

25 April 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER  
FOR SHARES BY OPUS SECURITIES LIMITED  
FOR AND ON BEHALF OF LU YONGDE  
TO ACQUIRE ALL THE ISSUED SHARES OF  
TOMO HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED  
TO BE ACQUIRED BY LU YONGDE AND  
PARTIES ACTING IN CONCERT WITH HIM)**

**INTRODUCTION**

Reference is made to the Joint Announcement.

Pursuant to a loan agreement dated 9 June 2023 (the “**Loan Agreement**”) entered into between Ms. Ma Xiaoqiu as borrower and the Vendor as lender, the Vendor agreed to make available to Ms. Ma Xiaoqiu a term loan of HK\$40,000,000 (the “**Loan**”) subject to and on the terms and conditions specified in the Loan Agreement. Interest on the Loan should accrue at the rate of 12% per annum and if the borrower fails to pay any sums payable under the Loan Agreement by the due date, the borrower should pay interest on such overdue sums at a rate of 18% per annum. The maturity date for repayment of the principal amount of the loan and the interest accrued therein was six months after the date of the Loan Agreement (i.e. 9 December 2023). The Loan has already become due but the borrower has yet to repay any of the principal amount of the Loan and the interest accrued therein such that it constituted an event of default under the Loan Agreement.

The Loan Agreement was secured by the Share Mortgage dated 9 June 2023 executed by Ms. Ma Xiaoqiu as mortgagor in favour of the Vendor as mortgagee over 50,000 Sale Shares, representing the entire issued share capital of Billion Legend. Pursuant to the Share Mortgage, the Vendor as mortgagee may at any time after the occurrence of an event of default under the Loan Agreement serve an enforcement notice (the “**Enforcement Notice**”) on the mortgagor and thereafter the mortgagee shall, without prejudice to any other right or remedy available under the Share Mortgage, sell the Sale Shares by such method, at such place and upon such terms as the mortgagee may in his absolute discretion determine and without notice to, or further consent or concurrence by the mortgagor.

香港中環干諾道中 19-20 號馮氏大廈 8 樓

8/F, Fung House, 19-20 Connaught Road Central, Central, Hong Kong  
T: (852) 2230 6100 F: (852) 2344 9603 W: [www.opusgroup.com.hk](http://www.opusgroup.com.hk)

Ms. Ma Xiaoqiu had issued a post-dated cheque in the amount of HK\$40,000,000 to the Vendor. On 7 March 2024, the Vendor attempted to deposit the cheque with the bank but the Vendor was informed by the bank on 8 March 2024 that the cheque was returned and could not be honoured. On 15 March 2024, the Vendor issued the Enforcement Notice to Ms. Ma Xiaoqiu and the Vendor is entitled to sell the Mortgaged Shares under the Share Mortgage by such method, at such place and upon such terms as the mortgagee may in his absolute discretion determine and without notice to, or further consent or concurrence by the mortgagor. As at the date of the Enforcement Notice, the total outstanding amount under the Loan Agreement was HK\$44,313,424.66 (of which HK\$40,000,000 was the principal amount of the Loan and HK\$4,313,424.66 was the interest accrued therein). Since 15 March 2024 and up to the date of the Joint Announcement, there was no response from Ms. Ma Xiaoqiu or any discussion between the Vendor and Ms. Ma Xiaoqiu in relation to the repayment of the principal amount of the Loan and the interest accrued.

The Board was informed that on 20 March 2024 (after trading hours of the Stock Exchange), the Vendor, as mortgagee under the Share Mortgage and by way of exercising his power of sale under the Share Mortgage, and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Offeror agreed to purchase, 50,000 Sale Shares, representing the entire issued share capital of Billion Legend, for an aggregate consideration of HK\$30,000,000 which was satisfied by the Offeror in full by his own financial resources. The consideration of HK\$30 million for the sale and purchase of 50,000 Sale Shares was agreed between the Vendor and the Offeror after arm's length negotiations with reference to (i) the market value of 230,000,000 Shares on the Last Trading Day in the amount of approximately HK\$25.5 million; and (ii) the principal amount of the Loan of HK\$40 million especially considering that the Vendor would not be able to recover the Loan. As at the Latest Practicable Date, Billion Legend holds 230,000,000 Shares, representing approximately 51.11% of the entire issued share capital of the Company. Completion took place on 20 March 2024 immediately after the entering into of the Sale and Purchase Agreement. Immediately upon Completion, the Offeror (through Billion Legend) and parties acting in concert with him own an aggregate of 230,000,000 Shares, representing approximately 51.11% of the entire issued share capital of the Company. The Vendor confirms that up to the Latest Practicable Date, he has not received any objection from Ms. Ma Xiaoqiu in respect of the Vendor's exercise of the power of sale under the Share Mortgage.

