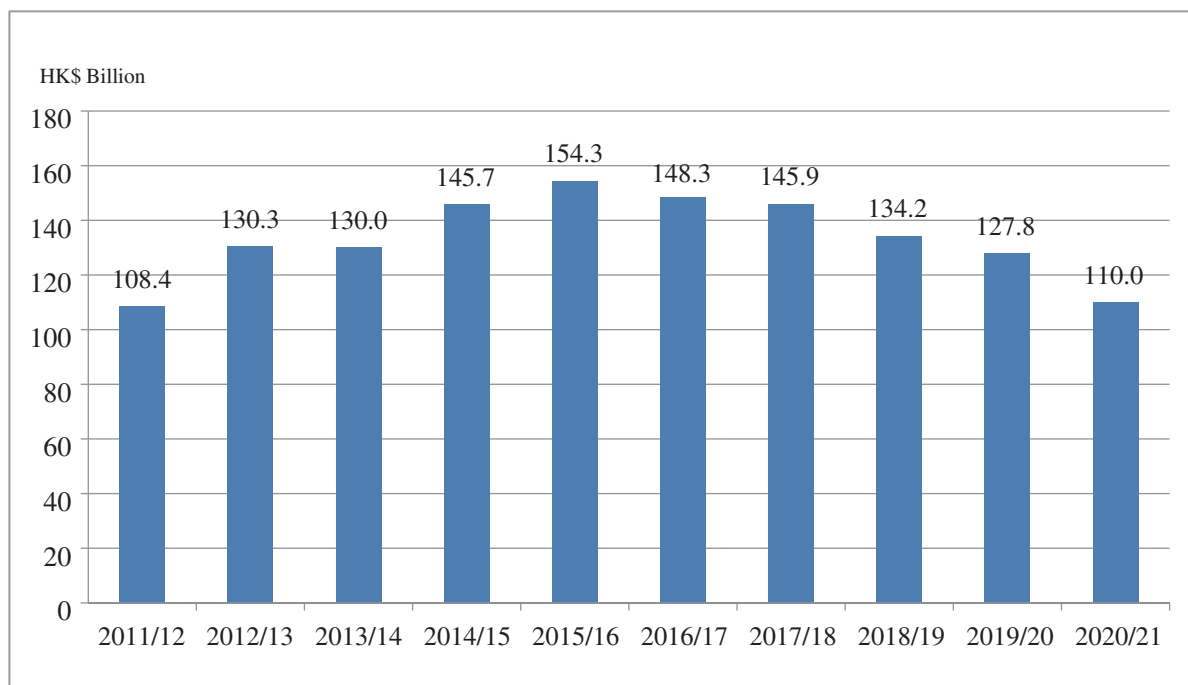
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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further decreased by 2.8% to approximately HK\$229.8 billion in 2020. For 2021, the gross value figure increased slightly by approximately 1.70% to approximately HK\$233.7 billion.

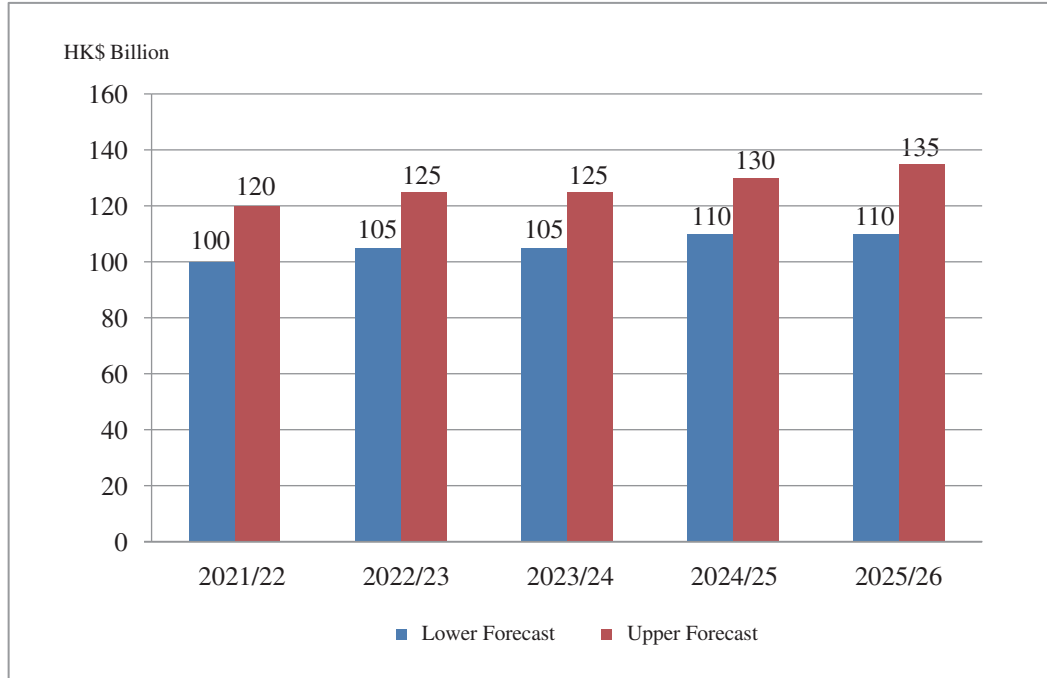
The gross value of construction works performed by main contractors in Hong Kong constitutes the gross values of construction works in private sector sites, public sector sites and locations other than sites. According to the Census and Statistics Department of Hong Kong (<https://www.censtatd.gov.hk>) and as illustrated in Table 3B above, we understood the trend of the gross value of construction works in private sector sites after the outbreak of the COVID-19 pandemic was more inferior to public sector sites, with the gross value of private sector dropped from approximately HK\$73.3 billion in 2019 to approximately HK\$61.1 billion in 2020 and approximately \$62.2 billion in 2021, respectively. In comparison, the gross value of construction works in public sector sites in 2020 and 2021 has increased from approximately HK\$62.7 billion in 2019 to approximately HK\$70.6 billion in 2020 and approximately HK\$74.5 billion in 2021 respectively. As such, we consider the risk-resistant ability of private sector sites is much lower than the public sites during the COVID-19 period.

