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

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

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

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



**DESON CONSTRUCTION
INTERNATIONAL HOLDINGS LIMITED**

迪臣建設國際集團有限公司

*(Incorporated in Cayman Islands with
limited liability)*

(Stock Code: 8268)

ENERGY LUCK LIMITED

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

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO
THE CONDITIONAL MANDATORY CASH OFFER BY**



GLORY SUN SECURITIES LIMITED

FOR AND ON BEHALF OF ENERGY LUCK LIMITED

TO ACQUIRE ALL ISSUED SHARES OF

DESON CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(OTHER THAN THOSE ALREADY OWNED OR

AGREED TO BE ACQUIRED BY

**ENERGY LUCK LIMITED, ITS ULTIMATE BENEFICIAL OWNER
AND/OR THE PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

Joint Financial Advisers to Energy Luck Limited



INCUB Corporate Finance Limited



Global Mastermind Securities Limited

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

VEDA | CAPITAL
智 略 資 本

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

A letter from Glory Sun containing, among other things, details of the terms and conditions of the Offer, is set out in Part I of this Composite Offer Document. A letter from the board of directors of Deson Construction International Holdings Limited is set out in Part II of this Composite Offer Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offer is set out in Part III of this Composite Offer Document and a letter from the Independent Financial Adviser to the Independent Board Committee containing its advice and recommendation in respect of the Offer is set out in Part IV of this Composite Offer Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Offer Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar (in respect of the Offer), Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) no later than 4:00 p.m. on Friday, 26 July 2019 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

The Composite Offer Document will remain on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.deson-c.com as long as the Offer remains open.

5 July 2019

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

CONTENT

	<i>Page</i>
Expected timetable	iii
Important notices	vi
Definitions	1
Part I: Letter from Glory Sun	6
Part II: Letter from the Board	19
Part III: Letter from the Independent Board Committee	27
Part IV: Letter from the Independent Financial Adviser	29
Appendix I — Further terms and procedures for acceptance of the Offer	I-1
Appendix II — Financial information of the Group	II-1
Appendix III — General information of the Offeror	III-1
Appendix IV — General information of the Group	IV-1
Accompanying document — Form of Acceptance	

EXPECTED TIMETABLE

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

Despatch date of this Composite Offer Document and
the accompanying Form of Acceptance (*Note 1*) Friday, 5 July 2019

Offer open for acceptance (*Note 1*) Friday, 5 July 2019

Latest time and date for acceptance of the Offer on the
First Closing Date (*Notes 2 and 4*) 4:00 p.m. on
Friday, 26 July 2019

First Closing Date (*Notes 1, 2 and 4*) Friday, 26 July 2019

Announcement of the results of the Offer as
at the First Closing Date (*Note 2*) Not later than 7:00 p.m. on
Friday, 26 July 2019

Latest date of posting of remittances in respect of valid
acceptances received on or before 4:00 p.m. on the
First Closing Date (assuming the Offer becomes or is
declared unconditional on the First Closing Date)
(*Notes 3 and 4*) Tuesday, 6 August 2019

Latest time and date for the Offer remaining open for
acceptance on the final Closing Date (assuming the
Offer becomes or is declared unconditional on the
First Closing Date) (*Notes 4 and 5*) 4:00 p.m. on
Friday, 9 August 2019

Announcement of the results of the Offer
(assuming the Offer becomes or is declared
unconditional on the First Closing Date)
(*Note 2*) Not later than 7:00 p.m. on
Friday, 9 August 2019

Final closing date of the Offer (assuming the Offer
becomes or is declared unconditional on the First
Closing Date) (*Notes 4 and 5*) Friday, 9 August 2019

Latest date of posting of remittances in respect of valid
acceptances received after the First Closing Date but
before 4:00 p.m. on Friday, 9 August 2019
(assuming the Offer becomes or
is declared unconditional on the First Closing Date)
(*Notes 3 to 5*) Tuesday, 20 August 2019

EXPECTED TIMETABLE

Latest time and date by which the Offer can be declared
unconditional as to acceptances (*Note 6*). 7:00 p.m. on
Tuesday, 3 September 2019

Notes:

1. The Offer, which is conditional, is made on the date of posting of this Composite Offer Document, and is capable of acceptance on and from Friday, 5 July 2019 until 4:00 p.m. on the First Closing Date, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Subject to the condition of the Offer set out in the “Letter from Glory Sun”, acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed “Right of withdrawal” in Appendix I to this Composite Offer Document.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Offer Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Friday, 26 July 2019 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued on the website of the Stock Exchange by 7:00 p.m. on Friday, 26 July 2019, stating whether the Offer has been extended, revised or expired or has become or is declared unconditional. If the Offer becomes unconditional on the First Closing Date, the Offer will remain open for acceptance for not less than 14 days thereafter. If the Offer does not become unconditional on or before Friday, 26 July 2019, the Offer will lapse unless the Offer is extended in accordance with the Takeovers Code. An announcement in respect of the results of the Offer will be issued on the website of the Stock Exchange by 7:00 p.m. on Friday, 26 July 2019 assuming the Offer becomes or are declared to be unconditional on the First Closing Date.
3. Assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date, remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty in respect of the Offer) payable for the Offer Share(s) tendered under the Offer will be made to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within 7 Business Days following the later of the date when the Offer becomes or is declared unconditional in all respects and the date of the receipt of duly completed Form of Acceptance together with all the valid requisite documents by the Registrar from the Independent Shareholders accepting the Offer in accordance with the Takeovers Code.

An acceptor of the Offer shall be entitled to withdraw its/his/her acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the Offer has not by then become or is declared unconditional as to acceptances. For further details, please refer to the section headed “Right of withdrawal” in Appendix I to this Composite Offer Document.

4. If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force on the closing date of the Offer or the date for posting of remittances and it is (i) not cancelled in time for the trading of Shares on the Stock Exchange to resume in the afternoon, the closing date of the Offer will be postponed to 4:00 p.m. on the next Business Day and the date for posting of remittances will be postponed to the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for the trading of Shares on the Stock Exchange to resume in the afternoon, the respective event will remain the same on the scheduled date according to the expected timetable.

EXPECTED TIMETABLE

5. Assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date, the Offer should remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code. In such case, at least 14 days' notice in writing must be given before the Offer is closed. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as the Offeror may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offer, which will state the next closing date or, if the Offer has become or is at that time unconditional, that the Offer will remain open until further notice.
6. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after posting of this Composite Offer Document. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offer has previously become or is declared unconditional as to acceptances, the Offer will lapse after 7:00 p.m. on Tuesday, 3 September 2019, unless extended with the consent of the Executive.

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 Independent Shareholders by way of announcement(s) on any change in the expected timetable as soon as possible.

IMPORTANT NOTICES

NOTICE TO SHAREHOLDERS OUTSIDE OF HONG KONG

The Offer made to the Independent Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions where such persons are located. Such persons should inform themselves about and observe any applicable legal and regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Shareholders wishing to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from the accepting Shareholders in such jurisdictions.

Please refer to the paragraph headed “Availability of the Offer to the overseas Independent Shareholders” in the section headed “Letter from Glory Sun” in this Composite Offer Document for further information.

DEFINITIONS

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

“Acquisition”	the acquisition of 36.13% shareholding in the Company by Energy Luck from DDHL, Sparta and Mr. Tjia pursuant to the Sale and Purchase Agreement;
“acting in concert”	has the meaning as ascribed to it in under the Takeovers Code;
“Articles of Association”	the articles of association of the Company (as amended from time to time);
“associate(s)”	has the meaning ascribed to it in the Takeovers Code or the GEM Listing Rules as the context may require;
“Board”	the board of directors of the Company;
“Business Day”	a day on which the Stock Exchange is open for the transaction of business;
“BVI”	the British Virgin Islands;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Companies Law”	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Company”	Deson Construction International Holdings Limited (stock code: 8268), a company incorporated in the Cayman Islands with limited liability and which securities are listed on GEM of the Stock Exchange;
“Composite Offer Document”	this composite offer and response document jointly issued by and on behalf of the Offeror and the Company to the Independent Shareholders in accordance with the Takeovers Code in respect of the Offer containing, among others, details of the Offer and the acceptance and transfer form in respect of the Offer, as may be revised or supplemented as appropriate;
“Conditions Precedent”	the conditions precedent to the Sale and Purchase Completion;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto under the GEM Listing Rules;

DEFINITIONS

“DDHL”	Deson Development Holdings Limited, a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of DDIHL, holding 311,769,867 Shares (representing approximately 31.18% of the issued share capital of the Company) immediately before the Sale and Purchase Completion;
“DDIHL”	Deson Development International Holdings Limited (stock code: 262), a company incorporated in Bermuda with limited liability and which securities are listed on the Main Board of the Stock Exchange, and is the holding company of DDHL;
“Director(s)”	the director(s) of the Company;
“Encumbrances”	any security arrangement, claim, encumbrance, equity, mortgage, option to subscribe or acquire, charge, pledge, lien or other third party right of any kind;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his/her delegate;
“Facility”	a loan facility in the amount up to HK\$204 million granted by Glory Sun as lender to the Offeror as borrower in accordance with the terms of the Facility Agreement for financing the Offer;
“Facility Agreement”	the loan facility agreement entered into among Glory Sun as lender, the Offeror as borrower and Mr. Wong as guarantor dated 3 April 2019;
“First Closing Date”	26 July 2019, being the first closing date of the Offer, which is 21 days after the date on which this Composite Offer Document is posted (or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive);
“Form of Acceptance”	the Form of Offer Acceptance and transfer of Shares in respect of the Offer accompanying this Composite Offer Document;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“Glory Sun”	Glory Sun Securities Limited (寶新證券有限公司) (formerly known as China Goldjoy Securities Limited (中國金洋證券有限公司)), a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“Guarantor” or “Mr. Wong”	Mr. Wong Kui Shing, Danny, being the ultimate beneficial owner of 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 People’s Republic of China;
“Independent Board Committee”	the board committee of the Company comprising Mr. Ong King Keung (being the non-executive Director), Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Chan Ka Yin (being all the independent non-executive Directors), to advise the Independent Shareholders in respect of the Offer;
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee in relation to the terms and conditions of the Offer;
“Independent Shareholders”	the Shareholders other the Offeror and parties acting in concert with it;
“Joint Announcement”	the joint announcement jointly issued by the Offeror, DDIHL and the Company dated 12 April 2019 in relation to, among other things, the Offer;
“Last Trading Day”	12 April 2019, being the last trading day prior to the publication of the Joint Announcement;
“Latest Practicable Date”	2 July 2019, being the latest practicable date for ascertaining certain information contained in this Composite Offer Document;
“Macau”	the Macau Special Administrative Region of the PRC;
“MOU”	the memorandum of understanding entered into between the Offeror, DDHL, Sparta, Mr. Tjia and Mr. Wong relating to the possible sale and purchase of the Sale Shares on 21 February 2019;
“Mr. Tjia”	Mr. Tjia Boen Sien, the managing director and deputy chairman of DDIHL and a non-executive Director and chairman of the Company, which is a controlling shareholder of DDIHL and who held as to 22,887,200 Shares representing approximately 2.29% of the entire issued share capital of the Company immediately before the Sale and Purchase Completion;

DEFINITIONS

“Offer”	the conditional mandatory cash offer made by Glory Sun for and on behalf of the Offeror for all the issued Shares not already owned or agreed to be acquired by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them in accordance with the Takeovers Code;
“Offer Period”	has the meaning ascribed to it in the Takeovers Code and which is the period commencing on 19 February 2019, being the date of publication of the joint announcement of DDIHL and the Company in relation to the possible Offer, and ending on the date when the Offer closes;
“Offer Price”	the price at which the Offer is made, being HK\$0.22 per Offer Share;
“Offer Share(s)”	any and all of the Share(s) in issue, other than those already owned and/or agreed to be acquired by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them;
“Offeror” or “Energy Luck”	Energy Luck Limited, a company wholly-owned by the Guarantor and incorporated in the BVI on 6 March 2018 with limited liability, being the purchaser of the Sale Shares, which upon the Sale and Purchase Completion beneficially owned as to 36.13% of the entire issued and paid up capital of the Company;
“Overseas Shareholders”	the Independent Shareholder(s) with registered address(es) on the register of members of the Company which was/were outside Hong Kong on the Latest Practicable Date;
“Parties”	DDHL, Sparta, Mr. Tjia and the Offeror and the Guarantor, being the parties to the Sale and Purchase Agreement;
“PRC”	the People’s Republic of China (but excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan);
“Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong with effect from 11 July 2019);
“Relevant Period”	the period commencing from 19 August 2018, being the date falling six months prior to the commencement date of the Offer Period and ending on the Latest Practicable Date;

DEFINITIONS

“Sale and Purchase Agreement”	the sale and purchase agreement dated 12 April 2019 entered into among DDHL, Sparta, Mr. Tjia, Energy Luck and Mr. Wong Kui Shing Danny for the sale and purchase of the Sale Shares;
“Sale and Purchase Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement which took place on 18 June 2019;
“Sale Share(s)”	361,302,082 Shares, being all of the Shares held by the Vendors which together represented 36.13% of the entire issued share capital of the Company immediately before the Sale and Purchase Completion;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.025 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares from time to time;
“Sparta”	Sparta Assets Limited, a company owned by Mr. Tjia, which held as to 26,645,015 Shares representing approximately 2.66% of the entire issued share capital of the Company immediately before the Sale and Purchase Completion;
“Stamp Duty Ordinance”	the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it in the GEM Listing Rules;
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time;
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities;
“Vendors”	collectively, DDHL, Sparta and Mr. Tjia;
“%”	per cent.



寶新證券有限公司
GLORY SUN SECURITIES LIMITED

5 July 2019

To the Independent Shareholders

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFER
BY GLORY SUN SECURITIES LIMITED
FOR AND ON BEHALF OF ENERGY LUCK LIMITED
TO ACQUIRE ALL ISSUED SHARES OF
DESON CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
ENERGY LUCK LIMITED, ITS ULTIMATE BENEFICIAL OWNER
AND/OR THE PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

Reference is made to the Joint Announcement. On 12 April 2019, the Offeror and the Guarantor entered into the Sale and Purchase Agreement with the Vendors pursuant to which the Vendors had conditionally agreed to sell and the Offeror had conditionally agreed to purchase, in aggregate, 361,302,082 Shares, representing approximately 36.13% of the existing issued share capital of the Company, with the total consideration of HK\$79,486,458.04 equivalent to HK\$0.22 per Sale Share.

