

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Jinhai International Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the stockbroker, other registered dealer in securities, the bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

China Jinhai International Group Limited

中國金海國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

- (I) PROPOSED SHARE CONSOLIDATION;
(II) PROPOSED CAPITAL REORGANIZATION;
(III) PROPOSED RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY ONE (1) NEW SHARE
HELD ON THE RECORD DATE WITH BONUS WARRANTS
ON THE BASIS OF ONE (1) BONUS WARRANT FOR
EVERY SIX (6) RIGHTS SHARES TAKEN UP;
(IV) PROPOSED CHANGE IN BOARD LOT SIZE;
(V) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(VI) RE-ELECTION OF DIRECTORS;
AND
(VII) NOTICE OF SPECIAL GENERAL MEETING**

Underwriter



Freeman Securities Limited

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

Nuada Limited

Corporate Finance Advisory

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 12 to 46 of this circular. A letter from the Independent Board Committee is set out on pages 47 to 48 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 49 to 76 of this circular.

A notice convening a special general meeting of China Jinhai International Group Limited to be held at Falcon Room 1 (Basement), Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 27 February 2015 at 9:30 a.m. is set out on pages 118 to 123 of this circular. Whether or not you are able to attend and vote at the special general meeting, you are requested to read the notice and to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the special general meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

The Shares are expected to be dealt in on an ex-rights basis from 3 March 2015. Dealings in the Rights Shares in nil-paid form are expected to take place from 13 March 2015 to 20 March 2015 (both days inclusive). If prior to 4:00 p.m. on 30 March 2015 (or such other time as the Underwriter may agree with the Company), the Underwriter terminates the Underwriting Agreement (see the paragraph headed "Termination of the Underwriting Agreement" in this circular) or if any of the conditions precedent to the Rights Issue (see the paragraph headed "Conditions precedent to the Rights Issue and the Underwriting Agreement" in this circular) cannot be fulfilled, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this circular up to the date on which all the conditions of the Rights Issue are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form between 13 March 2015 to 20 March 2015, both days inclusive, are accordingly subject to the risk that the Rights Issue may or may not become unconditional. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

* For identification purposes only

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	1
DEFINITIONS	5
TERMINATION OF THE UNDERWRITING AGREEMENT	11
LETTER FROM THE BOARD	12
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	47
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	49
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	77
APPENDIX II — UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP	82
APPENDIX III — SUMMARY OF THE TERMS OF THE BONUS WARRANTS	89
APPENDIX IV — DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED AT THE SGM	98
APPENDIX V — GENERAL INFORMATION	102
NOTICE OF THE SGM	118

EXPECTED TIMETABLE

The expected timetable is set out below:

Hong Kong Times

Publication of notice of reduction of share capital
in Bermuda (which shall be not less than 15 days
and not more than 30 days prior to the date
on which the Capital Reduction becomes effective)..... Not earlier than
30 January 2015 and
not later than 13 February 2015

Latest time for lodging proxy forms for the SGM 9:30 a.m. on Wednesday,
25 February 2015

Expected time and date of the SGM 9:30 a.m. on Friday,
27 February 2015

Publication of poll result of the SGM..... Friday, 27 February 2015

**The following events are conditional on the fulfillment of the conditions for the
implementation of Share Consolidation and/or Capital Reorganization.**

Effective date of Share Consolidation
and/or Capital Reorganization Monday, 2 March 2015

Dealings in the New Shares commence 9:00 a.m. on Monday,
2 March 2015

Original counter for trading in Existing Shares
in board lots of 10,000 Existing Shares
temporarily closes 9:00 a.m. on Monday,
2 March 2015

Temporary counter for trading in board lots
of 1,000 New Shares (in the form of existing
share certificates) opens 9:00 a.m. on Monday,
2 March 2015

Free exchange of existing share certificates
for the new share certificates
for the New Shares commences Monday, 2 March 2015

Last day of dealing in the New Shares on
a cum-entitlement basis in respect of
the Rights Issue Monday, 2 March 2015

EXPECTED TIMETABLE

Hong Kong Times

First day of dealings in the New Shares on an ex-entitlement basis in respect of the Rights Issue	Tuesday, 3 March 2015
Latest time for lodging forms of transfer of New Shares in order to be entitled to the Rights Issue	4:30 p.m. on Wednesday, 4 March 2015
Closure of register of members of the Company for determining entitlement to the Rights Issue.....	Thursday, 5 March 2015 to Tuesday, 10 March 2015 (both days inclusive)
Record Date for the Rights Issue	Tuesday, 10 March 2015
Register of members of the Company re-opens.....	Wednesday, 11 March 2015
Despatch of the Prospectus Documents	Wednesday, 11 March 2015
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Friday, 13 March 2015
Original counter for trading in New Shares in board lots of 14,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m. on Monday, 16 March 2015
Parallel trading in the New Shares (in the form of existing share certificates and new share certificates) commences	9:00 a.m. on Monday, 16 March 2015
Designated broker starts to stand in the market to provide matching services for the odd lots of New Shares.....	9:00 a.m. on Monday, 16 March 2015
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 17 March 2015
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Friday, 20 March 2015

EXPECTED TIMETABLE

Hong Kong Times

Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. on Wednesday, 25 March 2015
Latest time for termination of the Underwriting Agreement	4:00 p.m. on Monday, 30 March 2015
Announcement for result of the Rights Issue	Thursday, 2 April 2015
Refund cheques for wholly and partially applications for excess Rights Shares expected to be posted.....	Wednesday, 8 April 2015
Certificates for the fully-paid Rights Shares expected to be despatched	Wednesday, 8 April 2015
Temporary counter for trading in board lots of 1,000 New Shares (in the form of existing share certificates) closes	4:00 p.m. on Wednesday, 8 April 2015
Parallel trading in the New Shares (in the form of existing share certificates and new share certificates) ends.....	4:00 p.m. on Wednesday, 8 April 2015
Designated broker ceases to stand in the market to provide matching services for the odd lots of the New Shares.....	4:00 p.m. on Wednesday, 8 April 2015
Dealings in fully-paid Rights Shares commence.....	9:00 a.m. on Thursday, 9 April 2015
Free exchange of existing share certificates for the Existing Shares for new share certificates for New Shares ends.....	Friday, 10 April 2015

The following events are conditional on the fulfilment of the conditions for the Rights Issue and Bonus Warrants.