**Table 4A: Historical Construction Expenditure in Private Sector**



*(Source: official website of Construction Industry Council)*

**Table 4B: Mid-term Construction Expenditure Forecast in Private Sector**



*(Source: official website of Construction Industry Council)*

Furthermore, according to the official website (<https://www.cic.hk/eng/>) of Construction Industry Council (“CIC”) and as shown in Table 4A, we noted that the total construction expenditure in private sector from year 2015/16 to year 2020/21 recorded negative trend with change rate ranging from -3.89% to -13.93%. We also understood the total construction expenditure in private sector reached the lowest of approximately HK\$110.0 billion in year 2020/21 for the last decade and may drop to HK\$100.0 billion in 2021/22 as forecasted by CIC. In mid-term future, CIC anticipates the total construction expenditure in private sector might return to the pre-COVID-19’s level of HK\$135.0 billion in 2025/26 (i.e. the upper forecast as shown in Table 4B). As such, it is expected that the private sector of the construction industry still takes time to recover back to pre-COVID-19 level, which also highly rely on the COVID-19 condition in Hong Kong.

As advised by the Management, the overall fitting-out market in Hong Kong is considered to be fragmented and competitive in terms of number of market participants. With reference to the statistics from CIC, there are 1013 market participants providing fitting-out services in Hong Kong as of May 2022, representing an increase of approximately 39.0% as compared to 729 market participants as of December 2019. Given that it might still take time for the construction market to recover, while the number of market participants is increasing, we consider that the fitting-out industry in Hong Kong will remain competitive.

### *3.3 Other challenges facing by the Group*

We understood from the 2021 Interim Report that apart from COVID-19 uncertainties, the Group also faces unsolved issues regarding Hong Kong's fitting-out industry, such as increasing operating cost, lack of experienced workers, and fluctuating material prices etc..

According to the CIC, as of April 2022, about 43% of 584,495 registered workers were aged 50 or above and are expected to retire in the coming years and around 24% of the total registered workers were aged from 40-49. In comparison, around 31% of the total registered workers were aged 39 or below. Given the demographic distribution of the workers published by CIC, it is believed that the ageing workforce and the decreasing number of youngsters joining the construction and fitting-out industry have led to the problem of labour shortage and shortage of experienced workers. Given the market participants in fitting-out industry are increasing, it is expected that the labour costs for the Group to retain experienced workers and attract the youngsters would face upward pressure in future. As further advised by the Management, most of the fitting-out materials in Hong Kong are imported from the PRC and the lockdowns in some of PRC's major manufacturing areas due to COVID-19 pandemic had inevitably caused materials shortage and supply chain problems which in turn exert adverse impact on the construction materials' unit price.

Apart from the aforesaid, the Group recorded decreasing revenue during the past three financial years with a change from net profit for FY2019 to net loss for FY2020 and FY2021 due to decrease in the number of projects available within the market for FY2020 and FY2021. According to the IPO prospectus of the Company dated on 13 December 2018 and a summary list of tender record of the Group for FY2020 and FY2021 (the "**Tender Record**"), we understood the number of tenders/quotations submitted by the Group for each of the financial years ended 31 March 2016, 2017 and 2018 amounted to 106, 74 and 93, respectively. Nevertheless, the number of tenders/quotations submitted by the Group for FY 2020 and FY2021 amounted to 48 and 62, respectively. Based on the aforesaid, it is understood that the number of projects available within the market to the Group for submitting tenders/quotations after the COVID-19 pandemic is less than that for the pre-COVID-19 period.

Furthermore, based on the Tender Record, we understood that the number of the projects awarded to the Group was decreasing since FY2020. As advised by the Management, such decrease is mainly due to the decrease in number of projects available within the market after the outbreak of the COVID-19 pandemic, while the Group had to upward adjust the tender prices to reflect of the overall upward price pressure and the potential risks for materials shortage and supply chain problems under the COVID-19 pandemic which made the Group's tender submission less competitive.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *3.4 Our view*

Having considered the uncertainties associated with the financial performance and prospects of the Group as discussed above, including but not limited to (i) the recovery of Hong Kong economy is dependent on the development of the COVID-19 pandemic and how the Hong Kong Government will react and/or going to deal with the situation; (ii) recent downward correction of Hong Kong's economic growth forecast by the Hong Kong Government; (iii) the shrink in gross value of construction works in private sector since the outbreak of COVID-19 pandemic; (iv) the total construction expenditure in private sector is anticipated to take years to return back to the pre-COVID-19 level; (v) the shortage of experienced and young workers and the upward surge of construction material prices; and (vi) the Group's business operations is largely correlated to the local economic growth and the situation of the COVID-19 pandemic in Hong Kong, the Group might continue to operate in a challenging environment in future and the recovery momentum will be hindered by development of the COVID-19 pandemic and recovery in local construction industry, and we remain cautious about the prospects and outlook of the Group.

### **4. 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\$0.7212 in cash**

The Offer Price of HK\$0.7212 is equal to the sum of (i) the purchase price per Sale Share of HK\$0.6875 paid by the Offeror under the Sale and Purchase Agreement; and (ii) the interest payable under the Promissory Note per Sale Share of HK\$0.0337. 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4.1 Analysis on the Offer Price

The Offer Price of HK\$0.7212 per Offer Share represents:

