



4 September 2025

*To the Independent Board Committee of  
China Next-Gen Commerce and Supply Chain Limited*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED  
FOR AND ON BEHALF OF EVER REALM CAPITAL LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES IN CHINA NEXT-GEN COMMERCE AND SUPPLY CHAIN  
LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE  
ACQUIRED BY EVER REALM CAPITAL LIMITED AND PARTIES ACTING IN  
CONCERT WITH IT)**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, particulars of which are set out in the section headed “Letter from Huatai” (the “**Letter from Huatai**”) contained in the composite document of the Company and the Offeror dated 4 September 2025 (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer. Immediately prior to Completion, none of the Offeror and parties acting in concert with it owns, control or has direction over any Share or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately upon Completion, the Offeror and parties acting in concert are in aggregate interested in 360,000,000 Shares, representing approximately 75% of the total issued share capital of the

Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

#### **THE INDEPENDENT BOARD COMMITTEE**

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising all the non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Law Ka Wing Eric, Mr. Li Tao, Mr. Tam Tak Kei Raymond and Ms. Chen Yunxia, has been established to advise the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer.

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

We are not in the same group as the financial or other professional advisers (including stockbrokers) to the Company and to the Offeror, and we are not associated with the Offeror or the Company or any party acting, or presumed to be acting in concert with any of them and we had not had, any connection, financial assistance or otherwise, with either the Offeror or the Company or the controlling shareholder(s) of either of them. In the past two years preceding the Latest Practicable Date, Capital 9 Limited has acted as the independent financial adviser to advise the then independent board committee of the Company in respect of the mandatory unconditional cash offer made by the Vendor to acquire all the issued shares in the Company (other than those already owned and/or agreed to be acquired by the Vendor and/or parties acting in concert with it) as detailed in the composite document of the Company dated 20 August 2024). Capital 9 Limited received normal professional fees from the Company under such engagement. Save for the aforesaid engagement, there was no engagement between the Company and/or the Offeror and us. Apart from the normal advisory fee payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company, the Offeror, any of their respective substantial shareholders, directors or chief executives, their respective associates, or any person acting, or presumed to be acting, in concert with any of them. Accordingly, we are qualified to give independent advice in relation to the Offer.

## **BASIS OF OUR OPINION**

In formulating our opinion and recommendation to the Independent Board Committee, we have reviewed, among other things, the annual and interim report of the Company for the year ended 30 September 2024 (the “**2024 AR**”) and the six months ended 31 March 2025 (the “**2025 IR**”) and information contained in the Composite Document.

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

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

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

Also, the sole director of the Offeror, Ms. Wang Kelly, accepts full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Vendor and the Group), and confirm, having made all reasonable inquiries, that to the best of her knowledge, opinions expressed in the Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading. The Company will notify the Independent Shareholders of any material changes to information contained or referred to in the Composite Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be informed as soon as possible when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date and throughout the Offer Period pursuant to Rule 9.1 of the Takeovers Code.

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

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

## **PRINCIPAL REASONS AND FACTORS CONSIDERED**

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

### **(1) Information on the Group**

#### ***(a) Historical financial performance***

The Group is principally engaged in construction services, including (a) civil engineering works, (b) building construction works and (c) other ancillary services, and property investment business, mainly includes residential and industrial properties leasing, in Singapore. Set out below is a summary of the financial information of the Group for the year ended 30 September 2023 (“**FY2023**”) and 2024 (“**FY2024**”) and the six months ended 31 March 2024 (“**1H2024**”) and 2025 (“**1H2025**”) as extracted from the 2024 AR and 2025 IR, and further confirmed by the Company:

*Operating performance*

	<b>FY2023</b>	<b>FY2024</b>	<b>1H2024</b>	<b>1H2025</b>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
<b>Revenue</b> , comprising	56,056	55,973	23,625	31,956
(i) Construction services	55,589	55,467	23,344	31,679
— <i>Civil engineering works</i>	48,157	51,993	21,283	31,523
— <i>Building construction works</i>	7,395	139	61	9
— <i>Other ancillary services</i>	37	3,335	2,000	147
(ii) Rental from property investment	467	506	281	277
Cost of services	(52,250)	(51,174)	(20,872)	(29,117)
Gross profit	3,806	4,799	2,753	2,839
<i>Gross profit margin</i>	6.8%	8.6%	11.7%	8.9%
Other income	191	342	217	103
Other gains and losses	3,314	793	130	510
Administrative expenses	(5,691)	(5,999)	(2,554)	(2,632)
(Allowance for)/reversal of expected credit losses on financial assets and contract assets, net	(1,326)	190	161	(45)
Finance costs	(996)	(906)	(454)	(361)
Share of result of a joint venture	(575)	(3)	(1)	(1)
Profit/(Loss) before taxation	(1,277)	(784)	252	413
Income tax	240	—	—	—
Profit/(Loss) and total comprehensive income/(loss) for the year/period	(1,037)	(784)	252	413
<i>Net profit margin</i>	—	—	1.1%	1.3%

**FY2024 compared with FY2023**

For FY2024, the Group's revenue decreased by approximately S\$0.1 million or 0.2% to approximately S\$56.0 million from approximately S\$56.1 million for FY2023. As stated in 2024 AR and further advised by the Company, such slight decrease was mainly due to a decrease in revenue from building construction works by approximately S\$7.2 million, mainly driven by overall decrease in building construction works projects as those projects were at their tail end stage of completion in FY2024 and the revenue contribution at such stage was generally lower than that in the middle stage of works in FY2023. Such decrease was partly offset by (i) increase

in revenue from civil engineering works of approximately S\$3.8 million mainly due to (a) improvement in progress of civil engineering works, particularly resumption of progress of certain delayed old projects and (b) commencement of projects awarded in late FY2023 and in FY2024; and (ii) increase in revenue from other ancillary services by approximately S\$3.3 million, mainly due to a one-off salvage works related to the demolition of shipyard.

The Group recorded a reduction in net loss of approximately S\$0.2 million from approximately S\$1.0 million for FY2023 to approximately S\$0.8 million for FY2024. As stated in 2024 AR, such decrease was mainly due to (i) the increase in gross profit by approximately S\$1.0 million, which was primarily driven by the higher profit margins contributed by other ancillary services and the improvement of cost management for the Group's ongoing projects; (ii) net reversal of expected credit losses on financial assets and contract assets of approximately S\$0.2 million for FY2024, reversing from a net allowance for expected credit losses on financial assets and contract assets of approximately S\$1.3 million for FY2023, mainly due to the stabilisation in performance of the prevailing construction industry and slight improvement in the Group's historical observed default rates over the expected life of its debtors and forward-looking factors specific to the debtors and the economic environment; and (iii) decrease in loss of share of result of a joint venture by approximately S\$0.6 million from approximately S\$0.6 million for FY2023 to approximately S\$3,000 for FY2024 as the joint venture was dormant in FY2024, partly offset by (i) the decrease in other gains and losses by approximately S\$2.5 million, primarily driven by (a) a decrease in net gain on disposal of property, plant and equipment of approximately S\$3.1 million and (b) an increase in net foreign exchange losses of approximately S\$0.1 million; and (ii) the increase in administrative expenses, mainly professional fees, by approximately S\$0.3 million.

As stated in the 2024 AR, the aforesaid financial assets mainly include the Group's trade receivables. The contract assets represent the Group's rights to considerations from customers for the provision of construction services, which arise when: (i) the Group completed the relevant services under such contracts (i.e revenue not yet been billed to the customers which the Group have completed the relevant services under such contracts but yet certified by representatives appointed by the customers); and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts after completion of the relevant works.

### **1H2025 compared with 1H2024**

For 1H2025, the Group's total revenue increased by approximately S\$8.4 million or approximately 35.6% to approximately S\$32.0 million from approximately S\$23.6 million for 1H2024. As stated in the 2025 IR and further advised by the Company, such increase was mainly due to an increase in revenue from civil engineering works by approximately S\$10.2 million, which was mainly driven by improvement in progress in certain major private projects and

recognition of revenue from new projects of higher contract value in 1H2025 as compared to that in 1H2024, partially offset by a revenue decrease from other ancillary services by approximately S\$1.9 million, mainly due to a one-off revenue recognised from salvage works related to the demolition of shipyard in 1H2024 but nil in 1H2025.