Immediately prior to the Acquisition, the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them did not hold any Shares in the share capital or voting rights of the Company. Immediately following the Sale and Purchase Completion, and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them were interested in a total of 361,302,082 Shares, representing approximately 36.13% of the issued share capital of the Company. Accordingly, the Offeror was required to make the Offer pursuant to Rule 26.1 of the Takeovers Code.

The Offer is conditional on the number of Shares in respect of acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the date on which the Offer closes (or such later time and/or date as the Offeror may, with the consent of the Executive and in accordance with the Takeovers Code, decide), together with the Shares already owned by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them and acquired or agreed to be acquired before or during the Offer Period, resulting in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company in accordance with the Takeovers Code.

This letter forms part of this Composite Offer Document and sets out, amongst other things, the details of the Offer, certain information on the Offeror and the intention of the Offeror regarding the Group following the close of the Offer. The terms of the Offer and the procedures for acceptances are set out in this letter, Appendix I to this Composite Offer Document and the Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” as set out in this Composite Offer Document before reaching a decision as to whether or not to accept the Offer.

THE OFFER

The Offer

Glory Sun, for and on behalf of the Offeror, is making a conditional mandatory cash offer to acquire all issued Shares in the share capital of the Company (other than those already owned or agreed to be acquired by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them) on the terms set out in this Composite Offer Document in accordance with the Takeovers Code on the following basis:

For each Offer ShareHK\$0.22 in cash

The Offer will be 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 attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of despatch of this Composite Offer Document.

As at the Latest Practicable Date, there were 1,000,000,000 Shares in issue, and the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them were interested in a total of 361,302,082 Shares, representing approximately 36.13% of the issued share capital of the Company. Further details of the terms of the Offer and the procedures for acceptance are set out in Appendix I to this Composite Offer Document and the accompanying Form of Acceptance.

The Offer Price

The Offer Price of HK\$0.22 per Offer Share is the same as the purchase price per Sale Share under the Sale and Purchase Agreement, which represents:

- (i) a premium of approximately 37.5% over the closing price of HK\$0.160 per Share as quoted on GEM of the Stock Exchange on 18 February 2019, being the last trading day preceding the date of the joint announcement issued by DDIHL and the Company in relation to the possible Offer;

- (ii) a premium of approximately 15.2% over the closing price of HK\$0.191 per Share as quoted on GEM of the Stock Exchange on 12 April 2019, being the Last Trading Day;
- (iii) a premium of approximately 13.5% over the average of the closing prices of Share of approximately HK\$0.194 per Share, as quoted on GEM of the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 14.5% over the average of the closing prices of the Share of approximately HK\$0.192 per Share, as quoted on GEM of the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 16.1% over the average of the closing prices of the Share of approximately HK\$0.190 per Share, as quoted on GEM of the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 2.3% over the closing price of HK\$0.215 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 100% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.110 per Share as at 31 March 2019, based on the annual report of the Company dated 21 June 2019 which was published on 28 June 2019.

Highest and lowest price of the Shares

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$0.215 on 14 June 2019, 17 June 2019, 18 June 2019, 19 June 2019, 24 June 2019, 26 June 2019 and 2 July 2019 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.102 on 17 September 2018 and 18 September 2018.

Condition of the Offer

The Offer is conditional on the number of Shares in respect of valid acceptances of the Offer being received (and not, where permitted, withdrawn) at or before 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), together with the Shares already owned by the Offeror and parties acting in concert with it and acquired or agreed to be acquired before or during the Offer period, resulting in the Offeror and parties acting in concert with it holding in aggregate more than 50% of the voting rights in the Company. If such condition is not satisfied on or before the First Closing Date, the Offer will lapse unless the Offer Period is extended by the Offeror.

The Offer is initially open for acceptance up to 4:00 p.m. on the First Closing Date. When the Offer becomes or is declared unconditional as to acceptances as mentioned above, the Offer will remain open for acceptance for at least 14 days thereafter.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition to the Offer in accordance with the Takeovers Code and the GEM Listing Rules. The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Offer Document, being Tuesday, 3 September 2019, unless otherwise extended with the consent of the Executive.

Shareholders and/or potential investors should note that if the condition on the 50% valid acceptances mentioned in the paragraph headed “Condition of the Offer” above is not fulfilled, the Offer will not become unconditional and will lapse. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares.

No dividend or other distribution

The Company does not intend to declare or pay any dividend or other distribution on the Shares before the First Closing Date.

Payment

Subject to the Offer having become, or has been declared, unconditional in all respects, settlement of the consideration in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days following the date of receipt of duly completed and valid Form of Acceptance together with all the valid requisite documents by the Registrar from the Independent Shareholders accepting the Offer, or the date on which the Offer becomes or is declared unconditional in all respects, whichever is later.

No fractions 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.

Save for payment of stamp duty as set out in this Composite Offer Document, settlement of the amounts due to the accepting Independent Shareholders will be implemented in full 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 Independent Shareholder.

Return of documents

If the Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s), the certificate(s) in respect of the transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Independent Shareholders who have accepted the Offer, by ordinary post at the Independent Shareholders' own risk as soon as possible but in any event within ten (10) days after the Offer has lapsed.

Effect of accepting the Offer

The Offer is conditional. Subject to the Offer becoming unconditional, provided that valid Form of Acceptance and the relevant 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) are complete and in good order in all respects and have been received by the Registrar, the Independent Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including, without limitation, the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of despatch of this Composite Offer Document.

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

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

Hong Kong stamp duty

In Hong Kong, the seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% 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, will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Offer. 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 transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Glory Sun and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Availability of the Offer to the overseas Independent Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are residing outside Hong Kong. The availability of the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions

outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares from the accepting Independent Shareholder(s) due in such jurisdiction.

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

Procedure for acceptance and settlement

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

Compulsory acquisition

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

Dealing and interests in the Company's securities

Save for the Sale Shares and the Facility Agreement, none of the Offeror, its ultimate beneficial owner, nor parties acting in concert with any of them has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

Other arrangements

The Board is not aware of any understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any shareholder of the Company and the Company, its subsidiaries or associated companies.

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

- (a) save for the Offeror's interest in the Sale Shares pursuant to the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into the Shares;
- (b) the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them have not received any irrevocable commitment to accept or reject the Offer;
- (c) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (d) save for the MOU, the Sale and Purchase Agreement 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 of the Offeror or the Company and which might be material to the Offer that has been entered into between the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them or any other person;
- (e) save for the MOU, the Sale and Purchase Agreement and the Facility Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (f) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (g) other than the consideration for the Sale Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror, its ultimate beneficial owner or any parties acting in concert with any of them to the Vendors or any party acting in concert with them in connection with the Sale and Purchase Agreement;
- (h) there is no other understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeover Code) between the Offeror, its ultimate beneficial owner or any party acting in concert with any of them, and the Vendors and any party acting in concert with any of them; and
- (i) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between any shareholder of the Company and the Offeror, its ultimate beneficial owner and any parties acting in concert with any of them.

Value of the Offer

As at the Latest Practicable Date, there are 1,000,000,000 Shares in issue, of which 361,302,082 Shares are held by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them. Accordingly, the Offer is valued at approximately HK\$140,513,541.96 based on the Offer Price of HK\$0.22 and 638,697,918 Offer Shares.

Assuming the Offer is accepted in full on the basis that there is no change in the issued share capital of the Company up to the close of the Offer, a total of 638,697,918 issued Shares (representing the Shares not already held or to be acquired by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them as at the Latest Practicable Date) will be subject to the Offer and the maximum cash consideration payable by the Offeror under the Offer would be approximately HK\$140,513,541.96.

Save as disclosed above, the Company has no outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

FINANCIAL RESOURCES AVAILABLE TO THE OFFEROR

The Offeror would finance the consideration payable by the Offeror under the Offer by (i) its internal resources, which has been deposited into the Offeror's securities account opened with Glory Sun; and (ii) the Facility granted by Glory Sun (as lender) to the Offeror (as borrower) for the purpose of financing the Offer, which is secured by a charge over (a) the Shares owned and to be owned by the Offeror and deposited into a securities account opened with Glory Sun (the "**Pledged Shares**"), which will not result in a transfer of the voting rights of the Company before the enforcement of the relevant share charge; (b) a personal guarantee provided by Mr. Wong; and (c) the balance from time to time standing to the credit of such account and a floating charge over all the assets, properties and undertakings including book-debts of the Offeror. The availability of the Facility will not be affected by subjective condition and the underlying value of the security up to the date falling on the seventh (7th) Business Day after the close of the Offer. On 4 April 2019, the Facility has been drawn down in full and on 4 April 2019, the full amount of the Facility has been deposited into the securities account opened with Glory Sun. The Offeror does not intend that the payment of interest on, repayment of or provision of security for any liability (contingent or otherwise) under the Facility will depend to any significant extent on the business of the Company.

In accordance with the Facility Agreement, the Offeror and Mr. Wong (as guarantor) are required to maintain the leverage ratio (which is calculated by dividing the outstanding principal of the loan drawn on the Facility, accrued interest thereon and all sums payable by the market value of Pledged Shares) not over 50%. If the Offeror fails to maintain the required leverage ratio, Glory Sun may, at any time after the seven (7) Business Days after close of the Offer, demand additional collateral from the Offeror. In the event that the Offeror fails to comply with any payment obligations under the Facility, including the principal, the interest, further collateral demanded by Glory Sun, Glory Sun is entitled, but not obliged, to exercise its right of sale in relation to the Pledged Shares deposited by the Offeror into a designated account maintained with Glory Sun. In accordance with the terms under the Facility Agreement, Glory Sun shall not demand repayment or additional collateral due to the leverage ratio exceeding 50% during the Offer Period until seven (7)

Business Days after close of the Offer. As at the Latest Practicable Date, other than the security interest of Glory Sun in the aforesaid Shares, Glory Sun has no beneficial interest in any Shares.

INCU Corporate Finance Limited and Global Mastermind Securities Limited, being the joint financial advisers to the Offeror in respect of the Offer, are satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration in respect of full acceptance of the Offer.

INFORMATION ON THE GROUP

The Group is an investment holding company and the principal activities of its subsidiaries consist of (a) the construction business, as a main contractor and fitting out works, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, the PRC and Macau, and other construction related business; (b) investment in securities; and (c) investment in properties.

Details of the information on the Group are set out in the “Letter from the Board” in this Composite Offer Document.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI on 6 March 2018 and is wholly-owned by Mr. Wong, who is also the sole director of the Offeror.

Mr. Wong, aged 60, holds a Bachelor of Arts degree from the University of Hong Kong. He has extensive exposure in the financial and investment fields for over 20 years and is well experienced in the international investment market. He is currently the chairman and chief executive officer of the China Information Technology Development Limited (Stock Code: 8178), an executive director of Larry Jewelry International Company Limited (Stock Code: 8351), a non-executive director of TFG International Group Limited (Stock Code: 542), and an independent non-executive director of Tech Pro Technology Development Limited (Stock Code: 3823) and Far East Holdings International Limited (Stock Code: 36). Though Mr. Wong did not have direct experience in the construction sector, he has extensive experience in the financial and investment fields as well as experience in corporate and business management in listed companies, as disclosed above. Mr. Wong has carefully assessed his current business and investment portfolio and decided to invest in the construction business in order to widen variety of his investments and diversify investment risk in his investment portfolio. Mr. Wong intends to retain the management and experienced staff of the Company to leverage on their expertise in construction industry to run the construction operation. Mr. Wong will review the business of the Group and might consider to hire more experienced management staff if deem fit.

Save for the Offeror’s interest in the Sale Shares, the Offeror, its ultimate beneficial owner and/or the parties acting in concert with any of them did not hold any Shares or any other securities of the Company as at the Latest Practicable Date.

Save for entering into of the Sale and Purchase Agreement with the Vendors and the entering into of the Facility with Glory Sun, the Offeror did not engage in any business activities. As at the Latest Practicable Date, the Offeror did not have any assets other than the Sale Shares, representing approximately 36.13% of the existing issued share capital of the Company.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP AND ITS EMPLOYEES

The Acquisition is an important step of the Offeror to enter into construction businesses in Hong Kong and the PRC. The Company has been engaging in construction business in Hong Kong and the PRC for many years. Over the years, the Company has built up an extensive network of customers and suppliers in the construction industry as well as renown reputation. The Offeror will be able to tap into the Company's network and reputation. As disclosed in the paragraph headed "Information of the Offeror" above, Mr. Wong, the Offeror's sole beneficial owner, intends to diversify his investment portfolio and leverage on the expertise of the management and experienced staff of the Company to enter into construction businesses.

Following the close of the Offer, the Offeror intends to continue with the Group's existing construction business by leveraging the expertise of the management and experienced staff of the Company. The Offeror might consider to hire more experienced management staff if deem fit. The Offeror would conduct a detailed review on the financial position and the operations of the Group and formulate long-term business plans and strategy for the future business development of the Group. In the meantime, the Offeror would explore other business opportunities and consider if any asset disposal or acquisition, business rationalisation, divestment, restructuring or diversification or fund raising would be appropriate to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the GEM Listing Rules by the Company. As at the Latest Practicable Date, the Offeror has no intention to inject any of business/assets into the Group.

As at the Latest Practicable Date, the Offeror has not entered into any agreements, arrangements, understandings, intentions or negotiations in relation to any disposal/termination/scaling-down of the Group's existing businesses, and any disposal/restructuring/re-deployment of the Group's assets.

The Offeror has no intention to discontinue the employment of any employees of the Group or redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

PROPOSED CHANGE OF THE COMPOSITION OF THE BOARD

The Board is currently made up of nine (9) Directors, comprising four (4) executive Directors, being Mr. Keung Kwok Cheung, Mr. Kwok Koon Keung, Mr. Lo Wing Ling and Mr. Ong Chi King, two (2) non-executive Directors, being Mr. Tjia and Mr. Ong King Keung and three (3) independent non-executive Directors, being Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Chan Ka Yin.