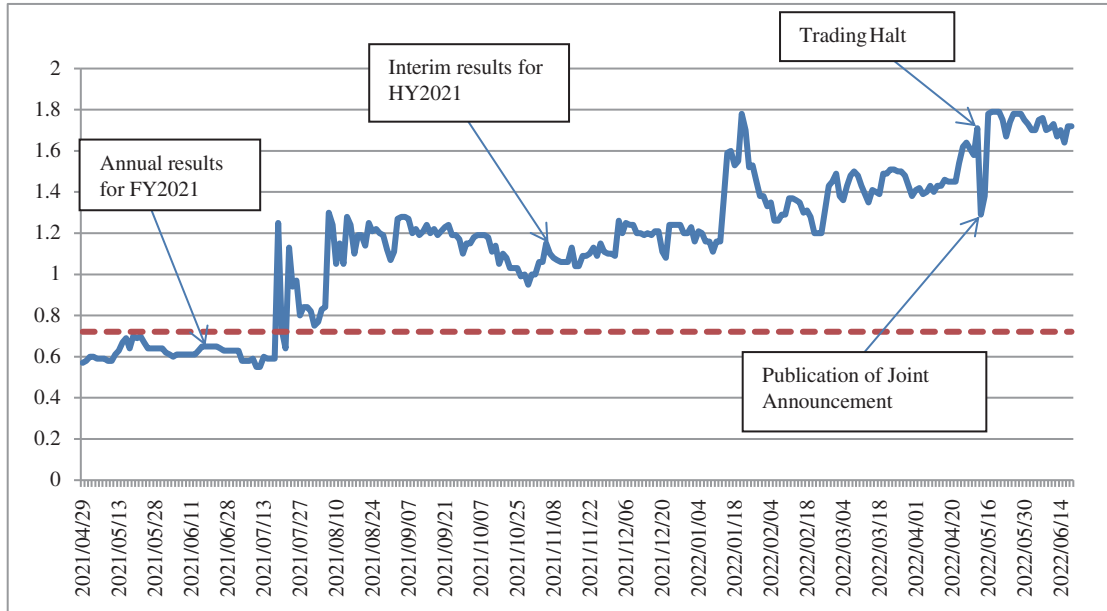
- (i) a discount of approximately 58.07% to the closing price of HK\$1.72 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 57.82% to the closing price of HK\$1.71 per Share as quoted on the Stock Exchange immediately before trading in the Shares were halted on 3 May 2022 and being the Last Trading Day (i.e. 29 April 2022);
- (iii) a discount of approximately 55.81% to the average closing price of HK\$1.632 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 53.50% to the average closing price of HK\$1.551 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 51.17% to the average closing price of HK\$1.477 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 157.57% over the audited consolidated net asset value of the Group of approximately HK\$0.28 per Share as at 31 March 2021 (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\$135,865,000 as at 31 March 2021 and 480,000,000 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 157.57% over the unaudited consolidated net asset value of the Group of approximately HK\$0.28 per Share as at 30 September 2021 (being the date to which the latest unaudited consolidated interim results of the Group were made up), calculated based on the Group's unaudited consolidated net assets of approximately HK\$134,569,000 as at 30 September 2021 and 480,000,000 Shares in issue as at the Latest Practicable Date.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 4.2 Historical performance of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 29 April 2021, being the twelve-month period prior to the Last Trading Day (i.e. 29 April 2022), up to and including the Latest Practicable Date (the “Review Period”):

**Table 5: Share price performance during the Review Period**



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

Note: The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 3 May 2022 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 12 May 2022.

We have reviewed the movements in the closing price of the Shares for the Review Period. We consider that the length of the Review Period to be reasonably long enough to illustrate the relationship between the historical trend of the closing price of the Shares and the Offer Price.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Shares have been trading above the Offer Price since 22 July 2021. The lowest and highest closing price of the Shares during the Review Period were HK\$0.55 per Share recorded on 9 July 2021 and 12 July 2021 and HK\$1.79 per Share recorded on from 17 May 2022 to 19 May 2022, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is approximately HK\$1.159 per Share. The Offer Price of HK\$0.7212 per Share represents (i) a premium of approximately 31.13% over the lowest closing price of HK\$0.55 per Share; (ii) a discount of approximately 59.71% to the highest closing price of HK\$1.79 per Share; and (iii) a discount of approximately 37.78% over the average daily closing price of approximately HK\$1.159 per Share during the Review Period.

### *Pre-Announcement Period*

During the period under review from 29 April 2021 to 29 April 2022 (being the Last Trading Day) (the “**Pre-Announcement Period**”), the closing prices of the Shares fluctuated and experienced an overall upward trend. The lowest and highest closing price of the Shares during this period were HK\$0.55 per Share recorded on 9 July 2021 and 12 July 2021 and HK\$1.78 per Share recorded on 20 January 2022 respectively as quoted on the Stock Exchange. The Offer Price of HK\$0.7212 per Share represents (i) a premium of approximately 31.13% over the lowest closing price of HK\$0.55 per Share; (ii) a discount of approximately 59.48% to the highest closing price of HK\$1.78 per Share; and (iii) a discount of approximately 34.55% over the average daily closing price of approximately HK\$1.102 per Share during the Pre-Announcement Period.

The Share price from 29 April 2021 to mid of July 2021 has demonstrated an overall steady trend and with very thin trading volume (reference to the section headed “Historical trading volume of the Shares” below). Nevertheless, there are observable fluctuations in the closing price (i) from HK\$0.59 per Share on 16 July 2021 to HK\$1.25 per Share on 19 July 2021, which represents an approximately 111.86% increase in the closing price of the Shares; (ii) from HK\$1.25 on 19 July 2021 to HK\$0.73 on 20 July 2021, reducing by approximately 41.60%, (iii) from HK\$0.64 per Share on 21 July 2021 to HK\$1.13 per Share on 22 July 2021, which represents an approximately 75.56% increase in the closing price of the Shares; (iv) from HK\$0.84 per Share on 5 August 2021 to HK\$1.30 per Share on 6 August 2021, which represents an approximately 54.76% increase in the closing price of the Shares;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(v) from HK\$1.11 per Share on 10 January 2022 to HK\$1.78 per Share on 20 January 2022, increasing by approximately 60.36%; and (vi) from HK\$1.78 per Share on 20 January 2022 to HK\$1.20 on 22 February 2022, dropping by approximately 32.50%. We have observed that the Company has not published any announcement immediately prior to these fluctuations on closing price of the Shares and the trading volume of the Shares was relatively low during the periods. We have also enquired with the Management for the possible reasons for these price movements during the Pre-Announcement Period and were advised that the Company was not aware of any other reasons for this unusual price movement. We believe the price movements during the periods were mainly due to the market speculation.

### *Post-Announcement Period*

During the period under review from 12 May 2022 up to and including the Latest Practicable Date, (the “**Post-Announcement Period**”), the Offer Price of HK\$0.7212 per Share represents (i) a discount of approximately 44.09% over the lowest closing price of HK\$1.29 per Share; and (ii) a discount of approximately 59.71% to the highest closing price of HK\$1.79 per Share during the Post-Announcement Period.

Despite the Offer Price represents a premium over the unaudited consolidated net asset value per Share as at 30 September 2021, based on the fact that the Shares have been trading above the Offer Price during the majority of the Review Period, and in particular, recent prices of Shares remain substantially higher than the Offer Price, we are of the view that the Offer Price is unattractive and therefore not fair and not reasonable.

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



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**4.3 Historical trading volume of the Shares**

The following table sets out the historical monthly trading volumes of the Shares and the percentage of the number of Shares traded as compared to the total number of Shares in issue during the Review Period.