The Group's net profit for 1H2025 increased by approximately S\$0.2 million compared to 1H2024, mainly attributable to net increase in other gains by approximately S\$0.4 million, primarily driven by increase in net foreign exchange gains and net gain from sale of scrap materials by approximately S\$0.3 million and S\$0.1 million respectively, which was partly offset by (i) a decrease in other income of approximately S\$0.1 million, mainly due to decrease in rental income from renting equipment; and (ii) additional allowance being provided for impairment losses on other receivables arising from the expected credit losses assessment by approximately S\$0.2 million.



*Financial position*

	As at 30 September		As at
	2023	2024	31 March
	S\$'000	S\$'000	2025
	(audited)	(audited)	(unaudited)
<b>Non-current assets</b>	<b>27,798</b>	<b>29,330</b>	<b>28,217</b>
Property, plant and equipment	11,213	11,819	10,696
Investment properties	10,550	11,460	11,460
Investment properties held under joint operations	4,250	4,250	4,250
Interest in a joint venture	11	8	7
Financial assets at fair value through profit or loss	1,267	1,282	1,294
Bank deposits	507	511	510
<b>Current assets</b>	<b>35,815</b>	<b>40,317</b>	<b>35,105</b>
Trade receivables	4,476	7,962	6,852
Other receivables, deposits and prepayments	2,485	2,434	2,759
Contract assets	20,572	23,782	20,846
Bank balances and cash	8,282	6,139	4,648
<b>Current liabilities</b>	<b>27,324</b>	<b>35,184</b>	<b>28,989</b>
Trade and other payables	16,124	20,008	15,023
Contract liabilities	35	3,899	6,256
Bank overdrafts	4,614	4,480	4,043
Bank borrowings	6,038	5,945	2,828
Bank borrowings held under joint operations	96	101	115
Lease liabilities	417	751	724
<b>Non-current liabilities</b>	<b>8,330</b>	<b>7,288</b>	<b>6,746</b>
Bank borrowings	4,813	3,546	3,427
Bank borrowings held under joint operations	2,364	2,262	2,195
Lease liabilities	1,153	1,480	1,124
<b>Net current assets</b>	<b>8,491</b>	<b>5,133</b>	<b>6,116</b>
<b>Net assets</b>	<b>27,959</b>	<b>27,175</b>	<b>27,587</b>
<b>Gearing ratio (Note)</b>	<b>69.7 %</b>	<b>68.3 %</b>	<b>52.4 %</b>

*Note:*

The gearing ratio is calculated by dividing all bank overdrafts, bank borrowings (including bank borrowings held under joint operations) and lease liabilities by total equity at the year-end/period-end date and expressed as a percentage.

### **30 September 2024 compared with 30 September 2023**

As to the financial position of the Group, as shown in the table above, the Group recorded a decrease in net assets by approximately S\$0.8 million or 2.8% to approximately S\$27.2 million as at 30 September 2024 from approximately S\$28.0 million as at 30 September 2023. Such decrease was mainly due to (i) the increase in the trade and other payables by approximately S\$3.9 million, which was in line with the increase in trade receivables relating to certain major civil private projects as stated below and due to receipt of bills from subcontractors relating mainly to those projects and (ii) increase in contract liabilities by approximately S\$3.9 million due to consideration received from customers of certain civil private projects for works to be completed by the Group, partly offset by the increase in the trade receivables and contract assets by approximately S\$3.5 million and approximately S\$3.2 million respectively relating to stage completion of certain civil private projects.

The Group's trade and other receivables and trade and other payables were derived in the usual business operations of the Company. Amounts of contract assets represent the Group's rights to considerations from customers for the provision of construction services, which arise when: (i) the Group completed the relevant services under such contracts; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer. The contract liabilities represent the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

### **31 March 2025 compared with 30 September 2024**

The Group recorded an increase in net assets by approximately S\$0.4 million or 1.5% to approximately S\$27.6 million as at 31 March 2025 from approximately S\$27.2 million as at 30 September 2024.

Such increase was mainly due to the decrease in the trade and other payables by approximately S\$5.0 million, mainly due to settlement of bills of major subcontractors of certain major civil projects for their works delivered and settlement of accrued expenses, being professional fee incurred in the mandatory unconditional cash offer in 2024, partly offset by the decrease in the trade receivables by approximately S\$1.1 million, due to settlement by relevant customers and decrease in contract assets by approximately S\$2.9 million, mainly due to reclassification of contract assets relating to certain major civil public and private projects to trade receivables as the relevant customers were invoiced.