This letter forms part of this Composite Document and sets out, among other things, principal terms of the Offer, together with the information on the Offeror and the intention of the Offeror regarding the Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders and the "Letter from the Independent Financial Adviser" to the Independent Board Committee as contained in this Composite Document.

## THE OFFER

### Principal terms of the Offer

Opus Securities, the offer agent to the Offeror, is, for and on behalf of the Offeror, making the Offer to acquire all the Offer Shares in accordance with the Takeovers Code on the following basis:

**For each Offer Share ..... HK\$0.131 in cash**

Given the sole asset of the Billion Legend is the 230,000,000 Shares held by it, the Offer Price of HK\$0.131 per Offer Share is equivalent to the consideration for the Sale Shares under the Sale and Purchase Agreement of HK\$30,000,000 divided by 230,000,000 Shares held by Billion Legend, which was arrived after arm's length negotiations between the Offeror and the Vendor.

The Offer is unconditional in all respects. The Offer is extended to all Shares in issue other than those Shares held by the Offeror and parties acting in concert with him.

As at the Latest Practicable Date, 450,000,000 Shares were in issue and the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

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

### Offer price

The offer price of HK\$0.131 per Offer Share represents:

- (i) a premium of approximately 18.02% over the closing price of HK\$0.111 per Share as quoted on the Stock Exchange on 20 March 2024, being the Last Trading Day;
- (ii) a premium of approximately 25.48% over the average closing price of approximately HK\$0.1044 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 24.29% over the average closing price of approximately HK\$0.1054 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 15.49% over the average closing price of approximately HK\$0.1134 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;



- (v) a discount of approximately 57.71% to the net asset value per Share of approximately HK\$0.3098 as at 31 December 2022, calculated based on the Group's audited consolidated net asset value attributable to the Shareholders as at 31 December 2022 of S\$23,830,793 (equivalent to approximately HK\$139,410,000), divided by a total of 450,000,000 issued Shares as at the Latest Practicable Date;
- (vi) a discount of approximately 36.27% to the net asset value per Share of approximately HK\$0.2056 as at 30 June 2023, calculated based on the Group's unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2023 of S\$15,812,762 (equivalent to approximately HK\$92,505,000), divided by a total of 450,000,000 issued Shares as at the Latest Practicable Date;
- (vii) a discount of approximately 23.93% to the net asset value per Share of approximately HK\$0.1722 as at 31 December 2023, calculated based on the Group's audited consolidated net asset value attributable to the Shareholders as at 31 December 2023 of S\$13,248,602 (equivalent to approximately HK\$77,504,000), divided by a total of 450,000,000 issued Shares as at the Latest Practicable Date; and
- (viii) a discount of approximately 51.48% to the closing price of HK\$0.2700 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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

The highest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.63 per Share on 26 September 2023.

The lowest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.10 per Share on 13 March 2024 to 18 March 2024.

#### **Total value of the Offer**

As at the Latest Practicable Date, there are 450,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer and on the basis of the Offer Price at HK\$0.131 per Offer Share, the entire issued share capital of the Company is valued at HK\$58.95 million. The Offer is made to the Independent Shareholders.

Excluding the 230,000,000 Shares held by the Offeror and parties acting in concert with him, the number of Shares subject to the Offer is 220,000,000 Shares. Based on the Offer Price of HK\$0.131 per Offer Share, the total consideration of the Offer would be HK\$28.82 million, which will be the maximum amount payable by the Offeror under the Offer in the event that the Offer is accepted in full.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and interests attached thereto, including all rights to

any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company does not have any dividend or distribution recommended, declared or made but unpaid and the Company does not intend to declare any dividend or make other distribution prior to the close of the Offer.

#### **Financial resources available for the Offer**

Completion took place on 20 March 2024 and the consideration has been paid by the Offeror to the Vendor in accordance with the Sale and Purchase Agreement. The consideration was satisfied by the Offeror in full by the Offeror's own financial resources.

The maximum amount of cash payable by the Offeror in respect of full acceptances of the Offer is HK\$28.82 million, assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer. The Offeror intends to satisfy the consideration payable under the Offer by his own internal resources. Opus Capital, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for full acceptance of the Offer.

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

By accepting the Offer, the Independent Shareholders shall sell their Shares to the Offeror free from all Encumbrance and third party rights and together with all rights attached to them including the right to all dividends and distributions which may be declared, paid or made on or after the date on which the Offer is made, being the date of despatch of this Composite Document. Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

**Independent Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which are included in the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as contained in this Composite Document.**

#### **Payment**

Settlement of the consideration in respect of acceptances of the Offer will be made as soon as possible but in any event no later than seven (7) Business Days from the date of receipt of duly completed and valid acceptances in respect of the Offer Shares. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

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

### **Hong Kong stamp duty**

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

### **Taxation advice**

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, Opus Securities, Opus Capital, Rainbow Capital, Euto Capital, the Registrar and (as the case may be) 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.