Warrant certificates for the Bonus Warrants to be posted	Wednesday, 8 April 2015
Dealings in the Bonus Warrants on Stock Exchange commence	9:00 a.m. on Thursday, 9 April 2015

EXPECTED TIMETABLE

All times in this circular refer to Hong Kong times. Dates stated in this circular for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable will be announced as appropriate in accordance with the Listing Rules.

Effect of bad weather on the latest time for acceptance of and payment for the Rights Issue and for application and payment for excess Rights Shares

If there is:

- a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 25 March 2015, the latest time of acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Wednesday, 25 March 2015, but will be extended to 5:00 p.m. on the same day instead; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 25 March 2015, the latest time of acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Wednesday, 25 March 2015, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on Wednesday, 25 March 2015, the dates mentioned in the section headed “Expected timetable” in this circular may be affected. A further announcement will be made by the Company in such event.

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Adjusted Share(s)”	ordinary share(s) of the Company with a par value of HK\$0.01 each upon the Capital Reorganization becoming effective
“associate(s)”	shall have the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bonus Warrant(s)”	warrant(s) proposed to be issued by the Company under the Rights Issue entitling the holder(s) thereof to subscribe for New Share(s) at the Exercise Price of HK\$0.1 per New Share (subject to adjustments)
“Bonus Warrant Issue”	the proposed issue of the Bonus Warrants on the basis of one Bonus Warrant for every six (6) Rights Shares taken up under the Rights Issue
“Bonus Warrant Share(s)”	the New Share(s) to be allotted and issued pursuant to the exercise of the subscription rights attached to the Bonus Warrants
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“Bye-Laws”	the bye-laws of the Company
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby (i) the nominal value of all the issued Consolidated Shares be reduced from HK\$0.1 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.09 on each of the issued Consolidated Share and (ii) any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation shall be reduced and cancelled
“Capital Reorganization”	the Capital Reduction, the Subdivision and the transactions contemplated thereunder
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	China Jinhai International Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 139)
“Conditional Agreement”	means the conditional agreement dated 28 November 2014 entered into between the vendor and an indirect wholly owned subsidiary of the Company (as purchaser) in relation to, amongst other things, the sale and purchase of the entire issued share capital in a target company and to acquire a property in Hong Kong for the Group’s own use
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately following the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Excess Application Form”/ “EAF(s)”	the form(s) of application for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“Excluded Shareholder(s)”	the Overseas Shareholders on the Record Date where the Directors, based on opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Exercise Price”	the price payable for each Bonus Warrant Share on exercise of the subscription rights attached to the Bonus Warrants, which is initially set at HK\$0.1 per Bonus Warrant Share (subject to adjustments)
“Existing Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation and/or Capital Reorganization becoming effective
“Group”	the Company and the subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	comprising all independent non-executive Directors established to advise the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	Nuada Limited, a licensed corporation to carry out business in Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue with Bonus Warrant Issue
“Independent Shareholders”	any Shareholder other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholder other than directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates and any other Shareholders who has a material interest in the transaction(s) to be approved at the SGM
“Independent Third Party(ies)”	third party (parties) independent of and not connected with the Company and its connected persons
“Last Trading Day”	5 December 2014, being the last trading day for the Shares immediately before the release of the announcement of the Company dated 8 December 2014 in relation to, among others, the Rights Issue with Bonus Warrant Issue
“Latest Practicable Date”	20 January 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Latest Termination Date”	the third Business Day after the Latest Time of Acceptance or such other date as the Underwriter may agree in writing with the Company
“Latest Time of Acceptance”	4:00 p.m. on Wednesday, 25 March 2015 or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares as described in the Prospectus Documents
“Listing Committee”	has the meaning ascribed to this term under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Long Stop Date”	4:00 p.m. on 31 May 2015 (or such later date as the Underwriter and the Company may agree in writing)
“New Shares”	the Consolidated Shares or, if the Capital Reorganization becoming effective prior to the Record Date, then they refer to the Adjusted Shares
“Overseas Shareholders”	those persons who registered addresses (as shown in the register of members of the Company at the close of business on the Record Date) which are outside Hong Kong, in respect of whom the Directors, based on opinions provided by legal advisers, consider the exclusion from the Rights Issue to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in the respective places
“Posting Date”	11 March 2015 or such other date as the Underwriter may agree in writing with the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Overseas Shareholders for information only (as the case may be)
“Proposed Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$600,000,000 to HK\$800,000,000 divided into 80,000,000,000 Adjusted Shares by the creation of an additional 20,000,000,000 Adjusted Shares
“Prospectus”	the prospectus to be despatched to the Shareholders in connection with the Rights Issue with Bonus Warrant Issue in such usual form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the Provisional Allotment Letter(s) and the Excess Application Form(s)
“Provisional Allotment Letter(s)”/“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Shares proposed to be issued to the Qualifying Shareholders as mentioned herein, being in such usual form as may be agreed between the Company and the Underwriter
“Qualifying Shareholders”	the persons shown on the register of members of the Company at the close of business on the Record Date, other than the Overseas Shareholders
“Record Date”	10 March 2015 or such other date as the Underwriter may agree in writing with the Company for the determination of the entitlements under the Rights Issue

DEFINITIONS

“Rights Issue”	the proposed offer of the Rights Shares on the basis of six (6) Rights Shares for every New Share in issue and held on the Record Date, on the terms and subject to the conditions to be set out in the Underwriting Agreement and the Prospectus Documents, with the Bonus Warrant Issue
“Rights Shares”	not less than 3,592,111,050 New Shares (assuming no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date) and not more than 3,611,678,988 New Shares (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; and (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full on or before the Record Date) to be issued by the Company pursuant to the Rights Issue)
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Tengis Limited
“Scheme Mandate”	the mandate granted to the Directors to grant Share Options to subscribe for 460,570,979 Existing Shares under the Share Option Scheme adopted by the Company on 27 September 2013 up to a maximum of 10% of the aggregate share capital of the Company in issue as at the date of the special general meeting of the Company held on 10 November 2014. As at the Latest Practicable Date, 460,000,000 Share Options has been granted and exercised
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of approving, inter alia, all necessary resolutions in respect of the Share Consolidation, Capital Reorganization, the Rights Issue with Bonus Warrant Issue, the Proposed Increase in Authorised Share Capital and re-election of Directors
“Share(s)”	the Existing Shares, Consolidated Shares, Adjusted Shares and New Shares, as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of par value HK\$0.10