**(b) Outlook**

The Group is principally engaged in construction services and property investment business in Singapore. The construction services mainly include (a) civil engineering works, such as road works, earthworks, drainage works, earth retaining stabilising structures works and soil improvement works; (b) building construction works mainly for industrial buildings which include substructure works, piling works, addition and alteration works and electrical and mechanical works; and (c) other ancillary services.

As released in the economic survey of Singapore for the first and second quarter of 2025 by the Ministry of Trade and Industry of the Republic of Singapore (“**MTI**”), a government body of Singapore, in May 2025 and August 2025<sup>1</sup>, driven by the increase in both public and private sector construction output, the construction sector in Singapore grew by 5.5% and 6.0% year-on-year respectively, faster than the 4.4% growth in the fourth quarter in 2024. Nominal certified progress payments, a proxy for construction output, rose by 8.9% and 10.3% year on-year respectively in the two quarters, which were supported by expansions in both the public civil engineering, institutional and other building works as well as private residential and commercial building works. Further, the construction demand in terms of contracts awarded rose by 45.9% and 12.7% year-on-year respectively in the first and second quarter in 2025, which was driven by both public and private civil engineering and building works.

According to the media release of the Building and Construction Authority (“**BCA**”) in Singapore on 23 January 2025<sup>2</sup>, BCA projects the total construction demand, i.e. the value of construction contracts to be awarded, to range between S\$47 billion and S\$53 billion in nominal terms in 2025. Such demand is underpinned by the expected award of contracts for several large-scale developments, such as Changi Airport Terminal 5 (the “**T5**”) and the expansion of the Marina Bay Sands Integrated Resort, alongside public housing development and upgrading works. BCA expects that the outlook for construction demand in the medium-term from 2026 to 2029 to remain strong as the demand will continue to be supported by developments such as the T5, steady pipeline of public housing development, other urban rejuvenation developments and other redevelopments works. Nevertheless, BCA also states that while the medium-term construction demand is projected to be robust, the schedules and phasing of projects are subject to change, particularly due to potential unforeseen risks arising from an uncertain global economic climate.

<sup>1</sup> [https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2025/Economic-Survey-of-Singapore-First-Quarter-2025/FullReport\\_1Q25.pdf](https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2025/Economic-Survey-of-Singapore-First-Quarter-2025/FullReport_1Q25.pdf)  
[https://www.sgpc.gov.sg/api/file/getfile/ESS\\_2Q25\\_full%20report.pdf?path=/sgpcmedia/media\\_releases/mti/press\\_release/P-20250812-2/attachment/ESS\\_2Q25\\_full%20report.pdf](https://www.sgpc.gov.sg/api/file/getfile/ESS_2Q25_full%20report.pdf?path=/sgpcmedia/media_releases/mti/press_release/P-20250812-2/attachment/ESS_2Q25_full%20report.pdf)

<sup>2</sup> <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2025/01/23/construction-demand-to-remain-strong-for-2025>

Furthermore, as the T5 development is likely to be a one-off exceptional project over the medium term, overall industry demand could eventually moderate after such period. As advised by the Company, based on the Group's over 25 years of experience in the industry, the aforesaid industry trend is considered to be favourable to the Group as those projects normally require other supplementary areas of engineering works from service providers of civil engineering and/or building construction works such as the Group. Meanwhile, the construction industry in Singapore stays competitive and the outlook of the construction service business of the Group depends on the Group's ability to grasp the business opportunities and be awarded contracts with reasonable profit margin rolled out in the market.

As stated in 2025 IR, the Group will continue to remain focus on its business strategies of strengthening its core expertise through improving productivity, enhancing its technical capabilities, financial management and upskilling of its workforce. The Group believes that this will improve its competitiveness and adaptability to the changing market demands.

Taking into account (i) the positive outlook of the construction industry in Singapore, as evidenced by the statistics released by MTI and BCA as mentioned above, and (ii) the aforesaid outlook is considered favourable to the Group as new construction projects normally require other supplementary areas of engineering works from services providers (including the Group) of civil engineering and/or building construction works, we concur with the Company's view that the outlook of the Singapore construction industry is positive and it is favourable to the Group's business as a construction services provider in Singapore. Nevertheless, we also concur with the Company's view that the Group's outlook also depends on the ability of the Group to grasp the business opportunities arise in the market and be awarded contracts with reasonable profit margin given the competitive operating environment.

