

EDICO Holdings Limited

鉅京控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8450)

Executive Directors:

Mr. Chan Tsang Tieh

(Chairman)

Mrs. Donati Chan Yi Mei Amy

(Chief Executive Officer)

Independent non-executive Directors:

Mr. Li Wai Ming

Mr. Wan Chun Wai Andrew

Ms. Chan Chiu Yee Natalie

Registered office in the Cayman Islands:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Head Office and principal place of
business in Hong Kong:*

8/F., Wheelock House

20 Pedder Street

Central

Hong Kong

5 November 2024

To the Independent Shareholders:

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ASTRUM CAPITAL MANAGEMENT LIMITED
FOR AND ON BEHALF OF JANTIX MANAGEMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
EDICO HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY JANTIX MANAGEMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Acquisition and the Offer. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

As disclosed in the Joint Announcement, the Board was notified by the Vendor that on 8 October 2024 (before trading hours), the Vendor, the Vendor Guarantor and the Offeror entered into the Share Purchase Agreement pursuant to which the Vendor agreed to sell, and the Offeror agreed to purchase, the Sale Shares (being 560,000,000 Shares, representing 56.0% of the total issued share capital of the Company as at the Latest Practicable Date) for a total cash Consideration of HK\$33,600,000 (being HK\$0.06 per Sale Share).

Immediately prior to Completion, the Offeror and parties acting in concert with it did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately after Completion (which took place immediately after signing of the Share Purchase Agreement on 8 October 2024) and as at the Latest Practicable Date, the Offeror and parties acting in concert with it hold in aggregate 560,000,000 Shares, representing 56.0% of the total issued share capital of the Company.

The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it. Astrum Capital is making the Offer for and on behalf of the Offeror.

As at the date of the Latest Practicable Date, there were 1,000,000,000 Shares in issue and the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code), and has not entered into any agreement for the issue of such Shares, options, warrants, derivatives or other relevant securities that are convertible or exchangeable into Shares or other relevant securities in the Company.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Offeror and the Offer; (ii) the letter from Astrum Capital containing details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned and on acceptance of the Offer.

THE OFFER

As disclosed in the section headed “Letter from Astrum Capital” in this Composite Document, Astrum Capital is making the Offer for and on behalf of the Offeror to acquire the Offer Shares on the following basis:

For each Offer Share..... HK\$0.06 in cash

The Offer Price of HK\$0.06 per Offer Share is the same as the price of HK\$0.06 per Sale Share paid by the Offeror under the Share Purchase Agreement.

The Consideration was paid by the Offeror to the Vendor in cash with its internal resources.

The Offer is unconditional in all respects and extended to the Independent Shareholders in accordance with the Takeovers Code.

Under the terms of the Offer, the Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

The Company confirms that, as at the Latest Practicable Date, (i) it did not declare any dividend which is not yet paid; and (ii) it did not have any intention to declare or pay any future dividend or make other distributions during the Offer Period.

Further details of the Offer

Further details of the Offer are set out in the section headed “Letter from Astrum Capital” in this Composite Document and the additional information contained in the appendices to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares have been listed on GEM of the Stock Exchange since 2 February 2018.

The Group principally engages in the business of providing 24-hour integrated printing services for customers mainly in the financial and capital markets in Hong Kong.

Further details of the Group are set out in Appendix II “Financial Information of the Group” and Appendix III “General Information of the Group” to this Composite Document.

FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of certain audited/unaudited consolidated financial information of the Group for (i) each of the two financial years ended 30 September 2022 and 2023 (as extracted from the annual report of the Company for the year ended 30 September 2023); and (ii) the six months ended 31 March 2024 (as extracted from the interim report of the Company for the six months ended 31 March 2024):

	For the six months ended 31 March 2024 <i>HK\$'000</i> (<i>unaudited</i>)	For the year ended 30 September 2023 <i>HK\$'000</i> (<i>audited</i>)	For the year ended 30 September 2022 <i>HK\$'000</i> (<i>audited</i>)
Revenue	14,892	46,499	45,395
Loss before taxation	(3,556)	(7,721)	(5,032)
Loss and total comprehensive expense for the year/period attributable to owners of the Company	(3,556)	(7,680)	(2,781)
	As at 31 March 2024 <i>HK\$'000</i> (<i>unaudited</i>)	As at 30 September 2023 <i>HK\$'000</i> (<i>audited</i>)	As at 30 September 2022 <i>HK\$'000</i> (<i>audited</i>)
Total assets	76,662	90,054	105,777
Total liabilities	22,761	32,597	40,640
Net assets	53,901	57,457	65,137

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the authorized share capital of the Company was HK\$50,000,000 divided into 5,000,000,000 ordinary shares, and there were 1,000,000,000 Shares in issue. Save as aforesaid, the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

The shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately upon Completion and as at the Latest Practicable Date are as follows:

	(i) Immediately prior to Completion		(ii) Immediately upon Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Appr. % of issued Shares</i>	<i>Number of Shares</i>	<i>Appr. % of issued Shares</i>
The Offeror and parties acting in concert with it	—	—	560,000,000	56.0
The Vendor	560,000,000	56.0	—	—
Ms. Yuen	192,200,000	19.2	192,200,000	19.2
Public Shareholders	<u>247,800,000</u>	<u>24.8</u>	<u>247,800,000</u>	<u>24.8</u>
Total	<u>1,000,000,000</u>	<u>100.00</u>	<u>1,000,000,000</u>	<u>100.00</u>

INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraphs headed “Information on the Offeror” in the “Letter from Astrum Capital” and Appendix IV “General Information of the Offeror” to this Composite Document for information on the Offeror.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the section headed “Letter from Astrum Capital — Intentions of the Offeror regarding the Group” in this Composite Document.

The Board is aware of the Offeror’s intentions in relation to the Group and its employees as set out in the section headed “Letter from Astrum Capital — Intentions of the Offeror regarding the Group” in this Composite Document. The Board is willing to render reasonable cooperation with the Offeror and continue to act in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Board comprises two executive Directors, namely Mr. Chan Tsang Tieh and Mrs. Donati Chan Yi Mei Amy, and three independent non-executive Directors, namely Mr. Li Wai Ming, Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie.

The Board is aware that as at the Latest Practicable Date, the Offeror intended to nominate new director(s) to the Board with effect from a date which is no earlier than such date as permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate. As at the

Latest Practicable Date, none of the existing Directors has intention to resign from the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Board is aware that the Offeror intends to maintain the listing of the Shares on GEM of the Stock Exchange following the close of the Offer and that the Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares after the close of the Offer.

According to the shareholding structure of the Company as at the Latest Practicable Date as set out in the section headed “Shareholding Structure of the Company”, there was a shortfall in the Company’s public float of approximately 0.2% given that only approximately 24.8% of the Shares were held in the hand of the Public Shareholders (the “**Shortfall**”). Based on the information available to the Company, the Shortfall was caused by the completion of sale and purchase of 190,000,000 Shares between 2 Shareholders in around November 2021, where the percentage of interest in the Company of the purchaser Shareholder, Ms. Yuen, had increased from 0.22% to 19.20%. As a result of the said acquisition, Ms. Yuen became a substantial shareholder of the Company and, accordingly, a core connected person of the Company, and Ms. Yuen was no longer recognised as a member of the public pursuant to Rule 11.23 of the GEM Listing Rules.

The Offeror will, together with the Company, use reasonable endeavours to maintain the listing status of the Shares on GEM of the Stock Exchange and procure that not less than 25% of the entire issued share capital in the Company be held by the public in compliance with the GEM Listing Rules after the close of the Offer. The Board is aware that it is the intention of the Offeror to engage a placing agent and restore the minimum public float of Shares by way of placement of existing Shares to independent third parties. The Board is also aware that the Offeror will ascertain the number of existing Shares to be placed by the placing agent, depending on the outcome of the Offer and to the extent the minimum public float is restored, on the Closing Date. It is expected that the placement of existing Shares will complete and the public float of the Company will be restored by the later of (i) the end of December 2024; or (ii) 30 days after closing of the Offer.