**Table 6: Trading volume of the Shares during the Review Period**

Month/Period	Total trading volume for month/period (number of Shares)	Number of trading days during the month (days)	Average daily trading volume for month/period (number of Shares)	Percentage of average daily trading volume to total number of the Shares in issue as at the Latest Practicable Date (note 3)	Percentage of average daily trading volume to total number of the Shares held by public Shareholders as at the respective month or period (note 4)
<b>2021 (note 1)</b>					
29 April to 30 April	686,000	2	343,000	0.0715%	0.2858%
May	3,094,000	20	154,700	0.0322%	0.1289%
June	444,000	21	21,143	0.0044%	0.0176%
July	69,890,000	21	3,328,095	0.6934%	2.7734%
August	27,198,000	22	1,236,273	0.2576%	1.0302%
September	5,366,000	21	255,524	0.0532%	0.2129%
October	2,074,000	18	115,222	0.0240%	0.0960%
November	3,850,000	22	175,000	0.0365%	0.1458%
December	1,512,000	22	68,727	0.0143%	0.0573%

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Month/Period	Total trading volume for month/period (number of Shares)	Number of trading days during the month (days)	Average daily trading volume for month/period (number of Shares)	Percentage of average daily trading volume to total number of the Shares in issue as at the Latest Practicable Date (note 3)	Percentage of average daily trading volume to total number of the Shares held by public Shareholders as at the respective month or period (note 4)
<b>2022</b>					
January	12,514,000	21	595,905	0.1241%	0.4966%
February	4,070,000	17	239,412	0.0499%	0.1995%
March	4,288,000	23	186,435	0.0388%	0.1554%
1 April to and up to the Last Trading Day (i.e. 29 April 2022) (note 2)	3,142,000	18	174,556	0.0364%	0.1455%
12 May to and including the Latest Practicable Date (note 2)	7,994,000	26	307,462	0.0641%	0.02562%
			<b>Maximum</b>	0.6934%	2.7734%
			<b>Minimum</b>	0.0044%	0.0176%
					0.4287%
			<b>Average</b>	0.1072%	

Source: [www.hkex.com.hk](http://www.hkex.com.hk)

Notes:

1. The Review Period commenced on 29 April 2021.
2. The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 3 May 2022 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 12 May 2022.
3. Based on 480,000,000 Shares in issue as at the Latest Practicable Date.
4. Based on 120,000,000 Shares held by public Shareholders as at the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated above, the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue as at the Latest Practicable Date ranged from the lowest of approximately 0.0044% in June 2021 to the highest of approximately 0.6934% in July 2021, with an average daily trading volume throughout the whole Review Period of approximately 0.1072% of the total number of issued Shares as at the Latest Practicable Date. If only Shares held by public Shareholders (the “**Free Float Shares**”) are considered in calculating the percentage of average daily trading volume of the Shares as at the respective periods under the Review Period, the average trading volume of the Free Float Shares during the Review Period ranged from the lowest of approximately 0.0176% in June 2021 to the highest of approximately 2.7734% in July 2021, with an average daily trading volume throughout the whole Review Period of approximately 0.4287% of the total number of Free Float Shares as at the Latest Practicable Date. Therefore, the trading volume of the Shares was relatively thin in the Review Period and illiquid in the open market.

During the Pre-Announcement Period, we noted that the average daily trading volume of the Shares in July 2021 and August 2021 was relatively high. We have discussed with the Management regarding the relatively high trading volume of the Shares and were advised that they are not aware of any particular reason that led to the relatively high trading volume of the Shares. Save for the particularly high daily trading volume of the Shares in July and August 2021 as mentioned above, the average daily trading volume of the Shares was fairly thin during the Pre-Announcement Period.

Notwithstanding the slight increase in trading volume in the Post-Announcement Period, taking into account the fact that the daily trading volume of the Shares during the Post-Announcement Period was approximately 0.0641% of the total issued Shares as at the Latest Practicable Date and approximately 0.2562% of the Free Float Shares at the Latest Practicable Date, we are of the view that the trading volume of Shares can be considered generally low, and in normal circumstances, if the Independent Shareholders are to dispose of a large number of Shares in the market, it may exert downward pressure on the market price of Shares.

While the Offer may represent an opportunity for Independent Shareholders to dispose of Shares at a fixed price, in this case however, given that the Offer Price is substantially below prevailing market price of Shares as at the Latest Practicable Date, we are of the view that the Offer Price is unattractive so far as the Independent Shareholders are concerned. The Independent Shareholders who intend to realise their investment in the Company may choose to sell their Shares in the market instead of accepting the Offer, unless they are not able to do so in the market.

### *4.4 Comparable Analysis*

In order to further assess the fairness and reasonableness of the Offer Price, we have considered the price-to-book ratio (the “**P/B Ratio**”), the price-to-sales ratio (the “**P/S Ratio**”), the price-to-earnings ratio (the “**P/E Ratio**”) and dividend yield which are commonly adopted trading multiple analyses in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies determined by the open market. Given that the Group was loss-making for FY2020 and FY2021 and no dividend was distributed for the last financial year, the P/E Ratio analysis and dividend yield analysis are not applicable.

As disclosed in the IPO prospectus of the Company dated on 13 December 2018, we understood the construction industry (including fitting-out services) is a high operating expense industry in nature, and a large amount of capital is needed for project initiation and operating management, therefore, we consider the P/S Ratio is not an appropriate valuation benchmark in assessing the fairness and reasonableness of the Offer Price as it ignores the cost structure of a company.

According to the 2021 Interim Report, the Company is provision of the Fitting-Out Services and it had plenty of contract assets and trade and other receivables on the book which accounted for approximately 90.6% of the total asset value and approximately 135.5% of the net asset value of the Group as at 30 September 2021, respectively. As discussed with the Management, contract assets in the financial statements of the Company arises when the Company has completed a provision of service but has not received the underlying service fee until the relevant work has been certified by a relevant qualified expert. As such, contract assets are in essence delayed cash inflows to the Company which is similar to receivables. It is understood that the assets of the companies that are principally engaged in provision of fitting-out works and interior renovation works, i.e. the Company and the Comparable Companies, largely consist of clients’ payment obligations such as contract assets and/or receivables as described above, which represents an indicator of the financial status and a basic evaluation of a construction company as contract assets and/or receivables can be seen as the anticipated cash inflow of such company. On the other hand, as advised by the Management, the direct labour cost of the Group accounts for less than 10% of the total cost of the Group for FY2021, we consider the Company is not a labour-intensive company. Therefore, we consider that the P/B Ratio analysis is the most suitable valuation method for our analysis.