DEFINITIONS

“Share Option Schemes”	the share option schemes adopted by the Company on 27 August 2003 and 27 September 2013 respectively
“Share Option(s)”	the option(s) granted by the Company to subscribe for Shares pursuant to the Share Option Schemes
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivision”	the subdivision of each authorised but unissued Consolidated Share of par value HK\$0.10 into ten (10) Adjusted Shares of HK\$0.01 each
“Subscription Price”	HK\$0.15 per Rights Share
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Underwriter”	Freeman Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 5 December 2014 (after trading hours) entered into between the Company and the Underwriter in relation to the Rights Issue with the Bonus Warrant Issue and as amended by the supplemental agreement dated 7 January 2015
“Underwritten Shares”	not less than 3,592,111,050 Untaken Shares and not more than 3,611,678,988 Untaken Shares, not taken up by the Qualifying Shareholders
“Untaken Shares”	Underwritten Shares not taken up at or before 4:00 p.m. on the Latest Time of Acceptance
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time between the Latest Practicable Date and 4:00 p.m. on the Latest Termination Date, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

- (i) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the representations or warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue and the Bonus Warrant Issue; or
- (ii)
 - (a) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong, Bermuda or elsewhere;
 - (b) any change in local, national or international financial, political, industrial or economic conditions;
 - (c) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (d) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (e) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or
 - (f) any change or development involving a prospective change in taxation or exchange controls in Hong Kong, Bermuda or elsewhere,

which event or events is or are in the reasonable opinion of the Underwriter:

- (i) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (ii) likely to have a material adverse effect on the success of the Rights Issue or the Bonus Warrant Issue or the level of Rights Shares taken up; or
- (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue or the Bonus Warrant Issue,

then and in such case, the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company terminate the Underwriting Agreement in accordance with the terms of the Underwriting Agreement. Upon giving notice in writing to the Company to terminate the Underwriting Agreement in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter shall cease and determine (save for any antecedent breaches thereof) and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save for any antecedent breach.

LETTER FROM THE BOARD

China Jinhai International Group Limited

中國金海國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

Executive Directors:

Mr. Wong Howard (*Chairman and Chief Executive Officer*)

Dr. Kwong Kai Sing, Benny (*Managing Director*)

Mr. Wong Yat Fai

Ms. Davis Angela Hendricks

Ms. Chen Wei

Mr. Zhan Jianzhou

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business
in Hong Kong:*

Room 1603-05

Harcourt House

39 Gloucester Road

Wanchai, Hong Kong

Independent Non-Executive Directors:

Mr. Li Chi Ming

Mr. Kwok Chi Kwong

Mr. Chen Youchun

Mr. Frank H. Miu

Mr. Tsang Wing Ki

23 January 2015

To the Shareholders

Dear Sir or Madam

- (I) PROPOSED SHARE CONSOLIDATION;
(II) PROPOSED CAPITAL REORGANIZATION;
(III) PROPOSED RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY ONE (1) NEW SHARE
HELD ON THE RECORD DATE WITH BONUS WARRANTS
ON THE BASIS OF ONE (1) BONUS WARRANT FOR
EVERY SIX (6) RIGHTS SHARES TAKEN UP;
(IV) PROPOSED CHANGE IN BOARD LOT SIZE;
(V) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(VI) RE-ELECTION OF DIRECTORS;
AND
(VII) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

On 8 December 2014, the Board announced that the Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten issued and unissued Existing Shares of HK\$0.01 each into one Consolidated Share of HK\$0.1. The Board further proposed that immediately following the Share Consolidation becoming effective, the Company effects the Capital Reorganization. In order to accommodate the future expansion and growth of the Group, the Board proposed to increase the existing

* *For identification purposes only*

LETTER FROM THE BOARD

authorised share capital of the Company to HK\$800,000,000 divided into 80,000,000,000 Adjusted Shares by the creation of an additional 20,000,000,000 unissued Adjusted Shares immediately following the Capital Reorganization becoming effective.

Moreover, the Board also announced that the Company proposed to raise approximately not less than HK\$538.82 million and not more than HK\$541.75 million (before expenses) by way of rights issue on the basis of six (6) Rights Shares for every New Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share. The Rights Issue is fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement (as amended by a supplemental agreement dated 7 January 2015). Subject to the fulfillment of the conditions to the Rights Issue and the Bonus Warrant Issue, Bonus Warrants will be issued to the first registered holders of the Rights Shares on the basis of one Bonus Warrant for every six (6) Rights Shares taken up.

The Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on as to whether the terms of the Rights Issue with Bonus Warrant Issue are fair and reasonable and whether the Rights Issue with Bonus Warrant Issue are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. In this connection, Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms the Rights Issue with Bonus Warrant Issue are fair and reasonable in this regard. The appointment of the Independent Financial Adviser has been duly approved by the Independent Board Committee.

The purpose of this circular is to provide you with further particulars of (i) the Share Consolidation; (ii) the Capital Reorganization; (iii) the Rights Issue with the Bonus Warrant Issue; (iv) the Proposed Increase in Authorised Share Capital; (v) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue with Bonus Warrant Issue; (vi) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue with Bonus Warrant Issue; (vii) re-election of Directors; and (viii) the notice of the SGM at which resolutions will be proposed to consider and, if thought fit, approve the Share Consolidation, the Capital Reorganization, the Rights Issue with the Bonus Warrant Issue, the Proposed Increase in Authorised Share Capital and transactions contemplated thereunder and re-election of Directors.

PROPOSED SHARE CONSOLIDATION

Proposed Share Consolidation

The Company proposes to implement the Share Consolidation pursuant to which every ten (10) issued and unissued Existing Shares of HK\$0.01 each be consolidated into one Consolidated Share of HK\$0.1.

LETTER FROM THE BOARD

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of the necessary ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

Assuming the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on the business day next following the date on which the relevant resolution(s) approving the Share Consolidation is passed.