The existing Directors intend to resign with effect from the earliest time permitted under the Takeovers Code but some of the Directors will remain as directors of the operating subsidiaries to continue managing the day-to-day operations of the operating subsidiaries.

The Offeror intends to appoint Mr. Hung Kenneth and Ms. Lau Po Yee as new executive Directors and Mr. Wong Yuk Lan Alan as new independent non-executive Director (the “**Proposed Directors**”) with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code.

The biographies of the Proposed Directors are set out below:

Mr. Hung Kenneth (“Mr. Hung”)

Mr. Hung, aged 48, will be appointed as an executive Director. He obtained a degree of Bachelor of Science from Woodbury University in June 1995. Mr. Hung has management experience in companies listed on the Stock Exchange. Mr. Hung is currently an independent non-executive director of China Demeter Financial Investments Limited (Stock Code: 8120). Mr. Hung was an executive director of Hang Tai Yue Group Holdings Limited (formerly known as Interactive Entertainment China Cultural Technology Investments Limited) (Stock Code: 8081) from February 2014 to August 2018; was an independent non-executive Director of Sino Vision Worldwide Holdings Limited (Stock Code: 8086) from January 2015, and re-designated to an executive Director from October 2015 to November 2017; and was an independent non-executive director of IR Resources Limited (Stock Code: 8186) from March 2015 to April 2019, all of which are companies listed on GEM of the Stock Exchange.

Ms. Lau Po Yee (“Ms. Lau”)

Ms. Lau, aged 28, will be appointed as an executive Director. Ms. Lau obtained a degree of Bachelor of Business Administration from Universidad Empresarial de Costa Rica in April 2018. Ms. Lau has been a director of MJ Production Limited, a company principally engaged in media and advertising, since 2017.

Mr. Wong Yuk Lun Alan (“Mr. Alan Wong”)

Mr. Alan Wong, aged 44, will be appointed as an independent non-executive Director. He holds a Bachelor of Arts degree of Accounting and Financial Management from University of Sunderland. Mr. Alan Wong had been working with various accounting firms and commercial company for about 20 years and is currently responsible for works related to financial management, taxation, audit and non-audit services. Mr. Alan Wong is currently an independent non-executive director of TUS International Limited (Stock Code: 872) since 2 September 2014, an independent non-executive director of Huisheng International Holdings Limited (Stock Code: 1340) since 6 July 2017, and an independent non-executive director of Tech Pro Technology Development Limited (Stock Code: 3823) since 24 May 2019, all companies are listed on the main board of the Stock Exchange. He was an independent non-executive director of Bolina Holding Co., Ltd. (Stock Code: 1190, a company listed on the main board of the Stock Exchange) from 7 July 2016 to 27 March 2017.

In the meantime, the Offeror will try to identify experienced professional in construction business as executive Director or senior management.

In order to comply with the board composition requirement under the GEM Listing Rules upon the resignations of all the existing Directors, the Offeror intends to further appoint two new independent non-executive Directors in compliance with the Company's Articles of Association, the Takeovers Code and the GEM Listing Rules with effect from a date which is no earlier than such date as permitted under the Takeovers Code. Save as disclosed above, as at the Latest Practicable Date, the Offeror has not decided on the further composition of the Board and the timing of such appointment, but it is expected that such decision will be reached prior to the resignations of the existing Directors. Any changes to the Board composition will be made in compliance with the Takeovers Code and the GEM Listing Rules. Further announcement(s) will be made by the Company in compliance with the requirements of the GEM Listing Rules as and when there are changes in the composition of the Board.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the Company to remain listed on GEM of the Stock Exchange after the close of the Offer. The Board and the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that not less than 25% of the total number of Shares in issue will be held by the public as required by the GEM Listing Rules.

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 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,**

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

In this connection, it should be noted that following the close of the Offer, there might be insufficient public float of the Shares and therefore, trading in the Shares might be suspended until sufficient public float exists in the Shares. The sole director of the Offeror and the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

GENERAL

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

Attention of the overseas Independent Shareholders is drawn to the paragraph headed “Availability of the Offer to the overseas Independent Shareholders” above in this letter.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company and in the case of joint Independent Shareholders, to such Independent Shareholders whose name appears first in the register of members of the Company. The Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them, the Company, Glory Sun, INCU Corporate Finance Limited, Global Mastermind Securities Limited, the Independent Financial Adviser, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
Glory Sun Securities Limited
Hanson Ho
Executive Director

**DESON CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED****迪臣建設國際集團有限公司**

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8268)

Executive Directors:

Mr. Keung Kwok Cheung (*Chief Executive Officer*)

Mr. Kwok Koon Keung

Mr. Lo Wing Ling

Mr. Ong Chi King

Non-executive Directors:

Mr. Tjia Boen Sien (*Chairman*)

Mr. Ong King Keung

Independent non-executive Directors:

Mr. Lee Tho Siem

Mr. Cheung Ting Kee

Mr. Chan Ka Yin

Registered office:

Canon's Court

75 Fort Street

P. O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

*Principal place of business
in Hong Kong:*

11th Floor, Nanyang Plaza

57 Hung To Road

Kwun Tong

Kowloon

Hong Kong

5 July 2019

To the Independent Shareholders

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFER
BY GLORY SUN SECURITIES LIMITED
FOR AND ON BEHALF OF ENERGY LUCK LIMITED
TO ACQUIRE ALL ISSUED SHARES OF
DESON CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
ENERGY LUCK LIMITED, ITS ULTIMATE BENEFICIAL OWNER
AND/OR THE PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

Reference is made to the Joint Announcement. The Company was informed by the Vendors that, on 12 April 2019 (after trading hours), the Offeror and the Guarantor entered into the Sale and Purchase Agreement with the Vendors pursuant to which the Vendors had

conditionally agreed to sell and the Offeror had conditionally agreed to purchase, in aggregate, 361,302,082 Shares, representing approximately 36.13% of the existing issued share capital of the Company, with the total consideration of the Sale Shares at HK\$79,486,458.04 equivalent to HK\$0.22 per Sale Share. The Sale and Purchase Completion took place on 18 June 2019.

Immediately prior to the Acquisition, the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them did not hold any Shares in the share capital or voting rights of the Company. Immediately following the Sale and Purchase Completion, and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 361,302,082 Shares, representing approximately 36.13% of the issued share capital of the Company.

As the Offeror has increased its holding of voting rights in the Company to 30% or more and has therefore incurred an obligation to make a conditional mandatory offer under the Takeovers Code for all issued Shares other than those already owned or agreed to be acquired by it and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code.

Glory Sun is making the Offer for and on behalf of the Offeror.

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee comprising Mr. Ong King Keung, Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Chan Ka Yin, who have no direct or indirect interest in the Offer has been established to make 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. Mr. Tjia, as one of the sellers under the Sale and Purchase Agreement, is deemed to have interest in the Offer and excluded from the Independent Board Committee.

Veda Capital, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer. The full text of the letter from the Independent Financial Adviser to the Independent Board Committee is set out in this Composite Offer Document.

Further terms and the procedures for acceptance of the Offer are set out in the “Letter from Glory Sun” and Appendix I to this Composite Offer Document. The purpose of this Composite Offer Document is to provide you with, among other things, (i) information relating to the Offer, the Offeror and the Group; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) the “Letter from the Independent Financial Adviser” containing the advice of the Independent Financial Adviser to the Independent Board Committee in relation to the Offer. Further details of the terms of the Offer are set out in Appendix I to this Composite Offer Document and in the accompanying Form of Acceptance.

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

THE OFFER

As set out in the “Letter from Glory Sun” contained in this Composite Offer Document, Glory Sun is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code.

The Offer

Glory Sun, for and on behalf of the Offeror, is making a conditional mandatory cash offer to acquire all issued Shares in the share capital of the Company (other than those already owned or agreed to be acquired by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them) on the terms set out in this Composite Offer Document in accordance with the Takeovers Code on the following basis:

For each Offer Share under the OfferHK\$0.22 in cash

The Offer will be 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 attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of despatch of this Composite Offer Document.

As at the Latest Practicable Date, there were 1,000,000,000 Shares in issue, and the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them were interested in a total of 361,302,082 Shares, representing approximately 36.13% of the issued share capital of the Company. The Company has no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of any options, warrants or securities convertible or exchangeable into Shares. Further details of the terms of the Offer and the procedures for acceptance are set out in Appendix I to this Composite Offer Document and the accompanying Form of Acceptance.

The Offer Price

The Offer Price of HK\$0.22 per Offer Share is the same as the purchase price per Sale Share under the Sale and Purchase Agreement, which represents:

- (i) a premium of approximately 37.5% over the closing price of HK\$0.160 per Share as quoted on GEM of the Stock Exchange on 18 February 2019, being the last trading day preceding the date of the joint announcement issued by DDIHL and the Company;
- (ii) a premium of approximately 15.2% over the closing price of HK\$0.191 per Share as quoted on GEM of the Stock Exchange on 12 April 2019, being the Last Trading Day;

- (iii) a premium of approximately 13.5% over the average of the closing prices of Share of approximately HK\$0.194 per Share, as quoted on GEM of the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 14.5% over the average of the closing prices of the Share of approximately HK\$0.192 per Share, as quoted on GEM of the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 16.1% over the average of the closing prices of the Share of approximately HK\$0.190 per Share, as quoted on GEM of the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 2.3% over the closing price of HK\$0.215 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 100% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.110 per Share as at 31 March 2019, based on the annual report of DCIHL dated 21 June 2019 which was published on 28 June 2019.

Highest and lowest price of the Shares

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$0.215 on 14 June 2019, 17 June 2019, 18 June 2019, 19 June 2019, 24 June 2019, 26 June 2019 and 2 July 2019 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.102 on 17 September 2018 and 18 September 2018.

Conditions of the Offer

The Offer is conditional on the number of Shares in respect of acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), together with the Shares already owned by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them and acquired or agreed to be acquired before or during the Offer Period, resulting in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. If such condition is not satisfied on or before the First Closing Date, the Offer will lapse unless the Offer Period is extended by the Offeror.

The Offer is initially open for acceptance up to 4:00 p.m. on the First Closing Date. When the Offer becomes or is declared unconditional as to acceptances as mentioned above, the Offer will remain open for acceptance for at least 14 days thereafter.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition to the Offer in accordance with the Takeovers Code and the GEM Listing Rules. The latest time on which the Offeror can declare the Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the despatch of this Composite Offer Document, being Tuesday, 3 September 2019, unless otherwise extended with the consent of the Executive.

Shareholders and/or potential investors should note that if the condition on the 50% valid acceptances mentioned in the paragraph headed “Condition of the Offer” above is not fulfilled, the Offer will not become unconditional and will lapse. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares.

No dividend or other distribution

The Company does not intend to declare or pay any dividend or other distribution on the Shares before the First Closing Date.

FURTHER INFORMATION ON THE OFFER

Please also refer to the “Letter from Glory Sun” contained in this Composite Offer Document and Appendix I to this Composite Offer Document for further information in relation to the Offer, the availability of the Offer to the overseas Independent Shareholders, taxation and acceptance and settlement procedures of the Offer.

INFORMATION OF THE GROUP

The Group is principally engaged in (a) the construction business, as a main contractor and fitting-out works, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, the PRC and Macau, and other construction related business; (b) investment in securities; and (c) investment in properties.

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

SHAREHOLDING STRUCTURE OF THE COMPANY

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

	Immediately before the Sale and Purchase Completion		As at the Latest Practicable Date	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
DDHL and parties acting in concert with it (<i>Note 1</i>)	311,769,867	31.18	—	—
Sparta (<i>Note 2</i>)	26,645,015	2.66	—	—
Mr. Tjia (<i>Note 2</i>)	22,887,200	2.29	—	—
Directors:				
Kwok Koon Keung	500	0.00	500	0.00
Ong Chi King	8,802,000	0.88	8,802,000	0.88
The Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them	—	—	361,302,082	36.13
Public	<u>629,895,418</u>	<u>62.99</u>	<u>629,895,418</u>	<u>62.99</u>
Total	<u><u>1,000,000,000</u></u>	<u><u>100.00</u></u>	<u><u>1,000,000,000</u></u>	<u><u>100.00</u></u>

Notes:

- DDHL is a company incorporated in the BVI and is wholly-owned by DDIHL. DDIHL is deemed to be interested in Shares owned by DDHL.
- Mr. Tjia directly beneficially owns 22,887,200 Shares and directly beneficially owns all the shares in Sparta, a company incorporated in the BVI. Sparta directly beneficially owns 26,645,015 Shares and it beneficially owns 349,935,000 shares in DDIHL, representing approximately 35.79% of the issued share capital in DDIHL. By virtue of the SFO, Mr. Tjia is deemed to be interested in 338,414,882 Shares (being the aggregate of 26,645,015 Shares held by Sparta and 311,769,867 Shares indirectly owned by DDIHL (through DDHL) which Sparta is deemed to be interested in).

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Glory Sun” contained in this Composite Offer Document.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP AND ITS EMPLOYEES

Please refer to the section headed “Intentions of the Offeror regarding the Group and its Employees” in the “Letter from Glory Sun” for detailed information on the Offeror’s intention on the business and management of the Group. The Board is pleased to note that (i) the Offeror intends to continue with the Group’s existing construction businesses; (ii) the

Offeror has no intention to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; and (iii) the Offeror has no intention to discontinue the employment of any employees of the Group (except for the proposed change of Board composition as detailed in the section headed “Proposed change of the composition of the Board” in the “Letter from Glory Sun” contained in this Composite Offer Document).

The Board is aware of the intentions of the Offeror in regards to the Group and its employees and will render cooperation and support to the Offeror.

MAINTAINING THE LISTING STATUS OF THE COMPANY

As mentioned in the “Letter from Glory Sun”, it is the intention of the Offeror to maintain the listing of Shares on GEM of the Stock Exchange after the close of the Offer. The Board and the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that not less than 25% of the total number of Shares in issue will be held by the public as required by the GEM Listing Rules.

The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

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

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

RECOMMENDATION

The Directors, including all of the independent non-executive Directors after taking into account the opinion of the Independent Financial Adviser, (except for Mr. Tjia Boen Sien, who was a Vendor of the Sale Share and has abstained from voting) consider that the terms of the Offer are, on balance, fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Directors, including all of the independent non-executive Directors, (except for Mr. Tjia Boen Sien, who was a Vendor of the Sale Shares and has abstained from voting) recommend the Independent Shareholders to accept the Offer.