### **Overseas Shareholders**

The Offer is made to all Independent Shareholders, including those who are not resident in Hong Kong. The making and the implementation of the Offer to Independent Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant overseas jurisdictions in which such Independent Shareholders are located. Such Independent Shareholders should observe any applicable requirements and restrictions in their own jurisdictions, and where necessary, seek independent legal advice in respect of the Offer. It is the responsibility of such Independent Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer to satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes payable by such Independent Shareholders in such jurisdiction).

**Any acceptance of the Offer by any Independent Shareholders will be deemed to constitute a representation and warranty from such Independent Shareholders to the Offeror that the local laws and requirements have been complied with. The overseas Independent Shareholders should consult their professional advisers if in doubt. Save for one corporate Independent Shareholder incorporated in the British Virgin Islands, there are no overseas Independent Shareholders of the Company identified as at the Latest Practicable Date.**



## **INFORMATION ON THE GROUP**

Your attention is also drawn to the information on the Group set out in the section headed “Information on the Group” in the “Letter from the Board” and Appendices II and IV as contained in this Composite Document.

## **INFORMATION ON THE OFFEROR**

The Offeror, aged 56, was educated in Guangdong University of Technology and studied in Industrial and Building engineering. Mr. Lu received 高級專業技術職務任職資格 (for transliteration purpose only, Qualification Certificate of Senior Professional Rank) in 2008.

The Offeror has over 30 years management and construction experience in properties developments, property project management, restructuring of distressed debts, development projects and direct investments, e-commerce and big-health industry. He is currently the major shareholder and the supervisor of 廣州紅地集團有限公司 (for transliteration purpose only, Guangzhou Hongdi Holdings Limited), an investment holding company incorporated in the PRC. He was the executive director and chairman of the board of ACR Asian Capital Resources (Holdings) Limited, a company incorporated in the Cayman Island with limited liability, the issued shares of which were listed on GEM of the Stock Exchange (stock code: 8025) and the listing of the shares of the company was cancelled on 7 August 2023.

Prior to Completion, the Offeror and parties acting in concert with him are third parties independent of, and not connected with, either the Company or any of its connected persons.

## **INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

Following the close of the Offer, the Offeror intends that the Group will continue the principal business of the Group and will maintain the listing status of the Company. The Offeror will conduct a review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group.

As at the Latest Practicable Date, the Offeror does not have any plan and/or intention to downsize or change the scale of the Group’s existing principal businesses.

Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, no investment or business opportunity has been identified nor have the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

Save for the Offeror’s intention regarding the Group as set out above, the Offeror has no intention to redeploy any fixed assets of the Group (other than in the ordinary and usual course

of business of the Group) or to discontinue the employment of the employees of the Group (except as set forth in the paragraph headed "Proposed change of Board composition" below) as at the Latest Practicable Date.

### **Proposed change of Board composition**

As at the Latest Practicable Date, the Board is comprised of one executive Director, one non-executive Director and two independent non-executive Directors.

It is intended that all of the Directors will resign with effect from the earliest time permitted under the Takeovers Code. Following the close of the Offer, the Offeror intends to nominate new Directors for appointment to the Board and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new Director(s). Further announcement(s) will be made upon any changes to the composition to the Board in compliance with the Takeovers Code and Listing Rules as and when appropriate.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company as and when appropriate. Save as aforesaid, the Offeror has no intention to introduce any significant changes to the management of the Company following the close of the Offer.

### **Public float and maintaining the listing status of the Company**

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. Therefore, upon the close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror has undertaken to the Stock Exchange that he will and will procure the new Directors to be appointed by the Offeror to the Board to take appropriate steps to ensure that sufficient public float exists in the Shares, i.e. at least 25% of the entire issued share capital of the Company will be held by the public at all times following the close of the Offer.

### **ACCEPTANCE AND SETTLEMENT OF THE OFFER**

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



## COMPULSORY ACQUISITION

The Offeror does not intend to exercise of any power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

## GENERAL

To ensure equality of treatment of all Independent Shareholders, those 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. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Independent Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with him, the Company, the Vendor, Opus Capital, Opus Securities, Rainbow Capital, Euto Capital, the Registrar and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

## ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the "Letter from the Independent Financial Adviser" as contained in this Composite Document.

For and on behalf of  
**Opus Securities Limited**



**Cheung On Kit Andrew**  
*Responsible Officer*