Effect of Share Consolidation

The effect of Share Consolidation is summarised below:

	Prior to the Share Consolidation becoming effective	Immediately following Share Consolidation becoming effective <i>(Note)</i>
Nominal value of each Existing Share/ Consolidated Share	HK\$0.01	HK\$0.1
Number of authorized Existing Shares/ Consolidated Shares	60,000,000,000	6,000,000,000
Authorized share capital	HK\$600,000,000	HK\$600,000,000
Number of Existing Shares/ Consolidated Shares in issue	5,986,851,756	598,685,175
Issued and fully-paid share capital	HK\$59,868,517.56	HK\$59,868,517.50

Note: Issued and fully-paid share capital immediately after Share Consolidation becoming effective is presented on the assumption that no further Existing Shares would be issued or repurchased between the Latest Practicable Date and the date of the SGM.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders as a whole. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

LETTER FROM THE BOARD

Reasons for the Share Consolidation

The Share Consolidation will increase the nominal value of the shares of the Company. It is expected that the Share Consolidation would bring about corresponding upward adjustments in the trading price of the Consolidated Shares (i.e. based on the closing price of HK\$0.138 per Existing Shares as quoted on the Stock Exchange on the Last Trading Day, the trading price of the Consolidated Shares will be HK\$1.38) on the Stock Exchange and the Board believes that it may attract more investors and extend the shareholders base of the Company. The Board therefore believes that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

PROPOSED CAPITAL REORGANIZATION

Upon Share Consolidation becoming effective, the Board further proposes that the Company effects the Capital Reorganization by way of:

- (i) a reduction of the issued share capital of the Company through (a) a cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares so that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 and (b) reducing and cancelling any fractional Consolidated Shares arising from the Share Consolidation;
- (ii) the subdivision of each authorised but unissued Consolidated Share of HK\$0.10 into ten (10) Adjusted Shares of HK\$0.01 each; and
- (iii) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company such that the Board may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-Laws including but not limited to setting off against the accumulated losses of the Company.

Conditions of the Capital Reorganization

The Capital Reorganization is conditional upon:

- (i) the passing of the necessary resolutions by the Shareholders approving the Share Consolidation and the Capital Reorganization and the transactions contemplated thereunder at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue arising from the Capital Reorganization; and
- (iii) compliance by the Company with the requirements under the Companies Act including the publication of a notice in relation to the Capital Reduction in Bermuda in accordance with section 46(2) of the Companies Act.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganization will become effective on the next business day following the date of passing of the relevant resolution(s) approving the Capital Reorganization.

LETTER FROM THE BOARD

Effects of Capital Reorganization

The Company has 32,042,272 outstanding share options granted pursuant to the Share Option Schemes exercisable prior to the Record Date entitling the holders thereof to subscribe for up to 32,042,272 Existing Shares (the “**Share Options**”). Save for disclosed in the aforementioned, there are no options, warrants or other securities convertible into or giving rights to subscribe for Existing Shares or Consolidated Shares or Adjusted Shares. As of the Latest Practicable Date, the Company’s existing authorized share capital is HK\$600,000,000 consisting of 60,000,000,000 Existing Shares, and the existing issued share capital is HK\$59,868,517.56 consisting of 5,986,851,756 Existing Shares.

The effect of the Capital Reorganization is summarised below:

	Prior to the Capital Reorganization becoming effective	Immediately following Capital Reorganization becoming effective
Nominal value of each Existing Share/ Adjusted Share	HK\$0.01	HK\$0.01
Number of authorized Existing Shares/ Adjusted Shares	60,000,000,000	60,000,000,000
Authorized share capital	HK\$600,000,000	HK\$600,000,000
Number of Existing Shares/ Adjusted Shares in issue	5,986,851,756	598,685,175
Issued and fully-paid share capital	HK\$59,868,517.56	HK\$5,986,851.75

Any fraction of Adjusted Shares arising from the Capital Reorganization will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company. The Adjusted Shares will rank pari passu in all respects with each other.

Based on 598,685,175 Adjusted Shares after the completion of the Capital Reorganization, a credit of approximately HK\$53.88 million will arise as a result of the Capital Reorganization and will be transferred to the contributed surplus account of the Company such that the Board may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-Laws including but not limited to setting off against the accumulated losses of the Company.

Implementation of the Capital Reorganization will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganization will not have any adverse effect on the financial position of the Group and the Board believes that on the date the Capital Reorganization is to be effected, there will be no reasonable grounds for believing that the Company is, or after the Capital Reorganization would be, unable to pay its liabilities as they become due. The Capital Reorganization does not involve any diminution of any liability in

LETTER FROM THE BOARD

respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Reasons for Capital Reorganization

The Board believes that the Capital Reorganization is beneficial to the Company and the Shareholders as a whole. The Board is of the opinion that the Capital Reorganization will provide the Company with greater flexibility for the issue of Adjusted Shares in the future and the credit in the contributed surplus account arising as a result of the Capital Reorganization will enable the Company to apply part of the amount standing to the credit of its contributed surplus account to eliminate the accumulated losses of the Company and this will facilitate the payment of dividends as and when the Directors consider it appropriate in the future.

Other than the expenses to be incurred in relation to the Capital Reorganization, the implementation of the Capital Reorganization will not alter the underlying assets, business operations, management or financial position of the Group or the interests of the Shareholders as a whole.

Listing and dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares and/or the Adjusted Shares arising from the Share Consolidation and the Capital Reorganization (as the case may be).

The Consolidated Shares/Adjusted Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares/Adjusted Shares on the Stock Exchange, the Consolidated Shares/Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares or Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS operational procedures in effect from time to time.

Free exchange of share certificates

Subject to the Share Consolidation and/or the Capital Reorganization becoming effective, Shareholders may submit certificates for the Existing Shares, to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange from Monday, 2 March 2015, to Friday, 10 April 2015 (both days inclusive), at the expense of the Company for certificates of the New Shares. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the New Shares, whichever number of certificates

LETTER FROM THE BOARD

cancelled/issued is higher. The existing certificates will be valid for trading and settlement up to 4:00 p.m. on Wednesday, 8 April 2015, being the latest time for trading in board lot of 1,000 New Shares in the form of existing certificates (or such other date which will be announced by the Company) and will continue to be good evidence of legal title after the Share Consolidation and/or Capital Reorganization have/has become effective and may be exchanged for certificates of the New Shares at any time in accordance with the foregoing.

The new share certificates for the New Shares will be issued in silver grey colour in order to distinguish them from the existing share certificates in blue colour.