Independent Shareholders are advised to read the recommendation of the Independent Board Committee set out on pages 27 to 28 of this Composite Offer Document and the advice of the Independent Financial Adviser set out on pages 29 to 49 of this Composite Offer Document, which contains its advice to the Independent Board Committee in respect of the fairness and reasonableness of the Offer and the principal factors considered by it in arriving at its opinion and recommendations, before deciding on the actions to be taken on the Offer.

ADDITIONAL INFORMATION

You are advised to read this Composite Offer Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Offer Document.

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

Shareholders should note that if the condition on the 50% valid acceptances mentioned in the paragraph headed “Conditions of the Offer” above is not fulfilled, the Offer will not become unconditional and will lapse. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares.

By Order of the Board of
Deson Construction International Holdings Limited
Keung Kwok Cheung
Chief Executive Officer and Executive Director

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer.



DESON CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

迪臣建設國際集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8268)

5 July 2019

To the Independent Shareholders,

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFER
BY GLORY SUN SECURITIES LIMITED
FOR AND ON BEHALF OF ENERGY LUCK LIMITED
TO ACQUIRE ALL ISSUED SHARES OF
DESON CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
ENERGY LUCK LIMITED, ITS ULTIMATE BENEFICIAL OWNER
AND/OR THE PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to the composite offer document dated 5 July 2019 jointly issued by the Company and the Offeror to the Independent Shareholders (“**Composite Offer Document**”) of which this letter forms part. Terms defined in the Composite Offer Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance of the Offer.

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 recommendation to the Independent Shareholders.

Veda Capital has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise us in respect of the terms of the Offer and as to acceptance thereof. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the “Letter from the Independent Financial Adviser” in the Composite Offer Document.

We also wish to draw your attention to the “Letter from Glory Sun”, the “Letter from the Board” and the additional information set out in the appendices to the Composite Offer Document.

RECOMMENDATION

Taking into account the terms of the Offer and the independent advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as the case may be, to accept the Offer.

Notwithstanding our recommendation, the Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” in this Composite Offer Document. Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms and conditions of the Offer.

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. Ong King Keung <i>Non-executive Director</i>	Mr. Lee Tho Siem <i>Independent non- executive Director</i>	Mr. Cheung Ting Kee <i>Independent non- executive Director</i>	Mr. Chan Ka Yin <i>Independent non- executive Director</i>
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The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Composite Offer Document.

VEDA | CAPITAL
智 略 資 本

Suites 1001–1002, 10/F, 299 QRC
299 Queen's Road Central
Hong Kong

5 July 2019

*To: Independent Board Committee and the Independent Shareholders of
Deson Construction International Holdings Limited*

Dear Sirs/Madams,

**CONDITIONAL MANDATORY CASH OFFER
BY GLORY SUN SECURITIES LIMITED
FOR AND ON BEHALF OF ENERGY LUCK LIMITED
TO ACQUIRE ALL ISSUED SHARES OF
DESON CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
ENERGY LUCK LIMITED, ITS ULTIMATE BENEFICIAL OWNER
AND/OR THE PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Offer, details of which are set out in the Composite Offer Document dated 5 July 2019 jointly issued by the Company and the Offeror to the Independent Shareholders, of which this letter (the “**Letter**”) forms part. Terms used herein shall have the same meanings as defined in the Composite Offer Document unless the context requires otherwise.

Reference is made to the Joint Announcement that, on 12 April 2019 (after trading hours), the Offeror and the Guarantor entered into the Sale and Purchase Agreement with DDHL, Sparta and Mr. Tjia as the Vendors in which the Vendors had conditionally agreed to sell, and the Offeror had conditionally agreed to purchase, in aggregate, 361,302,082 Shares, representing approximately 36.13% of the issued share capital of the Company as at the date of the Sale and Purchase Agreement, for a total Consideration of HK\$79,486,458.04 (equivalent to HK\$0.22 per Sale Share). Immediately following the Sale and Purchase Completion that took place on 18 June 2019, the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them are interested in 361,302,082 Shares, representing approximately 36.13% of the issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a conditional mandatory general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them. Glory Sun Securities Limited, on behalf of the Offeror, is making the Offer to all the Independent Shareholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them).

In accordance with Rule 2.8 of the Takeovers Code, the Company has established the Independent Board Committee, comprising one non-executive Director and three independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Ong King Keung, Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Chan Ka Yin, to make recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Mr. Tjia, as one of the sellers under the Sale and Purchase Agreement, is deemed to have interest in the Offer and excluded from the Independent Board Committee.

We, Veda Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not associated or connected with the Company or the Offeror, 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 us and the Group or the Offeror. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or the Offeror or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Offer Document and the representations made to us by the Directors and the senior management of the Company (the “**Management**”).

We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date

and the Independent Shareholders will be notified of any material changes to such statements, information, opinions and/or representations 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 or the Offeror (as the case may be) in the Composite Offer Document were reasonably made after due enquiries and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Offer Document, or the reasonableness of the opinions expressed by the Company, the Offeror, their respective advisers, the Directors and/or the director of the Offeror, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone between the Group and/or the Offeror concerning the Offer.

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

The sole director of the Offeror, being Mr. Wong, accepts full responsibility for the accuracy of the information contained in the Composite Offer Document (other than any information relating to the Group, the Vendors and parties acting in concert with any one of them), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Offer Document (other than opinions expressed by the Directors and the Vendors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Offer Document, the omission of which would make any statement in the Composite Offer Document misleading.

We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, the Vendors, the Offeror or their respective subsidiaries or associates (if applicable).

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background and terms of the Offer

Terms of the Offer

Glory Sun, on behalf of the Offeror, is making the Offer to all the Independent Shareholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them), in compliance with the Takeovers Code on the following basis:

For each Offer Share under the Offer HK\$0.22 in cash

The Offer is extended to all the Independent Shareholders in accordance with the Takeovers Code. The Offer Price of HK\$0.22 per Offer Share equals to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer is conditional upon the Offeror having received valid acceptances of the Offer which, together with the Shares already acquired or agreed to be acquired by the Offeror, its ultimate beneficial owner and/or the parties acting in concert with any of them before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

2. Business and financial information of the Group

Basic information of the Group

The Company is incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM of the Stock Exchange. The Company is an investment holding company and the principal activities of its subsidiaries consist of (i) the construction business, as a main contractor and fitting-out works, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, the PRC and Macau, and other construction related business; (ii) investment in securities; and (iii) investment in properties.

Historical financial performance of the Group

Set out below is a summary of the Group's consolidated financial information extracted from the Company's annual reports for the three financial years ended 31 March 2019.

	For the financial years ended 31 March		
	2019	2018	2017
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	645,835	792,010	917,804
<i>construction business</i>			
<i>contributed</i>	100.8%	94.5%	95.1%
<i>securities investment</i>			
<i>contributed</i>	(0.9)%	5.5%	4.9%
<i>property investment contributed</i>	0.1%	—	—
Gross profit	19,780	85,299	102,654
Profit/(Loss) before tax	(19,808)	29,647	68,808
Profit/(Loss) for the year attributable to the Shareholders	(14,917)	38,831	65,535
	As at	As at	As at
	31 March	31 March	31 March
	2019	2018	2017
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Total assets	415,118	403,172	371,349
Net asset value attributable to the Shareholders	110,322	138,115	95,503

Further financial information of the Group is set out in Appendix II to the Composite Offer Document.

(a) For the financial year ended 31 March 2019

For the financial year ended 31 March 2019 (the "FY2019"), the Group's revenue amounted to approximately HK\$645.84 million, representing a decrease of approximately 18.46% as compared to that of the financial year ended 31 March 2018 of approximately HK\$792.01 million. As advised by the Company, the decrease in revenue was mainly due to (i) the

decrease in turnover arising from the projects of the construction business as some substantial projects of the Company were completed and recognised in the previous year and that the new projects of the Company under construction have yet to be recognised; and (ii) the Group recorded a fair value loss for marketable securities in the amount of approximately HK\$5.72 million as opposed to the fair value gain for marketable securities incurred in the amount of approximately HK\$43.20 million in the previous financial year. In FY2019, the Group recognised gross profit of approximately HK\$19.78 million as compared to that of the financial year ended 31 March 2018 of approximately HK\$85.30 million, representing a decrease of approximately 76.81% due to the fair value loss recognised from the investment in securities segment of the Group.

In FY2019, the Group recorded net loss attributable to the Shareholders of approximately HK\$14.92 million, as opposed to a net profit attributable to the Shareholders of approximately HK\$38.83 million for the financial year ended 31 March 2018. As advised by the Company, the loss was mainly caused by (i) loss incurred in electrical and mechanical engineering works because of the rising labour and material costs throughout the contractual period and extra costs for extended contractual period in some projects in FY2019; (ii) fair value loss of the marketable securities; and (iii) loss incurred for the fitting-out works of a project in Beijing, the PRC.

As at 31 March 2019, the Group recorded audited total assets of approximately HK\$415.12 million, comprising prepayments, deposits and other receivables of approximately HK\$101.47 million, contract assets (receivables that will be received for work commenced for construction projects that the services have been completed but have not been billed to the respective clients) of approximately HK\$79.93 million, accounts receivables of approximately HK\$62.49 million and cash and cash equivalents of approximately HK\$75.33 million. The net asset value attributable to the Shareholders as at 31 March 2019 was approximately HK\$110.32 million.

(b) For the financial year ended 31 March 2018

For the financial year ended 31 March 2018, the Group's revenue amounted to approximately HK\$792.01 million, representing a decrease of approximately 13.71% as compared to that of the financial year ended 31 March 2017 of approximately HK\$917.80 million, of which approximately HK\$748.65 million was generated from the construction contracting and related businesses and approximately HK\$43.36 million from securities investment business. The decrease in revenue was mainly due to (i) the decrease in turnover arising from the projects of the construction business; and (ii) the drop in realised gain arising from the disposal of marketable securities. The Group also recognised gross profit of approximately HK\$85.30 million as compared to approximately HK\$102.65 million in the previous financial year, representing a year to year decrease of approximately

16.90%. The decrease was due to the decrease of overall gross profit margin of construction projects due to the rise of direct material and labour costs, especially for the fitting-out works in the PRC.

For the financial year ended 31 March 2018, the Group recorded a profit before tax and a profit attributable to the Shareholders of approximately HK\$29.65 million and approximately HK\$38.83 million respectively, representing decreases of approximately 56.91% and approximately 40.75% respectively as compared to the previous financial year. The decrease in profit was mainly caused by (i) the drop in profit arising from the fitting-out works project at the PRC; and (ii) the provision for cash loss arising from certain suspicious internet frauds which involved fraudulent transfers of funds of approximately HK\$22 million (the “**Fraud Loss**”) from the bank account of Beijing Chang-de Architectural Decoration Co., Limited (“**Beijing Chang-de**”), a 60% indirectly owned subsidiary of the Company. We noted that the Group has reported the Fraud Loss to the Beijing Public Security Bureau and Beijing Chang-de and has also instructed its legal advisers in the PRC to issue a complaint to the involved PRC bank. The Beijing Public Security Bureau confirmed Beijing Chang-de that the Fraud Loss has been under investigation and the involved PRC bank declined to compensate Beijing Chang-de for the Fraud Loss.

Based on our discussions with the Directors, the incident was mainly triggered by personnel misunderstand instructions, mistakes in judgement and errors committed due to carelessness of the employees of Beijing Chang-de. Accordingly, the Directors had taken measures (i.e. arranged training for its employees, circulated internal memorandum of internal controls and set internet banking transaction limitations) to review and improve the internal control policy of the Group. However, the directors of Beijing Chang-de have yet to receive any replies or updates from the Beijing Public Security Bureau in relation to the results of the investigation of the Fraud Loss and at the Latest Practicable Date the Directors are unable to confirm the recoverability of the amount in the Fraud Loss.

As at 31 March 2018, the Group recorded audited total assets of approximately HK\$403.17 million, comprising prepayments, deposits and other receivables of approximately HK\$131.27 million, accounts receivable of approximately HK\$99.98 million, cash and cash equivalents of approximately HK\$54.31 million and equity investments at fair value through profit or loss of approximately HK\$19.62 million. The net asset value attributable to the Shareholders as at 31 December 2018 was approximately HK\$138.12 million.

(c) For the financial year ended 31 March 2017

For the financial year ended 31 March 2017, the Group's revenue amounted to approximately HK\$917.80 million, representing an increase of approximately 12.85% as compared to that of the financial year ended 31 March 2016 of approximately HK\$813.26 million, of which approximately HK\$872.76 million was generated from the construction contracting and related businesses and approximately HK\$45.04 million from securities investment business. The increase in revenue was mainly due to (i) revenue started to be recognised for several new electrical and mechanical engineering projects that were granted to the Group for the financial year ended 31 March 2017; (ii) that more fitting-out projects were granted during the year; and (iii) the development of long term and short term investments in marketable securities and other related financial and/or investment products and opportunities (including without limitation, fixed income products, foreign exchange products, commodities and related products, investment funds, pre-IPO investment opportunities). The Group recognised gross profit of approximately HK\$102.65 million as compared to approximately HK\$47.61 million in the previous financial year, representing a significant year to year increase of approximately 115.61%. The increase was mainly due to the increase of realised gain for the investment in marketable securities which started from the last quarter of the year ended 31 March 2016.

For the financial year ended 31 March 2017, the Group recorded a profit before tax and a profit attributable to the Shareholders of approximately HK\$68.81 million and approximately HK\$65.54 million respectively, representing increases of approximately 498.07% and approximately 503.68% respectively as compared to the previous financial year. The increase in profit were mainly due to the significant increase in realised gain generated from the trading of marketable securities for the year ended 31 March 2017 as compared with that for the previous financial year.