Based on the Offer Price of HK\$0.7212 per Offer Share and the total number of issued Shares of 480,000,000 as at the Latest Practicable Date, the Company is valued at approximately HK\$346.18 million. The P/B Ratio of the Company implied by the Offer Price is approximately 2.57 times (the “**Implied P/B Ratio**”) based on the unaudited consolidated net asset value of the Company of approximately HK\$134.57 million as at 30 September 2021.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have attempted to identify the comparable companies (the “**Comparable Companies**”) which are (i) listed on the Main Board of the Stock Exchange, (ii) principally engaged in the provision of fitting-out works and interior renovation works that involve upgrades, makeovers and demolition etc., with over 75% of total revenue for latest full financial year being generated from the aforesaid businesses in Hong Kong and/or Macau; (iii) with market capitalisation of not more than HK\$500 million as at the Latest Practicable Date; and (iv) with the percentage of the aggregate amount of contract assets and receivables comparing to total assets of not less than 50% as referred to its latest published interim/annual report. In this regard, we have identified 4 Comparable Companies in accordance with the abovementioned selection criteria, which we consider to be exhaustive. The following table set out the details of the Comparable Companies:

**Table 7: Details of the Comparable Companies**

No.	Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date <i>(Note 1)</i> <i>(HK\$' million)</i>	Net asset value <i>(HK\$' million)</i>	P/B Ratio <i>(times)</i>
1	Superland Group Holdings Limited (368.HK)	Provision of fitting-out services as well as repair and maintenance services to residential and commercial properties	360.0	150.9	2.39
2	Milestone Builder Holdings Limited (01667.HK)	Provision of building construction services, alteration, addition, fitting-out works and building services, as well as repair and restoration of historic buildings services	288.0	55.2	5.22
3	FDB Holdings Limited (1826.HK)	Provision of (i) contracting services for, among others, alteration and addition works and maintenance works, and (ii) financial information and technology services	158.5	49.9	3.18

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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No.	Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date (Note 1) (HK\$' million)	Net asset value (HK\$' million)	P/B Ratio (times)
4	Standard Development Group Limited (1867.HK)	Provision of (i) alteration and addition works services, (ii) fitting-out and renovation services; and (iii) interior design service	356.2	156.0	2.28
				Maximum	5.22
				Minimum	2.28
				Average	3.27
				Median	2.78
	<b>The Company</b>		<b>346.176</b> (Note 4)	<b>134.57</b>	<b>2.57</b>

*Sources: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective Comparable Companies*

*Notes:*

1. Based on the figures of the respective Comparable Companies as published in the latest published annual reports/annual results announcements.
2. The market capitalization of the Company is calculated based on the Offer Price of HK\$0.7212 and the number of issued Shares as at the Latest Practicable Date (i.e. 480,000,000 Shares).

As set out in above table, the P/B Ratios of the Comparable Companies ranged from approximately 2.28 times to approximately 5.22 times with an average of approximately 3.27 times and a median of approximately 2.78 times. Despite the Implied P/B Ratio of approximately 2.57 times is within the range, the Implied P/B Ratio is lower than the average and median of the P/B Ratios of the Comparable Companies.

On this basis, we are of the view that the Offer Price is not fair and not reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. The public float and listing status of the Company

As stated in the “Letter from Capital 9” contained in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer.

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

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

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 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 within a reasonable period following the close of the Offer to ensure that sufficient public float exists in the Shares. 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

Notwithstanding that (i) the Company will sustain construction cost control to improve the Group’s financial performance and (ii) Mr. Man and Mr. Ho will remain in the Board under the Board Arrangement, which will enable the Group to maintain its brand awareness in the Fitting-Out Services industry and suppliers’ and customers’ confidence on the Group’s operation, there is uncertainty as to the prospects and outlook of the business of the Group affected by the COVID-19 and the recovery of private sector construction industry in Hong Kong as discussed under the section headed “3. Prospects and outlook of the Group” above in this letter, having considered below factors and reasons:

- (a) the Offer Price is substantially below the closing prices of the Shares during the majority of the Review Period as well as recent closing prices of Shares during the Post-Announcement Period; and
- (b) the Implied P/B Ratio is lower than the average and median of the P/B Ratios of the Comparable Companies;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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we consider the terms of the Offer, especially the Offer Price, are not fair and not reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

Nevertheless, the Independent Shareholders should also note that (i) the market price of the Shares have been trading above the Offer Price since 22 July 2021 and up to the Latest Practicable Date; (ii) there is no guarantee that the Share price will sustain at a level above the Offer Price after the Closing Date; (iii) the Independent Shareholders (regardless to their amount of shareholdings) may not be able to realise their investments in the Shares at a price higher than the Offer Price when they are going to dispose of their partial or entire holdings. The Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares.

Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the financial performance of the Group and be aware of the potential difficulties they may encounter in disposing of their investments in the Shares at a price higher than the Offer Price after the close of the Offer given the generally low trading volume during the Review Period.

Yours Faithfully,  
For and on behalf of  
**Merdeka Corporate Finance Limited**  
**Wallace So**  
*Director*

*Mr. Wallace So is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.*



**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 “**Yield Go Holdings Ltd. – 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 receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and signed and delivered to the 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 on 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 by the Offeror, whichever is higher, and 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**

- (a) 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.
- (b) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honored and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.
- (d) 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 22 June 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.yield-go.com](http://www.yield-go.com).

## **5. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offer tendered by Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the 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, parties acting in concert with the Offeror, the Company, Head & Shoulders Securities, Capital 9, 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 Company, the Offeror and parties acting in concert with it, Head & Shoulders Securities, Capital 9, the Independent Financial Adviser, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offer will accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

**9. GENERAL**

- (a) All communications, notices, Form of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror and parties acting in concert with it, Head & Shoulders Securities, Capital 9, the Independent Financial Adviser, the Share Registrar or any of their respective directors or other parties involved in the Offer or any of their respective agents 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, Capital 9 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 Company, the Offeror and parties acting in concert with it, Head & Shoulders Securities, Capital 9 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 THE SIX MONTHS ENDED 30 SEPTEMBER 2021 AND EACH OF THE THREE FINANCIAL YEARS ENDED 31 MARCH 2021**

The following is a summary of the financial results of the Group for the six months ended 30 September 2021 and each of the three years ended 31 March 2021 as extracted from the interim and annual reports of the Company.