Trading arrangements for the New Shares

Subject to the Share Consolidation and/or Capital Reorganization becoming effective, the arrangements proposed for dealings in the New Shares are expected to be as follows:

- (i) from 9:00 a.m. on Monday, 2 March 2015, the original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares will be temporarily closed and a temporary counter for trading in the New Shares in board lots of 1,000 New Shares will be set up and opened;
- (ii) with effect from 9:00 a.m. on Monday, 16 March 2015, the original counter for trading in the New Shares will be re-opened in board lots of 14,000 New Shares;
- (iii) during the period from 9:00 a.m. on Monday, 16 March 2015 to 4:00 p.m. on Wednesday, 8 April 2015 (both days inclusive), there will be parallel trading at the above two counters; and
- (iv) the temporary counter for trading in the New Shares in board lots of 1,000 New Shares will be removed after the close of trading at 4:00 p.m. on Wednesday, 8 April 2015. Thereafter, trading will only be in board lots of 14,000 New Shares with new share certificates and the existing share certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such certificates will remain effective as documents of title on the basis of ten (10) Existing Shares for one (1) New Share.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Share Consolidation and/or Capital Reorganization, a designated broker has been appointed to match the purchase and sale of odd lots of the New Shares at the relevant market price per New Shares for the period from 9:00 a.m. on Monday, 16 March 2015 to 4:00 p.m. on Wednesday, 8 April 2015 (both days inclusive). Holders of odd lots of the New Shares who wish to take advantage of this facility either to dispose of their odd lots of the New Shares or top up to a full board lot may, directly or through their brokers, contact Ms. Hong Ming Kiu, May of the Underwriter of 1601, 16/F., China United Centre, 28 Marble Road, North Point, Hong Kong by phone at (852) 3513 8002 or by fax at (852) 2815 6728 during this period. Holders of odd lots of the New Shares should note that successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Any Shareholder, who is in any

LETTER FROM THE BOARD

doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the circular to be despatched to the Shareholders.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$600,000,000 divided into 60,000,000,000 Existing Shares of HK\$0.01 each of which 5,986,851,756 Existing Shares have been allotted and issued and fully paid or credited as fully paid. Upon the Share Consolidation and the Capital Reorganization becoming effective, the Company will have an authorised share capital of HK\$600,000,000 divided into 60,000,000,000 New Shares, and 598,685,175 New Shares will be in issue. Moreover, there will be a maximum of 3,611,678,988 Rights Shares and 601,946,498 Bonus Warrants upon completion of Rights Issue.

In order to accommodate the future expansion and growth of the Group, the Board proposes to increase the existing authorised share capital of the Company to HK\$800,000,000 divided into 80,000,000,000 Adjusted Shares by the creation of an additional 20,000,000,000 unissued Adjusted Shares. The Proposed Increase in Authorised Share Capital is conditional upon, among other things, the passing of the necessary resolutions approving the Share Consolidation, the Capital Reorganization and the Proposed Increase in Authorised Share Capital by the Shareholders at the SGM.

PROPOSED RIGHTS ISSUE WITH BONUS WARRANT ISSUE

Upon Share Consolidation and the Capital Reorganization becoming effective, the Company proposes to raise a minimum of approximately HK\$538.82 million (before expenses) to a maximum of HK\$541.75 million (before expenses) by way of rights issue on the basis of six (6) Rights Shares for every Adjusted Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share.

In the event that only the Share Consolidation will be effected, then upon Share Consolidation becoming effective, the Company proposes to raise a minimum of approximately HK\$538.82 million (before expenses) to a maximum of HK\$541.75 million (before expenses) by way of rights issue on the basis of six (6) Rights Shares for every Consolidated Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share.

Issue statistics

Basis of the Rights Issue: six (6) Rights Shares for every New Share held on the Record Date with Bonus Warrants on the basis of one Bonus Warrant for every six (6) Rights Shares taken up

LETTER FROM THE BOARD

- Number of New Shares in issue upon Share Consolidation and/or Capital Reorganization becoming effective (assuming no further Shares would be issued or repurchased between the Latest Practicable Date and the Record Date): 598,685,175 New Shares
- Number of Rights Shares: not less than 3,592,111,050 New Shares (assuming no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date) and not more than 3,611,678,988 New Shares (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; and (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full on or before the Record Date)
- Number of Bonus Warrants: not less than 598,685,175 Bonus Warrants and not more than 601,946,498 Bonus Warrants
- Number of Rights Shares underwritten by the Underwriter: the Underwriter has conditionally agreed to fully underwrite not less than 3,592,111,050 Underwritten Shares (assuming no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date) and not more than 3,611,678,988 Underwritten Shares, not taken up by the Qualifying Shareholders (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; and (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full on or before the Record Date)

Under the Rights Issue, a minimum and maximum of 3,592,111,050 and 3,611,678,988 Rights Shares will be allotted and issued respectively, representing approximately 85.71% and 85.71% of the issued share capital of the Company respectively as enlarged by the allotment and issue of the Rights Shares respectively. Assuming the Share Consolidation becoming effective and completion of the Rights Issue, the aggregate nominal value of the minimum and maximum Rights Shares of nominal value of HK\$0.1 each will be HK\$359,211,105 and HK\$361,167,898.80 respectively. Assuming the Share Consolidation and Capital Reorganization becoming effective and completion of the Rights Issue, the aggregate nominal value of the minimum and maximum Rights Shares of nominal value of HK\$0.01 each will be HK\$35,921,110.50 and HK\$36,116,789.88 respectively.

LETTER FROM THE BOARD

The Company has 32,042,272 outstanding Share Options granted pursuant to the Share Option Schemes exercisable prior to the Record Date entitling the holders thereof to subscribe for up to 32,042,272 Existing Shares. Save for disclosed in the aforementioned, there are no outstanding options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Existing Shares.

TERMS OF THE RIGHTS ISSUE WITH BONUS WARRANT ISSUE

Subscription Price

HK\$0.15 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares or application for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 89.13% to the adjusted closing price of HK\$1.38 per Consolidated Share, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 89.54% to the adjusted average closing price of HK\$1.434 per Consolidated Share, based on the average closing price of HK\$0.1434 per Existing Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 53.95% to the theoretical ex-rights price of HK\$0.3257 per Consolidated Share after the Rights Issue, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iv) a discount of approximately 75.59% to the unaudited net asset value per Consolidated Share of approximately HK\$0.6144 as at 30 September 2014 based on the unaudited net asset value of approximately HK\$369,811,000 and the maximum number of 601,946,498 Consolidated Shares immediately after Share Consolidation but before completion of the Rights Issue;
- (v) a discount of approximately 29.18% to the unaudited net asset value per Consolidated Share of approximately HK\$0.2118 as at 30 September 2014 based on the unaudited net asset value of approximately HK\$892,310,000 as adjusted by the net proceeds from the Rights Issue; and the maximum number of 4,213,625,486 Consolidated Shares immediately after completion of the Rights Issue; and
- (vi) a discount of approximately 74.58% to the adjusted closing price of HK\$0.59 per Consolidated Share, based on the closing price of HK\$0.059 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation.