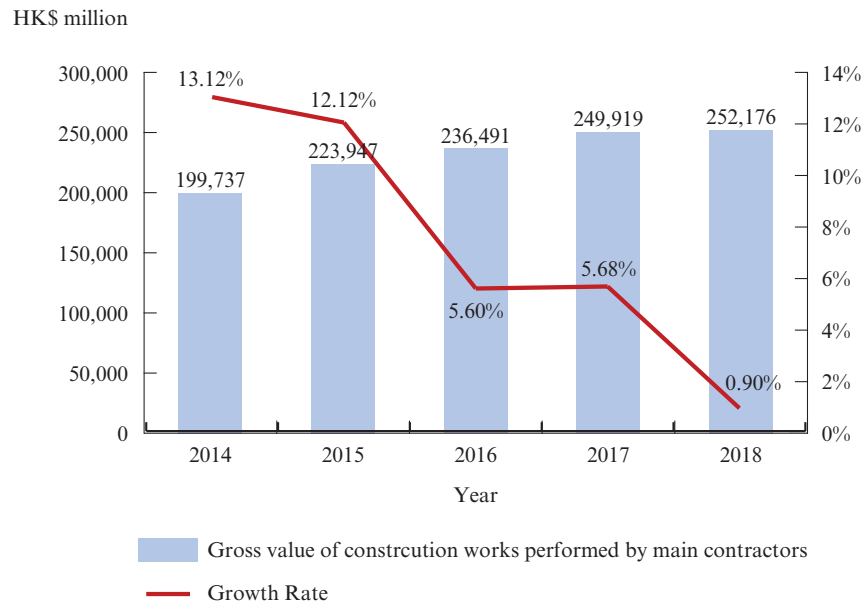
As at 31 March 2017, the Group recorded audited total assets of approximately HK\$371.35 million, comprising accounts receivable of approximately HK\$129.43 million, equity investments at fair value through profit or loss of approximately HK\$65.30 million and cash and cash equivalents of approximately HK\$49.04 million. The net asset value attributable to the Shareholders as at 31 March 2017 was approximately HK\$95.50 million.

Industry outlook of the construction business of the Group

The Group is an investment holding company and the principal activities of its subsidiaries consist of (i) the construction business and other construction related business; (ii) investment in securities; and (iii) investment in properties.

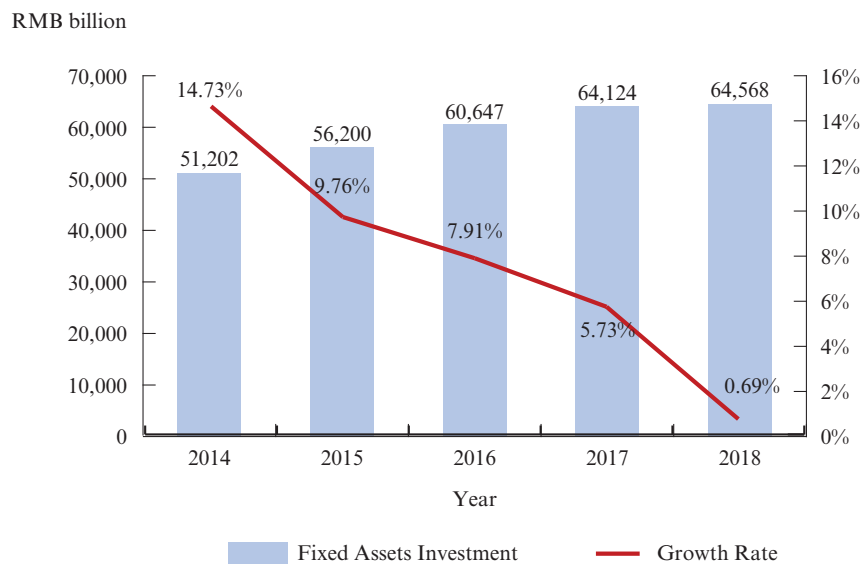
The construction segment of the Group primarily comprises of (i) building construction works; (ii) electrical and mechanical engineering works; and (iii) fitting-out works that are geographically principally engaged in Hong Kong, the PRC and Macau. As advised by the Company, the construction services of the Group are mostly applied on properties such as, *inter alia*, private houses, commercial units and public buildings on contracts bases. The Directors believed that the Group could strengthen its position in the Hong Kong market and diversify its customer base particularly by attracting larger corporate customers and tenders for more capital-intensive projects for such customers. The Group intends to expand the business capacity and scale to strengthen its market position in Hong Kong to capture more sizeable and profitable projects and further diversify the customer base by bidding works from more private residential developers. In light of the intentions of the Group and the geographical revenue contribution of the Group (i.e. Hong Kong and the PRC in aggregate, 100% and approximately 99.5% for the two financial years ended 31 March 2019 respectively) as mentioned in the above, we have conducted our researches mainly on the property and construction industry only in Hong Kong and the PRC.

According to the statistics published by the Census and Statistics Department of Hong Kong that was last revised on 11 June 2019, the growth rates of Hong Kong's construction industry in terms of gross value have slowed down in the recent years as illustrated in the graph below. From 2014 to 2015, the gross value of construction works performed by main contractors in Hong Kong went from approximately HK\$199.74 billion to approximately HK\$223.95 billion, representing a growth rate of approximately 12.12%. The gross values in 2016, 2017, 2018 were approximately HK\$236.49 billion, approximately HK\$249.92 billion and approximately HK\$252.08 billion respectively, representing growth rates of approximately 5.68% from 2016 to 2017 and approximately 0.87% from 2017 to 2018 respectively. Furthermore, such trend has continued in the first quarter of 2019 in the amount of approximately HK\$56.9 million (a provisional figure), representing a decrease of approximately 13.0%, when compared to that of the first quarter of 2018 of approximately HK\$64.3 million.



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

According to the annual data as extracted from the National Bureau of Statistics of China, the growth rates of the total investment in fixed assets in the PRC has also been declining in the recent years as illustrated in the graph below. Although the total investment in fixed assets in the PRC increased from RMB51.2 trillion in 2014 to approximately RMB64.6 trillion in 2018, the growth rates of the total investment in fixed assets in the PRC dropped from approximately 14.7% in 2014 to approximately 0.7% in 2018.



Source: National Bureau of Statistics of China (<http://data.stats.gov.cn>)

Given the relatively slow growths in the construction industry in Hong Kong and the PRC in the recent years, we are not optimistic about the prospect of the construction segment of the Group in the short run.

3. Information on the Offeror

As set out in the Letter from Glory Sun in the Composite Offer Document, the Offeror is an investment holding company incorporated in the BVI on 6 March 2018 and is wholly-owned by Mr. Wong, the sole director of the Offeror.

Mr. Wong, aged 60, holds a Bachelor of Arts degree from the University of Hong Kong. He has extensive experience in the financial and investment fields as well as experience in corporate and business management in listed companies as he has directorships on various companies listed on the main board and GEM of the Stock Exchange as mentioned in the Letter from Glory Sun in the Composite Offer Document.

Mr. Wong does not have direct experience in the construction sector but he has extensive exposure in the financial and investment fields for over 20 years and is well experienced in the international investment market. The Acquisition allows Mr. Wong to invest in the construction business in Hong Kong and the PRC in order to widen variety of his investments and diversify investment risks in his investment portfolio.

The Offeror's intention in relation to the Group

The Group has mainly been engaging in the construction business in Hong Kong and the PRC for many years and has built up an extensive network of customers and suppliers in the construction industry as well as renown reputation. Following the close of the Offer, the Offeror intends the Company to remain listed on the GEM of the Stock Exchange and to continue with the Group's existing construction business. The Offeror will conduct a detailed review on the financial position and operations of the Group to formulate long-term business plans and strategy for the business development of the Group and will explore and consider if any business opportunities be appropriate to enhance the long-term growth potential of the Group. The Offeror might consider to hire more experienced management staff if deem fit. As at the Latest Practicable Date, the Offeror has no intention to inject any new business/assets into the Group and has no intention to discontinue the employment of any employees of the Group or redeploy the fixed assets of the Group other than those in its ordinary and usual course of business. As at the Latest Practicable Date, the Offeror has not entered into any agreements, arrangements, understandings, intentions or negotiations in relation to any disposal/termination/scaling-down of the Group's existing businesses, and any disposal/restructuring/re-deployment of the Group's assets.

Board composition of the Company

The Board is currently made up of nine (9) Directors, comprising four (4) executive Directors, two (2) non-executive Directors and three (3) independent non-executive Directors. As stated in the Letter from Glory Sun in the Composite Offer Document, the existing Directors are intended to resign with effect from the earliest time permitted under the Takeovers Code but some of the Directors will remain as directors of the operating subsidiaries to continue managing the day-to-day operations of the operating subsidiaries. The Offeror intends to appoint Mr. Hung Kenneth and Ms. Lau Po Yee as new executive Directors, and Mr. Wong Yuk Lan Alan as a new independent non-executive Directors (the “**Proposed Directors**”) to the Board with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. Further information of the Proposed Directors are set out in the Letter from Glory Sun in the Composite Offer Document.

We noted from the biographies of the Proposed Directors, (i) Mr. Hung has several directorships experience in companies listed on GEM of the Stock Exchange but are not engaged in the operation of the construction industry; while (ii) Ms. Lau is a director of a company principally engaged in public relationships and promotional activities; and (iii) Mr. Wong also has several directorships experience in companies listed on the Main Board of the Stock Exchange but are not engaged in the operation of the construction industry. As stated in the Letter from Glory Sun in the Composite Offer Document, the Offeror will try to identify experienced professional in construction business as executive Director or senior management.

Maintenance of the listing status of the Company

It should also be noted that, as disclosed from the Letter from Glory Sun in the Composite Offer Document, the Offeror and the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares in the event that there are insufficient public float of the Shares after the close of the Offer such that trading of the Shares might be suspended until sufficient public float exists in the Shares.

Based on the above information, in view of (i) the sole director of the Offeror has no direct experience in the construction sector and has yet to have a confirmed detailed business plan for the Group as at the Latest Practicable Date; (ii) the existing Directors are intended to resign as Directors with effect from the earliest time permitted under the Takeovers Code; (iii) the Proposed Directors do not appear to have direct operational experience in the construction industry; and (iv) the sole director of the Offeror is still identifying suitable experienced professional in construction business and has not reached any final decision on whether there will be further changes in the composition of the Board, the proposed changes in the Board may affect (i.e. negative impacts arising from the transitional process

from the existing Directors to the Proposed Directors such as additional time required by employees to adapt to the new management and/or directors) the existing operation and business development of the Group.

4. Information on the Offer and Offer Price

Offer Price Comparison

The Offer Price of HK\$0.22 per Offer Share is the same as the purchase price per Sale Share under the Sale and Purchase Agreement, which represents:

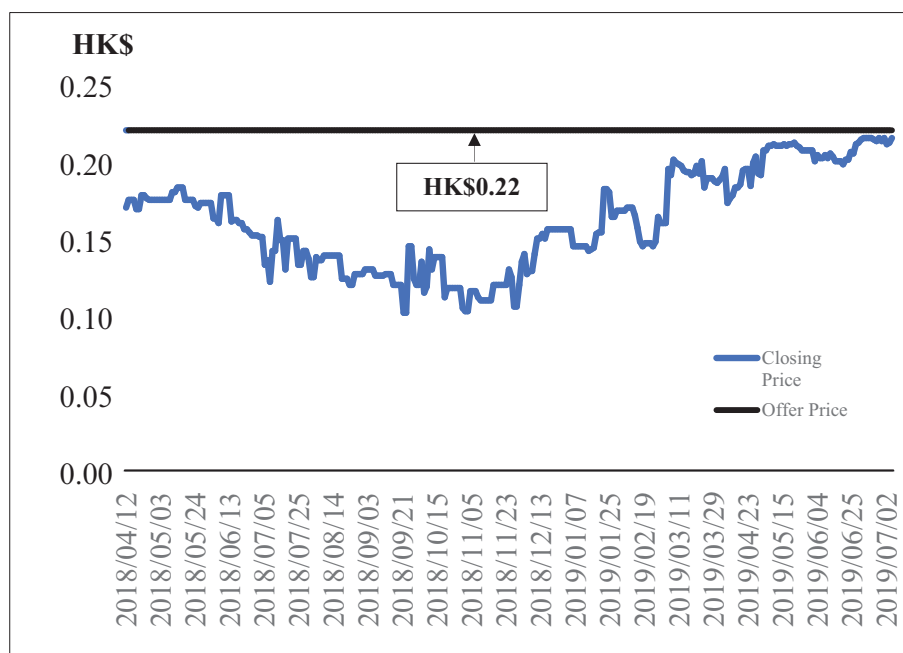
- (i) a premium of approximately 37.5% over the closing price of HK\$0.160 per Share as quoted on GEM of the Stock Exchange on 18 February 2019, being the last trading day preceding the date of the joint announcement issued by DDIHL and the Company in relation to the Offer;
- (ii) a premium of approximately 15.2% over the closing price of HK\$0.191 per Share as quoted on GEM of the Stock Exchange on 12 April 2019, being the Last Trading Day;
- (iii) a premium of approximately 13.5% over the average of the closing prices of Share of approximately HK\$0.194 per Share, as quoted on GEM of the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 14.5% over the average of the closing prices of Share of approximately HK\$0.192 per Share, as quoted on GEM of the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 16.1% over the average of the closing prices of Share of approximately HK\$0.190 per Share, as quoted on GEM of the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 2.3% over the closing price of HK\$0.215 per Share as quoted on GEM of the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of 100% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.110 per Share as at 31 March 2019, based on the annual report of the Company dated 21 June 2019 which was published on 28 June 2019.

As disclosed in the above, the Offer Price represents (i) a premium over the closing price of the Shares as quoted on GEM of the Stock Exchange on the Last Trading Day; (ii) premiums to the relevant closing prices of the Share as quoted

on GEM of the Stock Exchange for the last five (5), ten (10) and thirty (30) consecutive trading days up to and including the Last Trading Day; and (iii) premium to the consolidated net asset value attributable to the Shareholders as at 31 March 2019.

Historical price performance of the Shares

The graph below illustrates the historical closing prices of the Shares as quoted on GEM of the Stock Exchange during the period from 12 April 2018, being the date one year prior to the Last Trading Day to the Last Trading Day and further up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is adequate to illustrate the recent closing price movement of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and the Offer Price. The comparison of daily closing prices of the Shares and the Offer Price is illustrated as follows:



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

As illustrated from the chart above, during the Review Period, the closing prices of the Shares ranged from the lowest of HK\$0.102 per Share to the highest of HK\$0.215 per Share and an average closing price of approximately HK\$0.161 per Share. During the Review Period, the Offer Price (i) is set above the closing prices of the Shares for each of the trading days and represents a premium of approximately 2.3% over the highest closing price of the Shares; and (ii) represents a premium of approximately 36.6% over the average closing price of the Shares.