	<b>For the six months ended 30 September 2021 (unaudited) HK\$'000</b>	<b>For the year ended 31 March</b>		
		<b>2021 (audited) HK\$'000</b>	<b>2020 (audited) HK\$'000</b>	<b>2019 (audited) HK\$'000</b>
Revenue	105,714	278,182	420,302	669,780
– Other gains	9	11,836	46	62
– Administrative and other operating expenses	(5,444)	(14,546)	(17,073)	(32,531)
– Finance costs	(730)	(1,703)	(2,230)	(1,828)
(Loss)/Profit before income tax	(1,296)	(32,554)	(7,857)	46,131
Income tax credit/(expense)	–	39	(105)	(10,168)
Profit/(Loss) attributable to				
– Equity holders of the Company	(1,296)	(32,515)	(7,962)	35,963
– Non-controlling interests	Nil	Nil	Nil	Nil
Total comprehensive income for the period attributable to				
– Equity holders of the Company	(1,296)	(32,515)	(7,962)	35,963
– Non-controlling interests	Nil	Nil	Nil	Nil
Dividends	Nil	Nil	Nil	38,400
(Loss)/Earnings per share attributable to equity holders of the Company:				
– Basic and diluted	(HK0.27 cents)	(HK6.77 cents)	(HK1.66 cents)	HK9.22 cents
Dividends per share	Nil	Nil	Nil	HK8.00 cents

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 the six months ended 30 September 2021 and each of the three years ended 31 March 2021.

The auditors' report issued by HLB Hodgson Impey Cheng Limited in respect of the Group's audited consolidated financial statements for the year ended 31 March 2019, and the auditors' report issued by Grant Thornton Hong Kong Limited in respect of each of the two years ended 31 March 2021 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 2021**

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.yield-go.com>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0728/2021072800736.pdf>).

### **(i) Consolidated Statement of Financial Position as at 31 March 2021**

Please refer to page 55 of the 2021 Annual Report.

### **(ii) Consolidated Statement of Cash Flows for the year ended 31 March 2021**

Please refer to page 57 of the 2021 Annual Report.

### **(iii) Other Consolidated Financial Statements for the year ended 31 March 2021**

#### **(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2021**

Please refer to page 54 of the 2021 Annual Report.

#### **(b) Consolidated Statement of Changes in Equity for the year ended 31 March 2021**

Please refer to page 56 of the 2021 Annual Report.

### **(iv) Summary of Significant Accounting Policies and Notes to the Consolidated Financial Statements for the year ended 31 March 2021**

Please refer to pages 58 to 103 of the 2021 Annual Report.

### **3. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021 AND AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE TWO YEARS ENDED 31 MARCH 2020**

The unaudited consolidated financial statements of the Group for the six months ended 30 September 2021 are contained in the interim report of the Company for the six months ended 30 September 2021 (the “**2021 Interim Report**”) which was published on the websites of the Company (<http://www.yield-go.com>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1203/2021120301332.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.yield-go.com>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0731/2020073100624.pdf>).

The audited consolidated financial statements of the Group for the year ended 31 March 2019 are contained in the annual report of the Company for the year ended 31 March 2019 (the “**2019 Annual Report**”) which was published on the websites of the Company (<http://www.yield-go.com>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0731/lt20190731411.pdf>).

#### **(i) Summary of Significant Accounting Policies and Notes to the Consolidated Financial Statements for the six months ended 30 September 2021 and the two years ended 31 March 2020**

Please refer to pages 17 to 37 of the 2021 Interim Report, pages 54 to 103 of the 2020 Annual Report and pages 52 to 115 of the 2019 Annual Report.

### **4. INDEBTEDNESS**

As at 30 April 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had outstanding indebtedness comprising bank borrowings of approximately HK\$41.9 million, amount due to a director of approximately HK\$1.1 million and lease liabilities of approximately HK\$0.9 million.

The Group’s bank borrowings were secured by (i) corporate guarantee given by the Company; (ii) proceeds in relation to all account receivable of one of the subsidiaries of the Company; (iii) personal guarantees given by Mr. Man Hoi Yuen and Ms. Ng Yuen Chun (which fall within Rule 14A.90 of the Listing Rules); and (iv) pledge of property owned by Hoi Sing Holdings (HK) Limited (which falls within Rule 14A.90 of the Listing Rules). As at the Latest Practicable Date, Hoi Sing Holdings (HK) Limited was directly owned as to 50% by Mr. Man and as to 50% by Ms. Ng, and hence Hoi Sing Holdings (HK) Limited is a connected person of the Company. The lease liabilities were unsecured and unguaranteed.

The Group had a contingent liability of approximately HK\$44.04 million as disclosed in section headed “8. Litigation” in Appendix III to this Composite Document.

Save as aforesaid or otherwise disclosed herein, apart from intra-group liabilities, the Group did not have any other bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities at the close of business on 30 April 2022.

## 5. MATERIAL CHANGE

The Directors confirm that save and except for the below, there was no material change in the financial or trading position or outlook of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (i) as disclosed in the interim report ( “**2021 Interim Report**”) of the Company for the six months ended 30 September 2021 (“**2021H1**”), the Group recorded loss and total comprehensive expense for the period attributable to equity holders of the Company of approximately HK\$1.3 million for 2021H1, representing a decrease of approximately 95.1% as compared to a loss of approximately HK\$26.6 million for the six months ended 30 September 2020 (“**2020H1**”), primarily attributable to the net effect of: (a) decrease in revenue of approximately 26.7% from approximately HK\$144.3 million for 2020H1 to approximately HK\$105.7 million for 2021H1; (b) decrease in direct costs of approximately 40.1% from HK\$168.5 million for 2020H1 to approximately HK\$100.8 million for 2021H1; (c) decrease in other gain from approximately HK\$5.4 million for 2020H1 to approximately HK\$9,000 for 2021H1 due to the subsidies of approximately HK\$5.3 million received from government grant in relation to Employment Support Scheme for Regular Employees and Construction Sector (Casual Employees) during 2020H1 but nil such amount for 2021H1; and (d) decrease in administrative and other operating expenses of approximately 21.7% from HK\$6.9 million for 2020H1 to approximately HK\$5.4 million for 2021H1;
- (ii) as disclosed in 2021 Interim Report, trade and other payables of the Group decreased by approximately 34.3% from HK\$26.2 million as at 31 March 2021 to HK\$17.2 million as at 30 September 2021;
- (iii) as disclosed in 2021 Interim Report, the cash and bank balances of the Group was approximately HK\$14.1 million as at 30 September 2021, representing a decrease of approximately 40.1% as compared to approximately HK\$23.5 million as at 31 March 2021, which was mainly due to a net cash outflow in operating and financing activities of the Group of approximately HK\$9.4 million for 2021H1;

- (iv) on 12 April 2022, Hoi Sing Decoration Engineering Company Limited (“**Hoi Sing Decoration**”), an indirectly wholly-owned subsidiary of the Company, issued a writ of summons against Wah Yu Engineering Limited (華渝工程有限公司, “**Wah Yu Engineering**”) to claim for a sum overpaid by Hoi Sing Decoration to Wah Yu Engineering together with interest, costs and further or other relief, totaling approximately HK\$8.03 million. Since the claim is still at an early stage, the eventual impact on the Group could not be determined; and
- (v) on 14 April 2022, Hoi Sing Decoration received a writ of summons issued in by Wah Yu Engineering as plaintiff to claim a sum of approximately HK\$44.04 million purported to be balance of work done and services rendered by Wah Yu Engineering to Hoi Sing Decoration, together with interest, costs and further or other relief. Since the claim is still at an early stage, the eventual impact on the Group could not be determined.