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

As stated in the Letter from the Board, the Offeror is a company incorporated in the BVI with limited liability incorporated for the purpose of making the Offer and is principally engaged in investment holding. As at the Latest Practicable Date, save for entering into of the Sale and Purchase Agreement, the Offeror did not engage in any other business activities.

As stated in the Letter from Huatai, Ms. Wang, the sole shareholder and the sole director of the Offeror, has been serving as a director of Astrum Apex Investments Limited, a private company engaged in investment holding, since October 2024, where she is mainly responsible for identifying and evaluating a spectrum of investment opportunities. Apart from her investment experience in different sectors as mentioned above, Ms. Wang does not have direct experience in the principal business of the Group. The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members

of the Board at a time no earlier than that as permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate) to continue the existing principal business of the Group immediately following Completion. The Offeror intends to nominate Ms. Wang and Ms. Ding Ziyi as executive Directors to the Board, with effect from the day after the despatch of the Composite Document. Ms. Ding is a deputy general manager at Astrum Apex Investments Limited, where she is primarily responsible for conducting research and due diligence on investment projects, ensuring regulatory compliance and overseeing implementation of risk control measures. Mr. Ding worked for nine years at Sundial Law Firm from May 2016 to June 2025 with her last role serving as a partner, where she specialised in capital markets, mergers and acquisitions, corporate compliance, restructuring, financing and other securities transactions. The Offeror is in the course of identifying additional candidates for the Board subject to compliance with the Takeovers Code and the Listing Rules.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. The Offeror also intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business opportunities suitable for the Group and/or seek to expand the geographical coverage or offerings of the principal business of the Group. The Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. As at the Latest Practicable Date, no investment or business opportunity has been identified nor had the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

The Independent Shareholders should be aware that the future operating performance of the Group will be subject to any business plans and strategies for the business development of the Group to be formulated by the Offeror and the new Board. In addition, taking into account the entire existing Board will resign and neither Ms. Wang nor Ms. Ding, who will be nominated to the new Board, have any management experience directly related to the principal business of the Group as shown in their background stated above, the Company's outlook under management by the new Board is considered uncertain.

### **(3) The Offer**

#### ***(a) Principal terms***

Huatai, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer at the Offer Price of HK\$0.6189 in cash for each Offer Share, which is the same as the price per Sale Share paid by the Offeror pursuant to the Sale and Purchase Agreement.

The Offer is made to the Independent Shareholders. It is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares or any other condition. Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code, details of which are set out in the section headed “5. Right of withdrawal” in Appendix I to the Composite Document.

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

### *Comparison of value*

The Offer Price of HK\$0.6189 per Offer Share represents:

- (i) a discount of approximately 86.94% to the closing price of HK\$4.74 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 82.32% to the closing price of HK\$3.5 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 75.02% to the average closing price of approximately HK\$2.4780 per Share based on the daily closing prices as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 71.84% to the average closing price of approximately HK\$2.1980 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 68.25% to the average closing price of approximately HK\$1.9493 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