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

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

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that, upon close of the Offer, there will 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 Board is aware that the sole director of the Offeror has undertaken, and the new Director(s) (if any) proposed by the Offeror will jointly and severally undertake, to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that such number of Shares as may be required by the Stock Exchange are held by the public within the prescribed time frame. Further announcement(s) will be made by the Company regarding the restoration of public float as and when appropriate.

In addition, in order to prevent similar incidents of having insufficient public float in the Shares as required under Rule 11.23 of the GEM Listing Rules from occurring in the future, the Company has taken/will take the following remedial actions and measures:

1. the management and the company secretary of the Company shall continue to oversee and monitor the effectiveness and efficiency of the Company's on-going compliance system and the relevant corporate governance measures;
2. conduct internal training session on compliance of the GEM Listing Rules, in particular in relation to public float requirements and definitions of public shareholders, to refresh and reinforce the understanding in the relevant concepts;
3. closely monitor the registers of the Company and the disclosure of interests made by the Shareholders on a regular basis to keep track of the public float of the Company; and
4. assign additional manpower to crosscheck public records and disclosures of the Company to avoid inadvertent oversights.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Li Wai Ming, Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie, has been established pursuant to Rules 2.1 and 2.8 of the Takeovers Code to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Messis Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders are set out in this Composite Document.

You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

RECOMMENDATION

Your attention is drawn to (i) the section headed “Letter from the Independent Board Committee” as set out on pages 28 to 29 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer; and (ii) the section headed “Letter from the Independent Financial Adviser” as set out on pages 30 to 42 of this Composite Document, which contains its advice and recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Offer and, in particular as to whether the Offer is fair and reasonable and as to the acceptance thereof, and the principal factors considered by it in arriving at its advice and recommendation. In particular, the Board is aware that:

- (i) the Independent Financial Adviser, having taken into consideration principal factors including (1) the persistent loss making position of the Group and uncertain recovery of the higher margin listing related services segment which is crucial to the profitability of financial printing business; (2) the current headwind and slowdown in Hong Kong IPO market that casts uncertainty over the prospect and business outlook of the financial printing industry; (3) the Offer Price is close to the Highest Share Price and represents a premium of approximately 20% to the average share price for the Review Period; (4) the current market price of the Shares as at the Latest Practicable Date which is higher than the Offer Price may be resulted from short term stimulation of the Offer and may not be sustainable; (5) the Offer provides an opportunity for the Independent Shareholders to realise their investments in the Company at a fixed price amidst low trading liquidity of the Shares; and (6) the valuation metrics of P/S and P/B represented by the Offer Price are better than that of the Comparable Companies, considered the Offer to be fair and reasonable and recommended the Independent Board Committee to advise the Independent Shareholders to accept the Offer;
- (ii) the Independent Financial Adviser has pointed out that as the Shares has been trading above the Offer Price as at the Latest Practicable Date, the Independent Shareholders who would like to realise their investments in the Shares are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period and may, instead of accepting the Offer, consider selling their Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Offer, while Independent Shareholders who believe that they will not be able to sell the Shares in the market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as an alternative exit of their investments; and
- (iii) the Independent Board Committee, having taken into account the terms of the Offer and the independent advice from the Independent Financial Adviser, as well as the principal factors and reasons considered in arriving at the Independent Financial Adviser’s recommendation, concurred with the view of the Independent Financial Adviser and considered that the Offer is fair and reasonable and recommended the Independent Shareholders to accept the Offer.

The Independent Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

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

Yours faithfully,

For and on behalf of the Board of
EDICO Holdings Limited

A handwritten signature in black ink, appearing to be 'Chan Tsang Tieh', written in a cursive style.

Chan Tsang Tieh

Chairman and Executive Director

** For identification purpose only*