## 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:

<b>As at the Latest Practicable Date</b>	<i>HK\$</i>
<i>Authorised:</i>	
1,000,000,000 Shares of HK\$0.01 each	10,000,000.00
<i>Issued:</i>	
480,000,000 Shares of HK\$0.01 each	4,800,000.00

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 2021 (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, save as disclosed below, 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.

#### *Long Position in the Shares*

Name of Director	Capacity/Nature of interest	No. of Shares held/ interested in	Approximate percentage of the total issued share capital of the Company
Mr. Man Hoi Yuen	Interest in controlled corporation ( <i>Note 1</i> )	360,000,000	75%
Ms. Ng Yuen Chun	Interest of spouse ( <i>Note 2</i> )	360,000,000	75%

*Notes:*

- Hoi Lang Holdings Ltd. is beneficially owned as to 50% by Mr. Man Hoi Yuen, 30% by Ms. Ng Yuen Chun, and 20% by Mr. Ho Chi Hong. Mr. Man Hoi Yuen, Ms. Ng Yuen Chun and Mr. Ho Chi Hong are the executive Directors of the Company.
- Ms. Ng Yuen Chun is the spouse of Mr. Man Hoi Yuen. Therefore, Ms. Ng Yuen Chun and Mr. Man Hoi Yuen are deemed or taken to be interested in the Shares held by Hoi Lang Holdings Ltd. under the SFO.



*Long Position in the shares of Associated Corporation*

Name of Director	Name of associated corporation	Capacity/Nature of interest	No. of shares held/ interested in the associated corporation	Percentage of shareholding
Mr. Man Hoi Yuen	Hoi Lang Holdings Ltd.	Beneficial owner	50 shares	50%
		Interest of spouse (Note 1)	30 shares	30%
Ms. Ng Yuen Chun	Hoi Lang Holdings Ltd.	Beneficial owner	30 shares	30%
		Interest of spouse (Note 1)	50 shares	50%
Mr. Ho Chi Hong	Hoi Lang Holdings Ltd.	Beneficial owner	20 shares	20%

Note:

- Ms. Ng Yuen Chun is the spouse of Mr. Man Hoi Yuen.

**(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/ interested in	Approximate percentage of the total issued share capital of the Company
The Offeror	Beneficial owner (Note 1)	360,000,000	75%
Mr. Chen Yidong	Interest in controlled corporation (Note 1)	360,000,000	75%
Hoi Lang Holdings Ltd.	Person having a security interest in shares	360,000,000	75%

Note:

- The Offeror is owned as to 46.67% by Mr. Chen Yidong, 29.33% by Mr. Lin Zheng, 12% by Mr. Wang Kuan, and 12% by Mr. Chen Jian. Therefore, Mr. Chen Yidong is deemed, or taken to be, interested in 360,000,000 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 and up to the Latest Practicable Date,

- (a) save for the sale of Sale Shares by the Vendor pursuant to the Sale and Purchase Agreement, the execution of the Share Charge and the Promissory Note, 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. Man Hoi Yuen, Ms. Ng Yuen Chun and Mr. Ho Chi Hong were interested in the Sale Shares held by the Vendor immediately before the Completion and each of them were and are interested in the Charged Shares through the Vendor after 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) save for the Sale and Purchase Agreement, the Share Charge, the Promissory Note and the Facility Agreement, 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, the Promissory Note and the Share Charge, 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
Man Hoi Yuen	Executive Director	a term of 36 months commencing from 31 December 2021 to 30 December 2024	HK\$1,081,600 per annum, discretionary bonus as may be decided by the Board, and the housing benefits as provided by the Group from time to time	–
Ng Yuen Chun	Executive Director	a term of 36 months commencing from 31 December 2021 to 30 December 2024	HK\$390,000 per annum and discretionary bonus as may be decided by the Board	–
Ho Chi Hong	Executive Director	a term of 36 months commencing from 31 December 2021 to 30 December 2024	HK\$845,000 per annum and discretionary bonus as may be decided by the Board	–
Chan Ka Yu	Independent Non-Executive Director	a term of 36 months commencing from 31 December 2021 to 30 December 2024	HK\$180,000 per annum	–
Lo Ki Chiu	Independent Non-Executive Director	a term of 36 months commencing from 31 December 2021 to 30 December 2024	HK\$180,000 per annum	–
Leung Wai Lim	Independent Non-Executive Director	a term of 36 months commencing from 31 December 2021 to 30 December 2024	HK\$180,000 per annum	–

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**

On 12 April 2022, Hoi Sing Decoration, an indirectly wholly-owned subsidiary of the Company, issued a writ of summons dated 12 April 2022 issued in the High Court of the Hong Kong Special Administration Region against Wah Yu Engineering. As set out in the statement of claim, Hoi Sing Decoration claims against Wah Yu Engineering for the sum of HK\$8,025,496.17, being a sum overpaid by Hoi Sing Decoration to Wah Yu Engineering, together with interest, costs and further or other relief. As at the Latest Practicable Date, no hearing is scheduled and there is no judgment or settlement.

On 14 April 2022, Hoi Sing Decoration received a writ of summons dated 13 April 2022 issued in the High Court of the Hong Kong Special Administration Region by Wah Yu Engineering as plaintiff. As set out in the statement of claim, the plaintiff claims against Hoi Sing Decoration for the sum of HK\$44,039,453.24, purported to be balance of work done and services rendered by the plaintiff to Hoi Sing Decoration, together with interest, costs and further or other relief. Hoi Sing Decoration has engaged a law firm to represent itself regarding the relevant proceedings. As at the Latest Practicable Date, no hearing is scheduled and there is no judgment or settlement.