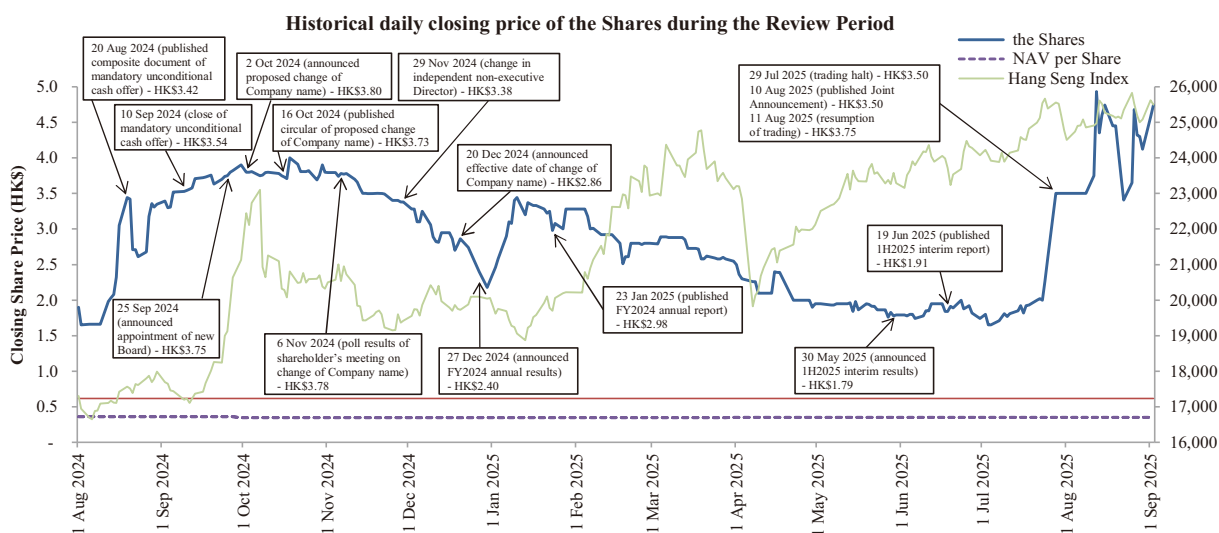
(vi) a premium of approximately 78.63% over the Group's audited consolidated net assets attributable to the Shareholders ("NAV") per Share of approximately HK\$0.3465 as at 30 September 2024, calculated based on a total of 480,000,000 Shares as at the Latest Practicable Date and the Group's audited NAV of approximately S\$27.17 million (equivalent to approximately HK\$166.31 million) as at 30 September 2024; and

(vii) a premium of approximately 75.95% over the Group's unaudited NAV per Share of approximately HK\$0.3517 as at 31 March 2025, calculated based on a total of 480,000,000 Shares as the Latest Practicable Date and the Group's unaudited NAV of approximately S\$27.59 million (equivalent to approximately HK\$168.84 million) as at 31 March 2025.

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

(i) *Historical price performance of the Shares and comparison with NAV per Share*

The chart below depicts the closing price level of the Shares as quoted on the Stock Exchange from 1 August 2024 (being around 1-year before the Last Trading Day) and up to and including the Latest Practicable Date (the "**Review Period**"), the comparison among the closing price of the Shares, Offer Price and NAV per Share, and comparison of closing price trend of the Shares with the trend of Hang Seng Index:



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



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

The Offer Price represents a discount to the closing price of the Shares throughout the Review Period. As shown in the price chart above, the closing price of the Shares increased gradually from HK\$1.65 on 2 August 2024 to HK\$4 on 18 October 2024, then there was a decreasing trend till the end of 2024. During this period, the close of previous mandatory unconditional cash offer made by the Vendor in September 2024, the appointment of new Board after the aforesaid previous offer and the change of the name of the Company to reflect the Company's intention to diversify its business into the retail and supply chain sectors were announced. The Share price closed at HK\$2.18 on 30 December 2024, being the trading day after the announcement of annual results for FY2024 by the Company on 27 December 2024, and then moved upwards and reached HK\$3.44 in early January 2025 (10 January 2025). After that, the price of the Shares declined gradually and closed at HK\$1.65 on 3 July 2025, regardless the announcement and report of the financial results for 1H2025, which showed an improvement in the Group's financial performance in terms of revenue and net profit compared to that for 1H2024, was announced by the Company on 30 May 2025 and 19 June 2025 respectively. Then, regardless no specific news was announced by the Company, there was a sharp increase in the closing price of the Shares from the end of July 2025, reaching HK\$3.5 on 28 July 2025, the Last Trading Day prior to the trading halt of the Shares pending the publication of the Joint Announcement. After resumption of trading of the Shares on 11 August 2025, the closing price of the Shares moved upwards to HK\$3.75 and further to HK\$4.93 on 12 August 2025, which is believed by the Directors to be due to the announcement of the Offer. The Share closed at HK\$4.74 on the Latest Practicable Date and the Offer Price represented a discount of 86.94% to it.

As shown in the chart above, the Share traded at a premium to NAV per Share as at 30 September 2024 and 31 March 2025. This indicates that investors might not have valued the Shares of the Company based solely on the underlying value of the Group's assets. Hence, the premium of the Offer Price over NAV per Share as at 30 September 2024 or 31 March 2025 is considered less representative in accessing the fairness and reasonableness of the Offer Price, as compared to the day-to-day market value of the Shares.