In addition to the premiums represented by the Offer Price as described in the sub-section headed “Offer Price Comparison” of this letter, having considered that (i) the Offer Price represents premiums over the closing prices of the Share for all the trading days in the Review Period; (ii) the Offer Price represents a premium over the average closing price during the Review Period; and (iii) although there is a slight increasing trend in the closing prices of the Shares after the release of the Joint Announcement which may be due to market reaction to the change in Shareholder, there is no assurance on the future price level, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

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

Historical trading liquidity of the Shares

Apart from the daily closing price of the Shares, we have also performed a review on the average daily trading volume per month (the “Average Daily Volume”) of the Shares in the Review Period, which is commonly used for analysis purpose to illustrate the liquidity of the Shares.

Month/Period	Number of Trading Days <i>days</i>	Average daily trading volume of Shares <i>(approximately)</i>	Average daily trading during the month/period as a percentage of the total number of Shares as at the Latest Practicable Date <i>(note 1)</i> <i>(approximately %)</i>	Average daily trading during the month/period as a percentage of the Shares held by public as at the Latest Practicable Date <i>(note 2)</i> <i>(approximately %)</i>
2018				
12 April–30 April	13	138,615	0.014	0.022
May	21	1,469,286	0.147	0.233
June	20	70,650	0.007	0.011
July	21	554,129	0.055	0.088
August	23	148,522	0.015	0.024
September	19	109,368	0.011	0.017
October	21	104,238	0.010	0.017
November	22	650,295	0.065	0.103
December	19	414,043	0.041	0.066
2019				
January	22	145,620	0.015	0.023
February	17	2,363,647	0.236	0.375
March	21	421,810	0.042	0.067
April (up to the Last Trading Day)	9	1,010,222	0.101	0.160
April (after the Last Trading Day)	10	3,342,800	0.334	0.531
May	21	422,190	0.042	0.067
June	19	707,541	0.071	0.112
July 2 (the Latest Practicable Date)	1	112,000	0.011	0.018

Source: Website of the Stock Exchange

Notes:

1. Based on the total issued 1,000,000,000 Shares as at the Latest Practicable Date.
2. Based on 629,895,418 Shares held by public Shareholders as at the Latest Practicable Date.

As illustrated in the table above, the Average Daily Volume of Shares during the Review Period before the Last Trading Day ranged from approximately 70,650 Shares in June 2018 to approximately 2,363,647 Shares in February 2019, representing approximately 0.007% to approximately 0.236% of the total number of Shares as at the Latest Practicable Date.

The Average Daily Volume of Share in April 2019 after the release of the Joint Announcement, from 15 April 2019 to 30 April 2019, was 3,342,800 Shares and representing approximately 0.334% of the total number of issued Shares. Given the Average Daily Volume as a percentage of the total number of issued Shares as at the Latest Practicable Date for each month (including April, the month of the release of the Joint Announcement) during the Review Period was less than 0.500%, we consider that the trading volume of the Shares was thin and the trading of the Shares did not appear to be active during the Review Period. Shareholders who wish to sell a significant number of the Shares in the market may result in downward pressure on the market price of the Shares given the low liquidity in trading of the Shares. Therefore, the Offer represents an assured opportunity for the Independent Shareholders, particularly for those who hold a large number of the Shares, to dispose of some or all of their Shares at the Offer Price if they so wish, without creating a significant downside pressure on the market trading price of the Shares.

Comparables analysis

To further assess the fairness and reasonableness of the Offer Price, we have performed a price-to-earnings ratio (the “**PER**”) and a price-to-book ratio (the “**PBR**”) analysis, both being the most commonly used benchmark for valuation of companies, to compare the Offer Price against the market valuation of other comparable companies.

For comparison purpose, we have conducted a search of comparables which meet the criteria of (i) having listed on the Stock Exchange on the Last Trading Day; (ii) with market capitalisation comparable with that of the Group (i.e. of not more than HK\$400 million) as at the Latest Practicable Date given that the implied market capitalisation of the Offer is HK\$220 million based on the Offer Price; (iii) principally engaged in the construction business which is closely comparable with that of the Group; (iv) generated more than 50% of their consolidated revenues from construction business; and (v) recorded profit in their latest published annual results/reports or listing document.

Based on the aforesaid selection criteria and based on our search conducted through published information on the Stock Exchange's website, we have found an exhaustive list of 16 comparables (the "Comparable(s)"), that share similar market capitalisation and comparable businesses of the Group such that we consider the Comparables sufficient and representative for us to form a view on the terms of the Offer. We set out our findings in the table below.

While it should be noted that all the subject companies involved in the Comparable analysis may have different market capitalisation, financial positions and geographical operations as compared with those of the Company, the analysis is meant to cover a list of similar companies listed on the Stock Exchange and form an appropriate sample size to reflect the value of comparable companies in the same industry. Therefore, we consider the PER analysis and PBR analysis as references to the terms of the Offer are appropriate.

No.	Company name (stock code)	Principal business	PER (times) (Notes 1 & 3)	PBR (times) (Note 2)	Market capitalisation (HK\$)
1.	IBI Group Holdings Limited (1547)	Principally acted as a contractor focusing on providing renovation services as a main contractor for property projects.	15.15	2.37	316,000,000
2.	SH Group (Holdings) Limited (1637)	Principally engaged in the provision of electrical and mechanical engineering services.	7.93	0.76	180,000,000
3.	Milestone Builder Holdings Limited (1667)	Principally involved in the construction business in Hong Kong.	13.91	1.44	204,000,000
4.	Lap Kei Engineering (Holdings) Limited (1690)	Principally engaged in the engineering of building services systems and related businesses.	12.32	1.59	219,450,000
5.	Golden Ponder Holdings Limited (1783)	Principally engaged in the provision of superstructure building works services.	10.22	0.90	172,000,000
6.	Wecon Holdings Limited (1793)	Principally engaged in construction projects.	6.34	0.99	236,000,000
7.	Yield Go Holdings Ltd. (1796)	Principally engaged in the provision of fitting-out services.	10.81	1.81	388,800,000

No.	Company name (stock code)	Principal business	PER (times) (Notes 1 & 3)	PBR (times) (Note 2)	Market capitalisation (HK\$)
8.	WINDMILL Group Limited (1850) (Note 5)	Principally involved in the design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises.	10.46	2.06	252,000,000
9.	LKS Holding Group Limited (1867)(Note 6)	Principally engaged in interior fitting-out and renovation services and alteration and addition works for residential, industrial and commercial properties in Hong Kong.	15.14	2.11	244,160,000
10.	KPa-BM Holdings Limited (2663)	Principally engaged in the building construction businesses.	5.83	0.88	165,000,000
11.	Golden Faith Group Holdings Limited (2863)	Principally engaged in the provision of electrical and mechanical engineering services.	10.22	1.42	277,246,710
12.	Ching Lee Holdings Limited (3728)	Principally engaged in the provision of construction and consultancy works and project management services in Hong Kong.	18.37	1.81	202,600,000
13.	Super Strong Holdings Limited (8262)	Principally engaged in general building works and specialist building works in Hong Kong.	33.63	1.84	280,000,000
14.	Tong Kee (Holding) Limited (8305)	Principally engaged in performing repair, maintenance, alteration and addition works.	4.77	0.75	61,600,000

No.	Company name (stock code)	Principal business	PER (times) (Notes 1 & 3)	PBR (times) (Note 2)	Market capitalisation (HK\$)
15.	Wing Fung Group Asia Limited (8526)	Principally engaged in the provision of supply, installation and fitting-out services of mechanical ventilation and air-conditioning system for buildings in Hong Kong and Macau.	19.81	2.49	200,900,000
16.	Vistar Holdings Limited (8535)	Principally engaged in the provision of electrical and mechanical engineering services.	7.16	1.52	164,400,000
		Minimum	4.77	0.75	
		Maximum	33.63	2.49	
		Average	12.63	1.55	
	The Company (Notes 3 & 4)		not applicable	1.99	220,000,000

Notes:

- The PER of the Comparables are calculated as their respective market capitalisation as at the Latest Practicable Date divided by their respective profit attributable to the owners of the company according to their latest available annual results/reports or listing documents.
- The PBR of the Comparables are calculated as their respective market capitalisation as at the Latest Practicable Date divided by their respective equity attributable to owners of the company according to their latest available interim/annual reports or announcements or listing documents.
- The Company recorded a net loss attributable to the Shareholders for the financial year ended 31 March 2019 such that its PER is considered to be not applicable for comparable purposes. The PERs of the Comparables are for illustration purposes only.
- The PBR of the Company is calculated as its market capitalisation as at the Latest Practicable Date based on the Offer Price divided by its equity attributable to owners of the Company for the financial year ended 31 March 2019.
- Previously listed on GEM of the Stock Exchange (stock code: 8409).
- Previously listed on GEM of the Stock Exchange (stock code: 8415).

Analysis of PBR

As illustrated in the table above, we noted that the implied PBR of the Company (based on the Offer Price) of 1.99 times falls within the range of the PBRs of the Comparables from approximately 0.75 times to approximately 2.49 times, with an average of approximately 1.55 times.

Having considered that (i) the Offer Price is above the range of the closing prices of the Shares during the Review Period; (ii) the implied PBR calculated based on the Offer Price falls within the range of the Comparables' PBR; and (iii) historical trading volume of the Shares is relatively thin, we consider that the Offer Price as well as the Offer are fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Taking into consideration that (i) the sole director of the Offeror has no direct experience in the construction sector and yet to have a confirmed detailed business plan for the Group given the dropping of the growth rates in the construction industry in Hong Kong and the PRC; (ii) all existing Directors are expected to resign as the Directors; (iii) the Proposed Directors have no direct working experience in the construction industry; (iv) the Offer Price equals to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement and is above the range of the closing prices of the Shares during the Review Period; (v) the historical trading volume of the Shares is relatively thin which may indicate uncertainty as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares; (vi) the Directors are uncertain of the chance of recoverability of Fraud Loss; and (vii) as for reference purposes, the implied PBR of the Company falls within the range of the Comparables' PBR, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to make recommendation to the Independent Shareholders and we recommend the Independent Shareholders to accept the Offer.

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

For the Independent Shareholders, who are intended to dispose large blocks of Shares in the open market, are also reminded of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the prices of the Shares as a result of the thin trading of the Shares.

For those Independent Shareholders who consider to retain their Shares, in full or in part, are reminded that there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period.

Yours Faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Ms. Julisa Fong is a licensed person registered with the SFC and a responsible officer of Veda Capital which is licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity and has over 22 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019), as soon as possible and in any event no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your 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 Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order

to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) 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 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 delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Glory Sun or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (f) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the First Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:
- (i) accompanied by 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) and, if that/those 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) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his 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 (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or power of attorney) to the satisfaction of the Registrar must be produced.
- (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) If the Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post at the Shareholders' own risk 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 Shareholder(s).

SETTLEMENT OF THE OFFER

Subject to the Offer becoming or being declared unconditional and provided that a valid Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount due to each

of the Independent Shareholders who accepts the Offer less the seller's ad valorem stamp duty in respect of the Shares tendered by it/him/her or it/his/her agent(s) under the Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven Business Days following (i) the date of receipt of all the relevant documents by the Registrar to render such acceptance complete and valid or (ii) the date on which the Offer becomes or is declared unconditional in all respects, whichever is the later.

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 the 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.

No fractions 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.

ACCEPTANCE PERIOD AND REVISIONS

- (a) In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar (in respect of the Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the First Closing Date, unless the Offer becomes or is declared unconditional, or are extended or revised with the consent of the Executive and in accordance with the Takeovers Code.
- (b) The Offer is conditional upon the Offeror having received valid acceptances in respect of the Offer which, together with the Shares already acquired by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them before or during the Offer Period, will result in the Offeror, its ultimate beneficial owner and/or any parties acting in concert with any of them holding more than 50% of the voting rights of the Company. Pursuant to the Takeovers Code, where the Offer becomes or is declared unconditional, the Offer will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement as and when the Offer becomes or is declared unconditional.
- (c) If the Offeror revises the terms of the Offer (in accordance with the relevant requirements under the Takeovers Code), all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (d) If the Offer is extended, the announcement of such extension will state the next closing date or if the Offer is unconditional as to acceptances, the announcement will contain a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Independent Shareholders before the Offer is closed and an announcement must be published. If, in the course of the Offer, the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not

they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the First Closing Date.

- (e) If the First Closing Date is extended, any references in this Composite Offer Document and the Form of Acceptance to the First Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended, unless the Offer becomes or is declared unconditional, or are extended.

ANNOUNCEMENTS

By 6:00 p.m. on the First 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 or unconditionality of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating the results of the Offer and whether the Offer has been revised or extended, has expired or has become or been declared unconditional.

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

- a. for which acceptances of the Offer have been received;
- b. held, controlled or directed by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them before the Offer Period; and
- c. acquired by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them during the Offer Period.

The announcement will also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent, save for any borrowed securities which have been either on-lent or sold.

The announcement will also specify the percentages of the issued share capital of the Company, and the percentages of voting rights, represented by these numbers.

In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix I, and which have been received by the Registrar (in respect of the Offer) respectively no later than 4:00 p.m. on the First Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules.

NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owners 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.

RIGHT OF WITHDRAWAL

The Offer is conditional upon fulfilment of the condition set out in the “Letter from Glory Sun” in this Composite Offer Document. Acceptances of the Offer tendered by the Independent Shareholders or by their agent(s) on their behalf, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its consent within 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar (in respect of the Offer).

Furthermore, 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 “Announcements” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Independent Shareholder(s) 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 any other document(s) of title (and/or any indemnity or indemnities provided in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s) at their own risks.

STAMP DUTY

In Hong Kong, the seller’s ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% 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, will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller’s ad valorem

stamp duty on behalf of 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 transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are residing outside Hong Kong. The availability of the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares from the accepting Independent Shareholder(s) due in such jurisdiction.