LETTER FROM THE BOARD

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price of the Existing Shares and the theoretical ex-rights price of the Consolidated Shares or Adjusted Shares. The Board considers the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the closing price of the Shares on the Last Trading Day with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. As the estimated net proceeds from the Rights Issue will be approximately HK\$519.56 million to HK\$522.50 million (assuming no further issue of Shares on or before the Record Date), the net price per Rights Share will be approximately HK\$0.145 and HK\$0.145.

Basis of the provisional allotment

On the basis of provisional allotment of six (6) Rights Shares for every one (1) New Share held by the Qualifying Shareholders on the Record Date, application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied therefor. On the same basis, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Closure of register of members

The register of members of the Company, in relation to the Rights Issue, will be closed from 5 March 2015 to 10 March 2015, both days inclusive. No transfer of New Shares will be registered during this period.

Bonus Warrant Issue

The Bonus Warrants will be issued in registered form. Subject to the fulfillment of the conditions to the Rights Issue and the Bonus Warrant Issue, Bonus Warrants will be issued to the first registered holders of the Rights Shares on the basis of one Bonus Warrant for every six (6) Rights Shares taken up. Fractional entitlements to the Bonus Warrants will not be allotted. On the basis of six (6) Rights Shares to be issued under the Rights Issue, the minimum and maximum number of Bonus Warrants to be issued will be 598,685,175 and 601,946,498 respectively. Each of the Bonus Warrant will entitle the holder(s) thereof to subscribe for one New Share at the Exercise Price of HK\$0.1 per New Share (subject to adjustments), at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 12 months after the date of issue. The minimum and maximum Bonus Warrant Shares to be issued upon exercise of the minimum and maximum Bonus Warrants represent approximately 12.5% and 12.5% of issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Warrant Shares respectively.

LETTER FROM THE BOARD

The Exercise Price of each Bonus Warrant represents:

- (i) a discount of approximately 92.75% to the adjusted closing price of HK\$1.38 per Consolidated Share, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 93.03% to the adjusted average closing price of HK\$1.434 per Consolidated Share, based on the average closing price of HK\$0.1434 per Existing Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 69.30% to the theoretical ex-rights price of HK\$0.3257 per Consolidated Share after the Rights Issue, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iv) a discount of approximately 66.39% to the theoretical ex-rights price of HK\$0.2975 per Bonus Warrant Share after the Rights Issue and Bonus Warrant Issue, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 83.72% to the unaudited net asset value per Consolidated Share of approximately HK\$0.6144 as at 30 September 2014 based on the unaudited net asset value of approximately HK\$369,811,000 and the maximum number of 601,946,498 Consolidated Shares immediately after Share Consolidation but before completion of the Rights Issue;
- (vi) a discount of approximately 49.44% to the unaudited net asset value per Consolidated Share of approximately HK\$0.1978 as at 30 September 2014 based on the unaudited net asset value of approximately HK\$952,505,000 as adjusted by the net proceeds from the Rights Issue and the issue of Bonus Warrant Shares; and the maximum number of 4,815,571,984 Consolidated Shares immediately after completion of the Rights Issue and exercise of the subscription rights of the maximum number of Bonus Warrants and issue of Bonus Warrant Shares; and
- (vii) a discount of approximately 83.05% to the adjusted closing price of HK\$0.59 per Consolidated Share, based on the closing price of HK\$0.059 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation.

LETTER FROM THE BOARD

The Exercise Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price and the theoretical ex-rights price of the Consolidated Shares or Adjusted Shares as calculated above. The theoretical ex-rights price per Consolidated Share after the Rights Issue is HK\$0.3257 and the theoretical ex-rights price per Consolidated Share after the Rights Issue and Bonus Warrant Issue is HK\$0.2975. The Subscription Price and Exercise Price represents a discount to the above theoretical ex-rights price of 53.95% and 66.39% respectively as shown above.

The Exercise Price of HK\$0.1 was set at a lower price but not at nil price to the Subscription Price of HK\$0.15 as balanced consideration between the recognition of their continual support to the Company (in particular they participate in the Rights Issue) and future funds to be raised from the issue and allotment of Bonus Warrant Shares of not less than the amount of HK\$59.9 million to support future business development of the Group.

In view of the above, the Directors consider that the Subscription Price and the Exercise Price are fair and reasonable and in the interest of the Company and its Shareholders.

The Bonus Warrants are subject to customary anti-dilutive adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and further issue of shares or convertible securities with conversion price less than the then market price provided that the Exercise Price shall not at any time fall below the par value of the Consolidated Shares or Adjusted Shares. Further details of adjustments are listed in Appendix III to this Circular.

Assuming all the Bonus Warrants are exercised, a maximum amount of gross proceeds and net proceeds of approximately HK\$60.2 million and HK\$60.2 million, respectively, will be raised. The net price per Bonus Warrant Share is therefore approximately HK\$0.1. If the Bonus Warrants and the Bonus Warrant Shares are issued after the Share Consolidation and Capital Reorganization have become effective, the maximum nominal value of all the Bonus Warrant Shares that may fall to be issued is approximately HK\$6.02 million.

Reasons for the Bonus Warrant Issue

1. The Bonus Warrants act as a sweetener to the Rights Issue (as each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one New Share at a pre-determined price, at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 12 months after the date of issue) to attract Shareholders and investors to participate in the Rights Issue;
2. The Board proposes the Bonus Warrant Issue to the Shareholders in recognition of their continual supports to the Company;
3. The Bonus Warrant Issue will provide the Shareholders or other investors with an opportunity to participate in the growth of the Company as the Company is confident in upcoming turnaround of its future financial performance as there is new business development and business opportunities encountered recently by the Company;

LETTER FROM THE BOARD

4. The Bonus Warrant Issue could also strengthen the equity base of the Company without increasing financial costs of the Group and it also increases the Company's working capital if and when the subscription rights attaching to the Bonus Warrants are exercised;
5. Funds raised from the subscription of Bonus Warrant Shares could be used in business development of the Company;
6. The Company has been making losses over the last 5 financial years since 2010, the Rights Issue with the Bonus Warrant Issue could enable the Company to partially replenish its capital base which has been eroded by such accumulated losses; and
7. The Rights Issue with Bonus Warrant Issue is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

Given the above factors, the Directors considered that the Rights Issue with Bonus Warrant Issue and the future funds raised through the subscription of the Bonus Warrant Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has not presently planned for any specific use of the subscription proceeds from the exercise of the Bonus Warrants but intends to apply any such subscription proceeds for the future business development and general working capital of the Group.