Further, it is noted from the chart above that the closing price trend of the Shares was not in line with the trend of the Hang Seng Index in certain months during the Review Period, particularly from January to June 2025. As advised by the Company, apart from the aforesaid announcements, they are not aware of any particular news of the Group leading to the aforesaid historical closing price movement of the Shares and difference with the trend of the Hang Seng Index. Given the Hang Seng Index is a free-float market capitalisation weighted index of the largest companies only that trade on the Stock Exchange, it is considered that the difference in pricing trend with the Hang Seng Index is not uncommon among listed companies of smaller size



including the Company. Hence, comparison with the Hang Seng Index is considered not relevant in assessing the fairness and reasonableness of the Offer Price. Based on the observation above, it is considered that the investors may not buy or sell the Shares at a price principally with reference to the news and underlying value of the Company or the trend of Hang Seng Index.

Taking into account (i) the Share price closed above the Offer Price throughout the Review Period; and (ii) the significant discount of 86.94%, 82.32%, 75.02%, 71.84% and 68.25% represented by the Offer Price to the closing price per Share on the Latest Practicable Date, the Last Trading Day, the average Share closing price for the last five, 10 and 30 consecutive trading days immediately prior to and including the Last Trading Day respectively, albeit the premium represented by the Offer Price over the NAV per Share as at 30 September 2024 or 31 March 2025, the Offer Price is not fair and reasonable.

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

*(ii) Historical trading liquidity of the Shares*

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

Month/period	Total trading volume for the month/period	Number of trading days	Average daily trading volume (Note 1)	Average daily trading volume over total number of issued Shares (Note 2)	Average daily trading volume over total number of issued Shares held by the public Shareholders (Note 3)
	Shares	days	Shares	%	%
<b>2024</b>					
August	2,183,700	22	99,259	0.02	0.08
September	1,484,000	19	78,105	0.02	0.07
October	1,998,000	21	95,143	0.02	0.08
November	1,252,000	21	59,619	0.01	0.05
December	778,000	20	38,900	0.01	0.03
<b>2025</b>					
January	506,000	19	26,632	0.01	0.02
February	160,000	20	8,000	0.00	0.01
March	240,000	21	11,429	0.00	0.01
April	348,000	19	18,316	0.00	0.02
May	754,000	20	37,700	0.01	0.03
June	4,394,000	21	209,238	0.04	0.17
July	758,000	19	39,895	0.01	0.03
August	18,370,000	15	1,224,667	0.26	1.02
September					
(up to the Latest Practicable Date)	1,010,000	2	505,000	0.11	0.42

*Notes:*

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

During the Review Period, the average daily trading volume ranged from approximately 8,000 Shares (in February 2025) to approximately 1,224,667 Shares (in August 2025), representing less than 0.01% to approximately 0.26% of the total number of issued Shares, and approximately 0.01% to 1.02% of the total number of issued Shares held by the public Shareholders, as at the end of the respective month/period.

The Independent Shareholders may encounter difficulties in selling a significant number of Shares in the open market at a fixed price cash price within a short period of time without disturbing the market. Nevertheless, we noted from the trading volume released in the website of the Stock Exchange that the highest average daily trading volume of the Shares during the Review Period was recorded in August 2025, reaching approximately 1.2 million Shares and resulting in monthly trading volume of approximately 18.4 million Shares, being the highest level during the Review Period. We further noted that the daily trading volume of the Shares on a single day on 11 August 2025 (being the date the Shares resumed trading after publication of the Joint Announcement), 25 August 2025 and 29 August 2025 could reach over 2.7 million Shares, 2.5 million Shares and 4.6 million Shares respectively, representing over 15%, 13% and 25% respectively of the aforesaid highest level of monthly trading volume recorded by the Group during the Review Period.

In addition, regardless of the substantial increase in the number of Shares sold in the market on 11 and 12 August 2025, amounting to over 2.7 million and 1.7 million Shares respectively, compared to the daily trading volume before the publication of the Joint Announcement during the Review Period as shown in the table above, the closing price of the Shares increased to HK\$3.75 on 11 August 2025 from HK\$3.5 before the trading halt, and further surged to HK\$4.93 (i.e. over 7 times higher than the Offer Price) on 12 August 2025, indicating the trading price of the Shares may not definitely move downwards with the increase in the number of Shares sold in the market. Hence, instead of accepting the Offer, the Shareholders who intend to realise their investment in the Shares are recommended to sell their Shares in the market if net proceeds from such sale of Shares would exceed the net amount receivable under the Offer.