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

TAX ADVICE

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

GENERAL

- (a) All communications, notices, the Form of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to 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. Such communications, notices, documents and remittances will be sent to the Independent Shareholders at their addresses as appeared in the register of members of the Company. None of the Offeror and parties acting in concert with it, the Company, Glory Sun, INCU Corporate Finance Limited, Global Mastermind Securities Limited, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission 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 Offer Document and/or Form of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or Glory Sun (or such person or persons as the Offeror and/or Glory Sun may direct) to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Shares in respect of which such person has accepted the Offer.
- (f) Acceptance of the Offer by the Independent Shareholders will be deemed to constitute a warranty by such person(s) to the Offeror that such Shares acquired under the Offer are sold or tendered by the Independent Shareholders free from all Encumbrances or similar third party rights or claims of any kind and together with all rights accruing or attaching thereto on the date on which the Offer are made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made that is, the date of despatch of this Composite Offer Document. The making of the Offer to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Overseas Shareholders with registered addresses in jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.
- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of the Shares it has indicated in the Form of Acceptance is the aggregate number of the Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.

- (h) References to the Offer in this Composite Offer Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (i) Any Independent Shareholders accepting the Offer will be responsible for payment of any other transfer or cancellation or other taxes or duties payable by them in any relevant jurisdiction.
- (j) Save for the payment of stamp duty, settlement of the consideration to which any Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer 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 Independent Shareholder.
- (k) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (l) The English text of this Composite Offer Document and the Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.
- (m) In making their decision, the Independent Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Offer Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Glory Sun, INCU Corporate Finance Limited, Global Mastermind Securities Limited, the Independent Financial Adviser, the Registrar or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- (n) This Composite Offer Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial results of the Group for each of the three years ended 31 March 2019 as extracted from the annual reports of the Company.

	For the year ended		
	31 March 2017 <i>HK\$'000</i>	31 March 2018 <i>HK\$'000</i>	31 March 2019 <i>HK\$'000</i>
REVENUE	917,804	792,010	645,835
Cost of sales	<u>(815,150)</u>	<u>(706,711)</u>	<u>(626,055)</u>
Gross profit	102,654	85,299	19,780
Other income and gains	1,181	1,296	3,397
Fair value gain/(loss) on investment properties	748	(1,770)	767
Administrative expenses	(31,977)	(37,361)	(36,939)
Other operating expenses, net (<i>Note</i>)	(843)	(14,364)	(3,072)
Finance costs	<u>(2,955)</u>	<u>(3,453)</u>	<u>(3,741)</u>
PROFIT/(LOSS) BEFORE TAX	68,808	29,647	(19,808)
Income tax credit/(expense)	<u>(2,034)</u>	<u>(905)</u>	<u>86</u>
PROFIT/(LOSS) FOR THE YEAR/PERIOD	<u>66,774</u>	<u>28,742</u>	<u>(19,722)</u>
Attributable to:			
Owners of the Company	66,535	38,831	(14,917)
Non-controlling Interests	<u>1,239</u>	<u>(10,089)</u>	<u>(4,805)</u>
	<u>66,774</u>	<u>28,742</u>	<u>(19,722)</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
BASIC	<u>HK6.55 cents</u>	<u>HK3.88 cents</u>	<u>HK(1.49) cents</u>
DILUTED	<u>HK6.31 cents</u>	<u>HK3.29 cents</u>	<u>HK(1.49) cents</u>

	For the year ended		
	31 March	31 March	31 March
	2017	2018	2019
	HK\$'000	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE YEAR/PERIOD	<u>66,774</u>	<u>28,742</u>	<u>(19,722)</u>
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	<u>(2,451)</u>	<u>2,726</u>	<u>(551)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Surplus/(deficit) on revaluation of leasehold land and buildings	2,757	1,607	2,750
Income tax effect	<u>(455)</u>	<u>(265)</u>	<u>(454)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:	<u>2,302</u>	<u>1,342</u>	<u>2,296</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR/PERIOD, NET OF TAX	<u>(149)</u>	<u>4,068</u>	<u>1,745</u>
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR/PERIOD	<u><u>66,625</u></u>	<u><u>32,810</u></u>	<u><u>(17,977)</u></u>
Attributable to:			
Owners of the Company	65,849	42,612	(13,468)
Non-controlling Interests	<u>776</u>	<u>(9,802)</u>	<u>(4,509)</u>
	<u><u>66,625</u></u>	<u><u>32,810</u></u>	<u><u>(17,977)</u></u>
	For the year ended		
	31 March	31 March	31 March
	2017	2018	2019
	HK\$'000	HK\$'000	HK\$'000
Consolidated net asset value attributable to the owner of the Company	<u><u>95,503</u></u>	<u><u>138,115</u></u>	<u><u>110,322</u></u>

Note: Other operating expenses, net for the year ended 31 March 2018 provision for cash loss arising from certain suspicious internet frauds which involved fraudulent transfers of funds of approximately HK\$22 million from the bank account of a Beijing subsidiary.

There is no dividend paid for each of the three years ended 31 March 2017, 2018 and 2019.

No qualified opinion was given by the auditor of the Company, Ernst & Young, in respect of the Group's audited consolidated financial statements for each of the three years ended 31 March 2019.

Set out below is a summary of the key audit matters extracted from the Company's annual reports for the three financial years ended 31 March 2019.

Key audit matter	How the audit addressed the key audit matter
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For the year ended 31 March 2017

Revenue recognition for construction contracts

For the year ended 31 March 2017, the Group recognised revenue from construction contracting and related businesses of HK\$872,762,000 and had gross amounts due from and due to customers of HK\$27,780,000 and HK\$124,840,000, respectively. The Group has accounted for its construction contracts by applying the percentage-of-completion method. This involves the use of significant management judgements and estimates, including estimating the progress towards completion of the services, scope of deliveries and services required, total contract costs incurred and costs to complete.

Amongst the audit procedures, Ernst & Young assessed the significant judgements made by management, through an examination of project documentation and discussion of the status of projects under construction with management, finance and technical personnel of the Group. Ernst & Young tested the controls of the Group over its processes to record contract costs and contract revenues, the calculation of the stage of completion and the identification of contract losses, if any. The auditor's testing also included vouching construction costs to invoices or other supporting documents, and a comparison of the actual costs incurred with total expected costs, to assess the status of the projects.

Impairment on accounts receivable

As at 31 March 2017, the Group recorded gross accounts receivable (including retention monies receivable) of HK\$137,707,000 before impairment provision of HK\$8,276,000. Management performs an impairment assessment on a regular basis, with the impairment provision estimated through the application of judgement and use of subjective assumptions, such as the payment history, subsequent settlements after the end of the reporting period and management's industry knowledge and experience.

The audit procedures included assessing and testing the Group's processes and controls relating to the monitoring of receivables and the granting of credit terms. This included evaluating the inputs and assumptions used by management in their impairment assessment, and management's procedures over aged receivables or amounts in dispute. Ernst & Young also assessed the adequacy of the impairment provision as of the end of the reporting period, taking into account factors such as the payment history, the subsequent settlements of the receivables and other relevant information.

Key audit matter**How the audit addressed the key audit matter****For the year ended 31 March 2018****Revenue recognition for construction contracts**

For the year ended 31 March 2018, the Group recognised revenue from construction contracting and related businesses of HK\$748,651,000 and had gross amounts due from and due to customers of HK\$44,055,000 and HK\$113,898,000, respectively. The Group has accounted for its construction contracts by applying the percentage-of-completion method. This involves the use of significant management judgements and estimates, including estimating the progress towards completion of the services, scope of deliveries and services required, total contract costs incurred and costs to complete.

Amongst the audit procedures, Ernst & Young assessed the significant judgements made by management, through an examination of project documentation and discussion of the status of projects under construction with management, finance and technical personnel of the Group. Ernst & Young tested the controls of the Group over its processes to record contract costs and contract revenues, the calculation of the stage of completion and the identification of contract losses, if any. The testing also included vouching construction costs to invoices or other supporting documents, and a comparison of the actual costs incurred with total expected costs, to assess the status of the projects.

Impairment on accounts receivable

As at 31 March 2018, the Group recorded gross accounts receivable (including retention monies receivable) of HK\$106,018,000 before impairment provision of HK\$6,034,000. Management performs an impairment assessment when there is objective evidence that the receivable is impaired, with the impairment provision estimated through the application of judgement and use of subjective assumptions, such as the payment history, subsequent settlements after the end of the reporting period and management's industrial knowledge and experience.

The audit procedures included assessing and testing the Group's processes and controls relating to the monitoring of receivables and the granting of credit terms. This included evaluating the inputs and assumptions used by management in their impairment assessment, and management's procedures over aged receivables or amounts in dispute. Ernst & Young also assessed the adequacy of the impairment provision as of the end of the reporting period, taking into account factors such as the payment history, the subsequent settlements of the receivables and other relevant information.

Key audit matter**How the audit addressed the key audit matter****For the year ended 31 March 2019****Revenue recognition for construction contracts**

For the year ended 31 March 2019, the Group recognised revenue from construction contracting and related businesses of HK\$651,102,000 and had contract assets and contract liabilities of HK\$79,928,000 and HK\$173,640,000, respectively. The Group has recognised revenue from the provision of construction services over time, using an input method to measure progress towards complete satisfaction of the services, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. This involves the use of significant management judgements and estimates, including estimating the progress towards completion of the services, scope of deliveries and services required, total contract costs incurred and costs to complete.

Amongst the audit procedures, Ernst & Young assessed the significant judgements made by management, through an examination of project documentation and discussion of the status of projects under construction with the management, finance and technical personnel of the Group. Ernst & Young tested the controls of the Group over its processes to record contract costs and contract revenue, the calculation of the stage of completion and the identification of contract losses, if any. The auditor's testing also included checking construction costs to invoices or other supporting documents, and a comparison of the actual costs incurred with total expected costs, to assess the status of the projects on a sampling basis.

Key audit matter	How the audit addressed the key audit matter
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Impairment assessment on accounts receivable and contract assets

As at 31 March 2019, the Group recorded gross accounts receivable of HK\$77,272,000 before impairment of HK\$14,787,000, and gross contract assets of HK\$84,262,000 before impairment of HK\$4,334,000.

The adoption of HKFRS 9 *Financial Instruments* has fundamentally changed the Group's accounting for impairment on accounts receivable and contract assets by replacing HKAS 39 *Financial Instruments: Recognition and Measurements* incurred loss approach with a forward-looking expected credit loss ("ECL") approach. The measurement on the Group's accounts receivable and contract assets under the ECL approach was estimated by management through the application of judgements and use of highly subjective assumptions, such as the payment history, subsequent settlements after the end of the reporting period and management's industrial knowledge and experience. The impact of economic factors, both current and future, and forward-looking factors specific to the debtors were also considered in management's assessment of the likelihood of recovery from customers.

The audit procedures included assessing and testing the Group's processes and controls relating to the monitoring of accounts receivable and contract assets; evaluating the methodologies, inputs and assumptions used by management in their impairment assessment and their calculation of the impairment allowance under the ECL approach; understanding and discussing with management for their judgements, historical loss pattern and basis of judgements used on such data under the ECL approach; and understanding management's procedures with the customers over aged receivables or amounts in dispute. Ernst & Young assessed the adequacy of the impairment allowance as of the end of the reporting period, taking into account factors such as the payment history, the subsequent settlements of the accounts receivable and contract assets, and other relevant information. Ernst & Young also evaluated whether the historical loss rates were appropriately applied and adjusted based on the current economic condition and forward-looking information.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION

The Company is required to set out or refer to in this Composite Offer Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the year ended 31 March 2019 (the "**2019 Financial Statements**"), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out on pages 58 to 155 of the annual report of the Company for the year ended 31 March 2019, which was published on 28 June 2019. The annual report of the Company for the year ended 31 March 2019 is posted on the websites of the Stock Exchange and the Company. Please also see below direct links:

<https://www.hkexnews.hk/listedco/listconews/gem/2019/0628/gln20190628101.pdf>

<http://www.deson-c.com/upload/files/GLN20190628101.pdf>

3. INDEBTEDNESS

At the close of business on 31 May 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Offer Document, the Group had short-term banking facilities of, in aggregate, approximately HK\$12 million the availability of which is subject to review by the banks from time to time), which were unutilised, and the Group did not have any outstanding borrowings. As at 31 May 2019, the Group pledged certain of its investment properties as securities for the general banking facilities granted to the Group.

Save as aforesaid or as otherwise disclosed herein, at the close of business on 31 May 2019, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

The Directors confirm that, save and except for the following, there has not been any material change in the financial or trading position or outlook of the Group since 31 March 2019, being the date on which the consolidated financial information of the Company were made up and up to and including the Latest Practicable Date:

1. on 11 March 2019, New Stream Holdings Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with HuiSheng International Holdings Limited (惠生國際控股有限公司) to acquire the entire equity interest in Simple Rise Inc. (易發有限公司) at a consideration of HK\$19,500,000 of which HK\$2,925,000 was paid as deposit 11 March 2019. The balance of the said consideration in the amount of HK\$16,575,000 shall be settled on completion of such transaction and is expected to be in August 2019; and
2. as disclosed in the annual report of the Company for the financial year ended 31 March 2019, the Company redeemed the matured convertible bond with a principal amount of HK\$30,900,000 on 18 April 2019.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Offer Document relating to the Offeror and its intention has been supplied by the Offeror. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Offer Document (other than those in relation to the Group, the Vendors and parties acting in concert with any one of them), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Offer Document (other than those expressed by the Directors and the Vendors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Offer Document, the omission of which would make any statement in this Composite Offer Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last trading day in each of the calendar months during the Relevant Period; (ii) the immediate business day before the date of commencement of the Offer Period; (iii) the Last Trading Day; and (iv) the Latest Practicable Date.