Certificates for the Rights Shares and the Bonus Warrants and refund cheques

Subject to the fulfillment of the conditions of the Rights Issue and the Bonus Warrant Issue, certificates for the fully-paid Rights Shares and the Bonus Warrants are expected to be posted on or before 8 April 2015 to those Qualifying Shareholders and applicants who have accepted or (as the case may be) applied and paid for the Rights Shares, at their own risks. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are also expected to be posted on 8 April 2015 by ordinary post to the applicants at their own risk. The first day of dealing in the Rights Shares in their fully-paid form is expected to commence on 9:00 a.m. on Thursday, 9 April 2015. The first day of dealing in the Bonus Warrants on the Stock Exchange is expected to commence on 9:00 a.m. on Thursday, 9 April 2015.

LETTER FROM THE BOARD

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date. The register of members of the Company will be closed from 5 March 2015 to 10 March 2015 (both days inclusive) for ascertaining entitlements of the Shareholders under the Rights Issue. In order to be registered as members of the Company on the Record Date, all transfers of New Shares (together with the relevant share certificate(s)) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, by 4:30 p.m. (Hong Kong time) on 4 March 2015. The address of the branch share registrar of the Company in Hong Kong is:

Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

The Company will send the Prospectus Documents to the Qualifying Shareholders, and the Prospectus only to the Excluded Shareholders for information purposes.

Excluded Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Latest Practicable Date, there were 2 Overseas Shareholders in the United Kingdom and Macau, respectively. The Company is making enquiries regarding the legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies of extending the Rights Issue to such Overseas Shareholders.

If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders as soon as practicable. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send PAL and EAF to them.

The Company will continue to ascertain whether there are any other Overseas Shareholders on or before the Record Date and will, if necessary, make further enquiries with its legal advisers in other overseas jurisdiction(s) regarding the feasibility of extending the Rights Issue to such other Overseas Shareholders. Further information in this connection will be set out in the Prospectus.

LETTER FROM THE BOARD

Arrangements will be made for as many as possible of the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The Company will then distribute such proceeds in Hong Kong dollars to the Excluded Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent), except that individual amount of HK\$100 or less shall not be so distributed but shall be retained for the benefit of the Company. Any such nil-paid Rights Shares remaining unsold at the Latest Time for Acceptance shall be made available for excess application.

The Company will send the Prospectus to the Excluded Shareholders for their information only. The Company will not send any PAL and EAF to them. The Excluded Shareholders will be entitled to attend and vote at the SGM.

The Bonus Warrant Issue will also not be available to the Excluded Shareholders.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and for any Rights Shares provisionally allotted but not accepted.

Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its provisional allotment must complete and sign the EAF as indicated thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar so as to be received by no later than 4:00 p.m. on Wednesday, 25 March 2015. All remittances must be made by cheque or cashier's order in Hong Kong dollars.

The Directors will allocate the excess Rights Shares on a fair and equitable basis. Subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to those who have applied for excess Rights Shares on a pro rata basis by reference to the number of excess Rights Shares being applied for under each application. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

Any fractional entitlement for the excess Rights Shares will be rounded up to the nearest whole number to the best effort and issued to such Qualifying Shareholder who applies for excess Rights Shares.

Investors with their Existing Shares or New Shares held by a nominee company should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

LETTER FROM THE BOARD

The allocation of excess Rights Shares (if any) to the Qualifying Shareholders will be announced by the Company on or about 2 April 2015. If no excess Rights Shares are allotted to the Qualifying Shareholders, it is expected that a cheque for the amount tendered on application will be refunded in full without interest on or before 8 April 2015. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, a cheque for the amount of the surplus application monies are also expected to be refunded to them without interest on or before 8 April 2015.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or cashier's order in payment for excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

Completion and return of the EAF by anyone outside Hong Kong will constitute a warranty and representation to the Company that all these local registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the EAF and any application under it, have been, or will be, duly complied with. For the avoidance of doubt neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled, the monies received in respect of the relevant applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by the ordinary post to their respective addresses at their own risk as soon as practicable thereafter.

Application for listing, dealings and settlement

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares. No part of the equity or debt securities of the Company is listed on or dealt in on any other stock exchange and no such listing of, or permission to deal, is being or is proposed to be sought.

Subject to the granting of the listing of, and permission to deal in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the

LETTER FROM THE BOARD

Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Application will be made to HKSCC for the admission of the Bonus Warrants into CCASS operated by HKSCC. All necessary arrangements will be made by the Company to enable the Bonus Warrants to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Bonus Warrants and the New Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants on the Stock Exchange, and subject to the compliance with the stock admission requirements of HKSCC, the Bonus Warrants and the New Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of their dealings on the Stock Exchange or such other date as determined by HKSCC.

Settlement between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 14,000 Shares while Bonus Warrants will also be traded in board lots of 14,000 Bonus Warrants.

Dealings in the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

Status of the Rights Shares and the Bonus Warrant Shares

The Rights Shares and the Bonus Warrant Shares, when fully paid and issued, will rank pari passu in all respects with the New Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares or the Bonus Warrant Shares (as the case may be).

CONDITIONS PRECEDENT TO THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT

The Rights Issue and the underwriting obligations of the Underwriter under the Underwriting Agreement are conditional upon the following:

- (i) the Share Consolidation having become effective;

LETTER FROM THE BOARD

- (ii) the passing of the relevant ordinary resolutions in respect of the Rights Issue and the Bonus Warrant Issue by the Independent Shareholders at the SGM in accordance with the Listing Rules;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in all the Rights Shares, in both nil-paid and fully-paid forms, and the Bonus Warrants and any New Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants;
- (iv) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by two Directors (or by their agents duly authorised in writing) in compliance with the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;
- (v) the posting of copies of the Prospectus Documents to the Qualifying Shareholders; and
- (vi) the Underwriter having not terminated the Underwriting Agreement.

If any of the above conditions precedent have not been satisfied on or before the Long Stop Date, all obligations and liabilities of the parties thereof shall cease and determine and no party shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement.

The Rights Issue and the Bonus Warrant Issue are not conditional upon each of the Capital Reorganisation and the Proposed Increase in Authorised Share Capital.

CONDITIONS PRECEDENT TO THE BONUS WARRANT ISSUE

The Bonus Warrant Issue is conditional upon the following:

- (i) all the conditions precedent to the Rights Issue and the underwriting obligations of the Underwriter under the Underwriting Agreement having been satisfied; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in all the Rights Shares, in both nil-paid and fully-paid forms, and the Bonus Warrants and any New Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants.