*(iii) Peer comparison*

In order to assess the fairness and reasonableness of the Offer Price, we have sought to identify comparable companies on the website of the Stock Exchange for peer comparison based on the criteria that the company is (i) currently listed and traded on the Stock Exchange; and (ii) principally engaged in business similar with that of the Group, and with over 50% revenue of the latest preceding year contributed by construction services and solutions in Singapore, mainly civil engineering works e.g. road works, earthworks, drainage works, earth retaining stabilising structures works and soil improvement works, given over 85% of the Group's revenue for FY2023 and FY2024 were contributed by the aforesaid construction services. We did not include the

construction company which mainly operated in other geographical locations such as China or Hong Kong as the operating environment, cost structure such as wage level of the workers etc are expected to be different between Singapore and those other locations. Based on the aforesaid criteria, only one comparable, namely Chuan Holdings Limited (stock code: 1420), can be identified by all exhaustive means. We have discussed with and understand from the Company that principal business of such comparable in Singapore is similar with that of the Group. However, peer comparison is considered not applicable as only one comparable can be identified. We have thus focused our analysis of the Offer Price on historical trading performance and underlying fundamentals of the Company as discussed above.

## **RECOMMENDATION**

Notwithstanding the Offer Price represents a premium to the NAV per Share as at 30 September 2024 and 31 March 2025, the Offer Price is unattractive, given it (i) represents a discount to the closing price of the Shares throughout the Review Period, and (ii) represents a discount of around 70% or more to the closing price of the Shares on the Latest Practicable Date, the Last Trading Day, and the five-day, 10-day and 30-day average closing price of the Shares immediately prior to and including the Last Trading Day respectively. Hence, we are of the view that the Offer is not fair and not reasonable so far as the Independent Shareholders are concerned.

On the other hand, having considered

- (a) the uncertainty in the Group's financial performance given the net loss made by the Group for FY2023 and FY2024, and the decline in overall gross profit margin for 1H2025 compared to that for 1H2024 despite the overall revenue increase from 1H2024 to 1H2025;
- (b) notwithstanding the outlook of the construction industry might be positive in the near future in light of the statistics of construction output and demand as released by MTI and BCA, which is considered favourable to the Group as new construction projects normally require other supplementary areas of engineering works from services providers (including the Group) of civil engineering and/or building construction works, whether the Group can grasp the business opportunities and being awarded relevant contracts with reasonable profit margin rolled out in the market is uncertain given the competitive operating environment;
- (c) the uncertainty of the Company's outlook under management by the new Board and the long-term business plans and strategies to be formulated by the Offeror, given neither the Offeror nor the two new executive Directors (including Ms. Wang and Ms. Ding) to

be nominated has management experience directly related to the construction services of the Group, regardless the Offeror has no intention to introduce major changes to the existing business, assets or management of the Group other than the Board; and

- (d) notwithstanding the Independent Shareholders may encounter difficulties in selling a significant number of Shares in the open market at a fixed cash price within a short period of time without disturbing the market price, given (i) the trading volume of the Shares could reach over 2.7 million Shares, 2.5 million Shares and 4.6 million Shares respectively on a single day on 11 August 2025, 25 August 2025 and 29 August 2025, representing over 15%, 13% and 25% respectively of the highest level of monthly trading volume of approximately 18.4 million Shares recorded by the Company during the Review Period; and (ii) regardless of the substantial increase in the number of Shares sold in the market on 11 and 12 August 2025 compared to the daily trading volume of the Shares before the publication of the Joint Announcement during the Review Period, the closing price of the Shares increased to HK\$3.75 on 11 August 2025 from HK\$3.5 before the trading halt, and further to HK\$4.93 (i.e. over 7 times higher than the Offer Price) on 12 August 2025, indicating the trading price of the Shares may not definitely move downwards with the increase in the number of Shares sold in the market,

the Independent Shareholders are recommended to sell their Shares in the market at a price higher than the Offer Price, instead of accepting the Offer, if they intend to realise their investment in the Shares and if the net proceeds (after deducting fees and expenses) received from the on-market disposal would exceed the proceeds to be received if they accept the Offer.

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

Yours faithfully,  
For and on behalf of  
**Capital 9 Limited**



**Chan Man Yee**  
Director

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