Date	Closing price per Share HK\$
31 August 2018	0.126
28 September 2018	0.115
31 October 2018	0.112
30 November 2018	0.140
31 December 2018	0.145
31 January 2019	0.148
18 February 2019 (being the last business day immediately preceding the date of the joint announcement issued by DDIHL and the Company in relation to the possible Offer)	0.160
28 February 2019	0.194
29 March 2019	0.183
11 April 2019 (being the last business day immediately preceding the date of the Joint Announcement)	0.192
30 April 2019	0.210
31 May 2019	0.200
28 June 2019	0.212
2 July 2019 (being the Latest Practicable Date)	0.215

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.215 per Share on 14 June 2019, 17 June 2019, 18 June 2019, 19 June 2019, 24 June 2019, 26 June 2019 and 2 July 2019 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.102 per Share on 17 September 2018 and 18 September 2018.

Source: Website of the Stock Exchange as at the Latest Practicable Date

3. DISCLOSURE OF INTERESTS BY THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, the Offeror is wholly and directly owned by Mr. Wong. Mr. Wong is the sole director of the Offeror.

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them are as follows:

Shareholder	Capacity	Number of Shares held	Approximate % of total issued Shares
Mr. Wong	Interest of controlled corporation	361,302,082	36.13
The Offeror	Beneficial owner	361,302,082	36.13

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owned or controlled any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. OTHER ARRANGEMENTS IN RELATION TO THE OFFER

Save for the purchase of the Sale Shares, none of the sole director of the Offeror, the Offeror, its ultimate beneficial owner nor parties acting in concert with any of them had dealt for value in any Shares, derivatives, warrants, options, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into the Shares during the Relevant Period. Save for the purchase of the Sale Shares under the Sale and Purchase Agreement and the Facility as disclosed in the “Letter from Glory Sun” in this Composite Offer Document, as at the Latest Practicable Date:

- (i) none of the Offeror, its ultimate beneficial owner and/or 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, warrants, options or derivatives of the Company;
- (ii) none of the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them have received any irrevocable commitment to accept or reject the Offer;
- (iii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;

- (iv) 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 of the Offeror or the Shares and which might be material to the Offer that has been entered into between the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them or any other person;
- (v) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them has borrowed or lent;
- (vii) there is no agreement or arrangement between (a) the Vendors and parties acting in concert with them and (b) the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them which constitutes a special deal under Rule 25 of the Takeovers Code;
- (viii) save for the consideration payable by the Offeror to the Vendors pursuant to the Sale and Purchase Agreement, the Vendors and/or the parties acting in concert with them has not and will not receive any other consideration or benefits in whatever form from the Offeror, its ultimate beneficial owner and/or the parties acting in concert with any of them;
- (ix) save for the Sale and Purchase Agreement and the personal guarantee given by Mr. Wong in favour of the Offeror in relation to the Sale and Purchase Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any shareholder of the Company and the Offeror and any parties acting in concert with it; and
- (x) save for the Sale and Purchase Agreement and the personal guarantee given by Mr. Wong in favour of the Offeror in relation to the Sale and Purchase Agreement, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the outcome of the Offer.

5. CONSENTS AND QUALIFICATIONS OF PROFESSIONAL ADVISERS

The followings are the qualifications of the experts whose letter or opinion are contained in this Composite Offer Document:

Name	Qualifications
INCU Corporate Finance Limited	a licensed corporation permitted to carry out Type 6 (advising corporate finance) regulated activity as defined in the SFO
Global Mastermind Securities Limited	a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising corporate finance) regulated activities as defined in the SFO
Glory Sun Securities Limited	A licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, the above advisers did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 31 March 2019, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Each of INCU Corporate Finance Limited, Global Mastermind Securities Limited and Glory Sun Securities Limited has given and has not withdrawn its written consent to the issue of this Composite Offer Document with the inclusion of the text of its letter or report and/or references to its name in the form and context in which they are respectively included.

6. GENERAL

As at the Latest Practicable Date:

- (i) The Offeror is wholly and beneficially owned by Mr. Wong.
- (ii) The principal member of the Offeror's concert parties are the Offeror and Mr. Wong.

- (iii) The registered address of the Offeror is situated at Sea Meadow House, Blackburne Highway (P.O. Box 116), Road Town, Tortola, BVI. The correspondences address of the Offeror and Mr. Wong is situated at Flat H, 50/F, West Tower Chelsea Court, 100 Yeung UK Road, Tsuen Wan, Hong Kong.
- (iv) The principal business address of INCU Corporate Finance Limited is situated at Unit 1701, 17/F Wings Building, 110–116 Queen’s Road Central, Central, Hong Kong.
- (v) The principal business address of Global Mastermind Securities Limited is situated at 25/F, Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong.
- (vi) The principal business address of Glory Sun Securities Limited is situated at Unit 1703–06, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.
- (vii) The English text of this Composite Offer Document and Form of Acceptance shall prevail over the Chinese text in the case of inconsistency.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (a) at the principal office of the Offeror at the correspondence address of the Offeror in Hong Kong at Unit 1702, 17/F Wings Building, 110–116 Queen’s Road Central, Central, Hong Kong from 10:00 a.m. to 6:00 p.m., Monday to Friday (except public holidays), unless (i) a tropical cyclone warning signal number 8 or above is hoisted or is announced to be hoisted; or (ii) a black rainstorm warning signal is issued or is announced to be issued; (b) on the SFC’s website at www.sfc.hk; and (c) the website of the Company at www.deson-c.com, during the period from the date of this Composite Offer Document up to and until close of the Offer:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the letter from Glory Sun, the text of which is set out in the section headed “Letter from Glory Sun” in this Composite Offer Document;
- (iii) the written consents referred to under the paragraph headed “5. Consents and Qualifications of Professional Advisers” in this Appendix III; and
- (iv) the Facility Agreement.

1. RESPONSIBILITY STATEMENT

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

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

2. SHARE CAPITAL

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

<i>Authorised:</i>	<i>HK\$</i>
<u>4,000,000,000 Shares</u>	<u>100,000,000</u>
<i>Issued:</i>	
<u>1,000,000,000 Shares</u>	<u>25,000,000</u>

All the Shares in issue rank *pari passu* in all respects with each other, including as to rights in respect of capital and dividends and voting. The Company has not issued any Shares since 31 March 2019, being the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date.

As at the Latest Practicable Date, there were 1,000,000,000 Shares in issue, of which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them held 361,302,082 Shares, representing approximately 36.13% of the issued share capital of the Company.

Save as disclosed in this Composite Offer Document, the Company had no other outstanding shares, options (whether or not under the share option scheme adopted by the Company on 10 August 2015), warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations.

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules or which were required to be disclosed under the Takeovers Code, were as follows:

Name of Directors	Number of ordinary shares held		Total	Percentage of the Company's issued share capital
	Capacity and nature of interest	Through controlled corporation		
	Directly beneficially owned			
Mr. Kwok Koon Keung	500	—	500	0.00%
Mr. Ong Chi King	8,802,000	—	8,802,000	0.88%

(b) Substantial shareholders' interests and short positions in shares, underlying shares and securities of the Company.

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in ten percent or more of the issued voting shares of any other member of the Group, or in any options in respect of such share capital were as follows:

Names	Capacity	Number of Shares	Approximate percentage of interest in the Company's issued share capital
The Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them	Beneficial owner	361,302,082	36.13%

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares 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 were, directly or indirectly, interested in ten percent or more of the issued voting shares of any other member of the Group, or any options in respect of such share capital.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying shares of the Company recorded in the register required to be kept by the Company under section 336 of the SFO.

4. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date:

- (i) no arrangement was in place for any benefit to be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (ii) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Company, Directors, had borrowed or lent;
- (iii) 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) owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company, and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (iv) 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 no such person had owned, controlled or 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;
- (v) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers connected with the Company;

- (vi) 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;
- (vii) no material contracts have been entered into by the Offeror in which any Director has a material interest; and
- (viii) each of Mr. Kwok Koon Keung, an executive Director and Mr. Ong Chi King, an executive Director, had indicated that he intended to accept the Offer.

5. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

- (a) As at the Latest Practicable Date, neither the Company nor any Director had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.
- (b) As at the Latest Practicable Date:
 - (i) save as disclosed in paragraph 3(a) above, none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
 - (ii) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding any exempt principal trader and exempt fund managers had owned or controlled any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
 - (iii) 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 with the Company 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 none of such persons had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

- (iv) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company, and none of them had dealt in any relevant securities in the Company during the Relevant Period;
 - (v) neither the Company nor any of the Directors had borrowed or rent any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for any borrowed Shares which had been either on-lent or sold.
- (c) During the Relevant Period:
- (i) Sparta and Mr. Tjia, a non-executive Director and the Chairman of the Company, on 12 April 2019, had agreed to dispose of 26,645,015 Shares and 22,887,200 Shares respectively at a price of HK\$0.22 per Share pursuant to the terms of the Sale and Purchase Agreement and the Sale and Purchase Completion took place on 18 June 2019. Save for such dealings, during the Relevant Period, none of the Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
 - (ii) none of the Company nor any Director had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

6. SERVICE CONTRACTS WITH DIRECTORS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which:

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

None of the Directors will be or has been given any benefits (save for any statutory compensation required under appropriate laws) as compensation for loss of office or otherwise in connection with the Offer.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, were entered into by any member of the Group after the date falling two years before the commencement of the Offer Period up to and including the Latest Practicable Date and are or may be material:

- (i) the fitting-out services agreement dated 23 November 2017 entered into between 上海迪申建築裝潢有限公司 (Shanghai Deson Decoration Engineering Co., Ltd.) (“**Shanghai Deson**”), a wholly-owned subsidiary of the Company, and 華勝國際置業開發(上海)有限公司 (Hua Sheng International Real Estate Development (Shanghai) Co., Ltd.), an associated company of DDIHL, in respect of the provision of fitting-out services by Shanghai Deson to Huasheng for the property, which is known as Cohost West Bund (formerly known as Starway Parkview South Station Hotel and Shanghai Parkview Business hotel), for an aggregate service fees payable to Shanghai Deson of approximately RMB8.3 million (equivalent to approximately HK\$9.8 million);
- (ii) the sale and purchase agreement dated 19 January 2018 entered into between 北京長迪建築裝飾工程有限公司 (Beijing Chang-de Architectural & Decoration Co., Limited), an indirect 60% owned subsidiary of the Company and 北京神州共濟文化傳媒有限公司 in relation to the disposal of a property located at Unit 2–31 on Level 11 and carpark space no. 37 on Basement 2, Block D, Fu Hua Mansion, 8 Beida Street, Chaoyangmen, the Dongcheng District, Beijing, the PRC, at a cash consideration of RMB8.2 million (approximately HK\$9.8 million);
- (iii) the sale and purchase agreement dated 23 May 2018 entered into between an independent third party as the vendor and New Stream Holdings Limited (“**New Stream**”), an indirect wholly-owned subsidiary of the Company, as the purchaser, in relation to the acquisition of (a) the entire issued share capital of Rosy Beauty Investments Limited (“**Rosy Beauty**”), (b) 100% of all amounts, including principal and interest, owing by Rosy Beauty to the vendor and (c) 100% of all amounts, including principal and interest, owing by the Golden Kindex Limited (金龍有限公司) to the vendor, for a cash consideration of HK\$10.3 million; and
- (iv) the sale and purchase agreement dated 11 March 2019 entered into between the Huisheng International Holdings Limited (惠生國際控股有限公司) (“**Huisheng**”) and New Stream, in relation to the acquisition of the entire issued share capital of Simple Rise Inc. (易發有限公司) (“**Simple Rise**”) and 100% of all amounts, including principal and interest, owing by Simple Rise to Huisheng, for a cash consideration of HK\$19.5 million.

8. LITIGATION

Save and except for the following litigation, as at the Latest Practicable Date, none of the Company or any members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

As stated in the announcement of the Company dated 21 December 2017, the Group has reported to the Beijing Public Security Bureau a suspected case of internet fraud which involved fraudulent transfers of funds of approximately HK\$22 million (approximately RMB19 million) from the bank account of Beijing Chang-de Architectural & Decoration Co., Limited (“**Beijing Chang-de**”). The matter is currently under the investigation of the Beijing Public Security Bureau. The Group has instructed its legal advisers in the PRC to issue a letter to seek damages from the PRC bank involved for failure to notify Beijing Chang-de of the irregular internet banking transactions or preventing further payments to be made online, as required under the relevant banking rules and regulations under the PRC laws. As at the date of this report, we are unable to ascertain the recoverability of the funds transferred.

In relation to the above matter, Beijing Chang-de has immediately: (i) established an investigation committee to investigate and report on the matter; (ii) commenced civil proceedings against the personnel involved for professional negligence and misconduct for damages caused while at the same time sought a property preservation order during the proceedings; (iii) terminated the employment contract of the personnel involved in accordance with the statutory requirements and sued such personnel for fraud; and (iv) reported to the relevant accounting association on the professional negligence and misconduct of the relevant personnel involved.

On 7 September 2018, a writ of summons was filed to Chaoyang District People’s Court of Beijing Municipality of the PRC.

9. CONSENT AND QUALIFICATIONS OF PROFESSIONAL ADVISER

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

Name	Qualification
Veda Capital	a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity as defined in the SFO

Veda Capital has given and has not withdrawn its written consent to the issue of this Composite Offer Document with the inclusion herein of its letter, opinions or advice and references to its names in the form and context in which it appear.

As at the Latest Practicable Date, Veda Capital does not have any direct or indirect interest in any assets which have been, since 31 March 2019 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. GENERAL

- (i) The registered office of the Company is at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- (ii) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019).
- (iii) The English texts of this Composite Offer Document and the Form of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (a) the website of the SFC (<http://www.sfc.hk>); (b) the website of the Company at www.deson-c.com; and (c) at the principal place of business of the Company on Business Days during normal business hours from 9:00 a.m. to 5:00 p.m. at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong, unless (i) a tropical cyclone warning signal number 8 or above is hoisted or is announced to be hoisted; or (ii) a black rainstorm warning signal is issued or is announced to be issued, during the period from the date of this Composite Offer Document up to and until close of the Offer:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for the two years ended 31 March 2019;
- (iii) the letter from the Board, the text of which is set out on pages 19 to 26 of this Composite Offer Document;
- (iv) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 27 to 28 of this Composite Offer Document;
- (v) the letter from the Independent Financial Adviser, the text of which is set out on pages 29 to 49 of this Composite Offer Document;
- (vi) the written consent referred to under the paragraphs headed "Consent and qualifications of professional adviser" in this Appendix IV; and
- (vii) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix IV.