Save as disclosed above, 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>
Merdeka Corporate Finance 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

Merdeka Corporate Finance 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 ([www.yield-go.com](http://www.yield-go.com)); 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 interim report of the Company for the six months ended 30 September 2021;
- (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 annual report of the Company for the year ended 31 March 2019;
- (vi) the letter from the Board, the text of which is set out on pages 15 to 21 of this Composite Document;
- (vii) 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;
- (viii) the letter of advice from Merdeka to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages IFA-1 to IFA-29 of this Composite Document;

- (ix) the directors' service contracts referred to under the paragraph headed "Directors' Service Contracts" of this Appendix III; and
- (x) the written consents 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 Unit 3, 32/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, 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 Merdeka is situated at Room 1108–1110, 11/F, Wing On Centre, 111 Connaught 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) 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

As at the Latest Practicable Date, the Offeror, its ultimate beneficial owners, its sole director and parties acting in concert with any of them owned or controlled an aggregate of 360,000,000 Shares, representing 75% of the entire issued share capital of the Company. Save for the above, the Offeror and parties acting in concert with it 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, its ultimate beneficial owners, its sole director and parties acting in concert with any of them (including the Vendor and its ultimate beneficial owners) and Head & Shoulders Securities 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, the Promissory Note and the Facility Agreement, the Offeror, its ultimate beneficial owners, its sole director and parties acting in concert with any of them (including the Vendor and its ultimate beneficial owners) and Head & Shoulders Securities 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 and parties acting in concert with it 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/she/it/them;
- (ii) save for the Sale and Purchase Agreement, the Promissory Note, the Share Charge and the Facility Agreement, 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, none of the Offeror, its sole director and other ultimate beneficial owners 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, its sole director and other ultimate beneficial owners 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, its sole director and other ultimate beneficial owners 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) save for the consideration for the Sale Shares (including the Promissory Note), there is no other consideration, compensation nor benefit in whatever form paid or to be paid by the Offeror, its sole director and other ultimate beneficial owners and parties acting in concert with any of them to the Vendor and its ultimate beneficial owners, the Vendor Guarantor 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 Sale and Purchase Agreement, the Promissory Note and the Share Charge, 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 Guarantor and any parties acting in concert with any of them on one hand, and the Offeror, its sole director and other ultimate beneficial owners and parties acting in concert with any of them on the other hand;
- (viii) save for the Sale and Purchase Agreement, the Promissory Note and the Share Charge, 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, its sole director and other ultimate beneficial owners and parties acting in concert with any of them or (ii)(b) the Company, its subsidiaries or associated companies;
- (ix) save for the restrictions under the Sale and Purchase Agreement, the Promissory Note, the Share Charge (pursuant to which the Charged Shares were charged to the Vendor as security for the Promissory Note and the Vendor may enforce the Share Charge and take possession and hold or dispose of all or any part of the Charged Shares if the Offeror is unable to fulfill any of its repayment obligation pursuant to the terms of the Promissory Note, the principal of the Promissory Note together with interest thereon) and the Facility Agreement (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 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 Facility Agreement), 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, its sole director and other ultimate beneficial owners and any person acting in concert with any of them and any of the Directors, recent directors of the Company, the Shareholders or recent shareholders of the Company having any connection with or dependence upon the outcome of the Offer; and
- (xii) save for the Sale and Purchase Agreement, the Promissory Note, the Share Charge and the Facility Agreement, 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, its sole director and other ultimate beneficial owners 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 sets out the closing prices of the Shares as quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date:

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
30 November 2021	1.1
31 December 2021	1.23
31 January 2022	1.33
28 February 2022	1.43
31 March 2022	1.38
29 April 2022 (Last Trading Day)	1.71
31 May 2022	1.73
17 June 2022 (Latest Practicable Date)	1.72

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$1.79 per Share (from 17 May 2022 to 19 May 2022) and HK\$1.04 per Share (on 16 November 2021 and 17 November 2021), respectively.

## 5. QUALIFICATION AND CONSENT OF EXPERT

In addition to those listed in paragraph 9 of Appendix III to this Composite Document, the following is the qualification of the expert whose letter, opinion or advice are contained or referred to in this Composite Document:

Name	Qualification
Capital 9	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in relation to the Offer

Capital 9 has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and references to its name in the form and context in which they appear herein.

## 6. MISCELLANEOUS

- (a) The principal members of the Offeror's concert group are the Offeror, Mr. Chen Yidong and Mr. Lin Zheng. The Offeror is an investment holding company incorporated under the laws of the British Virgin Islands with limited liability, which is owned as to 46.67% by Mr. Chen Yidong, 29.33% by Mr. Lin Zheng, 12% by Mr. Wang Kuan and 12% by Mr. Chen Jian. The registered office of the Offeror is situated at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands and the correspondence address of the Offeror is situated at Unit 908, 9/F., China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong. The correspondence address of Mr. Chen Yidong is No. 67 Huxiu Nan Road, Yihu Court, Baoshan Garden, No. 228 Tonggang Xi Road, Fengze District, Quanzhou City, Fujian Province, the PRC\* (中國福建省泉州市豐澤區通港西街228號寶珊花園怡湖苑湖秀南路67號). The correspondence address of Mr. Lin Zheng is Room 1501, Tower 60, No. 826 Jinju Road, Cangshan District, Fuzhou City, Fujian Province, the PRC\* (中國福建省福州市倉山區金桔路826號60號樓1501). The correspondence address of Mr. Wang Kuan is Room 103, Block 15, Zone A, Rong Hui Quan Jing, Guihu Shengtai Wenquan District, Fuzhou City, Fujian Province, the PRC\* (中國福建省福州市桂湖生態溫泉城融匯泉景A區15座103室). The correspondence address of Mr. Chen Jian is Room 604, Block 3, Luo Ma Jia Zhou, Hengjiang Road, Cangshan District, Fuzhou City, Fujian Province, the PRC\* (中國福建省福州市倉山區橫江路羅馬佳洲3座604).
- (b) The main business address of Capital 9 is situated at Unit 1219, 12/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

\* for identification purpose only

- (c) The main business address of Head & Shoulders Securities is situated at 28/F, Queen's Road Centre, 152 Queen's Road Central, Hong Kong.
- (d) In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

#### **7. DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents are available on display (i) on the website of the Company ([www.yield-go.com](http://www.yield-go.com)) 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:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Capital 9, the text of which is set out on pages 6 to 14 of this Composite Document;
- (c) the written consent as referred to in the section headed "5. Qualification and Consent of Expert" in this Appendix IV;
- (d) the Sale and Purchase Agreement;
- (e) the Facility Agreement; and
- (f) this Composite Document and the accompanying Form of Acceptance.