The Company will seek a specific mandate from its Shareholder for issue and allotment of the Bonus Warrant Shares at the SGM.

LETTER FROM THE BOARD

UNDERWRITING AGREEMENT

Underwriting Agreement

- Date: the Underwriting Agreement was entered into on 5 December 2014 (after trading hours) and was amended by a supplemental agreement dated 7 January 2015
- Parties: (i) the Company as the issuer; and
- (ii) Freeman Securities Limited as the Underwriter, a licensed corporation to carry out Type 1 regulated activities under the SFO, as the underwriter.
- Number of Rights Shares underwritten by the Underwriter: the Underwriter has conditionally agreed to fully underwrite not less than 3,592,111,050 Underwritten Shares and not more than 3,611,678,988 Underwritten Shares, not taken up by the Qualifying Shareholders (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; and (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full on or before the Record Date)
- Commission: 3% of the product of the Subscription Price and the maximum number of the Underwritten Shares

As at the Latest Practicable Date, the Company holds 16,800,000 shares of Freeman Financial Corporation Limited (“**Freeman**”), representing approximately 0.16% of the entire issued share capital of Freeman and 30,344,827 shares of Freeman Corporation Limited (“**FCL**”), representing approximately 2.41% of the entire issued share capital of FCL.

A loan agreement dated 3 December 2014 was entered into between Top Billion Finance Limited (an indirect wholly-owned subsidiary of the Company) (as lender) and FCL (as borrower) in relation to the revolving loan facility with a principal amount of HK\$50,000,000 that can be drawn down at any time within a period of two (2) years from the date of the loan agreement as disclosed in the announcement of the Company dated 3 December 2014.

Freeman is a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 279). FCL is a company incorporated in the Cayman Islands with limited liability and is an indirect non-wholly owned subsidiary of Freeman. The Underwriter is an indirect non-wholly owned subsidiary of Freeman and a fellow subsidiary of FCL.

As at the Latest Practicable Date, Freeman holds 275,000,000 Shares representing approximately 4.59% of the total issued share capital of the Company. If the Underwriter and/or its associate holds any Shares as at the SGM, the Underwriter is considered to have a material interest in the Rights Issue and will abstain from voting in favour of the resolutions relating to the Rights Issue to the extent of Existing Shares it holds (if any).

LETTER FROM THE BOARD

The Underwriter acted as the underwriter to the rights issue as disclosed in the Company's announcement dated 25 June 2013 and the placing agent to the placings as disclosed in the Company's announcement dated 8 July 2014 and 14 November 2014 respectively. Save as disclosed and the Underwriting Agreement (and the supplemental agreement dated 7 January 2015), the Underwriter has no other prior relationship or business dealing with the Company, the Company's directors and shareholders and their respective associates as at the Latest Practicable Date.

The Underwriter has approached the Company for the Rights Issue. After considering the commercial terms of the Rights Issue being offered including (i) Rights Issue being fully underwritten; (ii) the amount and size of the gross proceeds of the Rights Issue; (iii) the terms of the Rights Issue accords with the market practice; and (iv) in order to keep confidentiality of the possible funds raising intention of the Company, the Company decided to choose the Underwriter to underwrite the Rights Issue and not to approach other underwriters.

If the Underwriter underwrites the Underwritten Shares not taken up by the Qualifying Shareholders, it will be entitled to the Bonus Warrants in respect of the Rights Shares taken by them.

As at the Latest Practicable Date, the Underwriter has not indicated whether it will exercise the Bonus Warrant or not.

The Company has identified recent 8 rights issue and note that the underwriting commissions of these rights issue were ranged from nil to 3.5%. Given the 3.0% underwriting commission accords with the market rate, the Company considers that the underwriting commission of the Underwriting Agreement is fair and reasonable.

The Board considers the terms of the Underwriting Agreement including the commission rate accord with market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time between the Latest Practicable Date and 4:00 p.m. on the Latest Termination Date, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

- (i) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the representations or warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue and the Bonus Warrant Issue; or
- (ii) (a) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong, Bermuda or elsewhere;

LETTER FROM THE BOARD

- (b) any change in local, national or international financial, political, industrial or economic conditions;
- (c) any change of an exceptional nature in local, national or international equity securities or currency markets;
- (d) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (e) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or
- (f) any change or development involving a prospective change in taxation or exchange controls in Hong Kong, Bermuda or elsewhere,

which event or events is or are in the reasonable opinion of the Underwriter:

- (i) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (ii) likely to have a material adverse effect on the success of the Rights Issue or the Bonus Warrant Issue or the level of Rights Shares taken up; or
- (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue or the Bonus Warrant Issue,

then and in such case, the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company terminate the Underwriting Agreement in accordance with the terms of the Underwriting Agreement. Upon giving notice in writing to the Company to terminate the Underwriting Agreement in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter shall cease and determine (save for any antecedent breaches thereof) and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save for any antecedent breach.

TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms, as regards the Excluded Shareholders, their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasized that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

LETTER FROM THE BOARD

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company arising from Share Consolidation/Capital Reorganization and the Rights Issue assuming scenario (1) no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date; and scenario (2) (a) no repurchase of Existing Shares or New Shares; (b) the Share Options granted and outstanding are fully exercised; and (c) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full on or before the Record Date.

LETTER FROM THE BOARD

scenario (1): no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date:

Name of Shareholders	As at the Latest Practicable Date		Immediately after Share Consolidation but before completion of the Rights Issue		Immediately after the completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the completion of the Rights Issue (assuming all none of the Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the exercise of all the Bonus Warrants (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the exercise of all the Bonus Warrants (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders)	
	No. of Existing Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %
Mr. Wong Howard (Note 1)	12,779,400	0.21%	1,277,940	0.21%	8,945,580	0.21%	1,277,940	0.03%	10,223,520	0.21%	1,277,940	0.03%
Dr. Kwong Kai Sing Benny (Note 2)	40,717,565	0.68%	4,071,756	0.68%	28,502,292	0.68%	4,071,756	0.10%	32,574,048	0.68%	4,071,756	0.09%
Mr. Wong Yat Fai (Note 3)	12,779,400	0.21%	1,277,940	0.21%	8,945,580	0.21%	1,277,940	0.03%	10,223,520	0.21%	1,277,940	0.03%
Public Shareholders:												
Underwriter	—	—	—	—	—	—	3,592,111,050	85.71%	—	—	—	87.50%
Other public Shareholders	5,920,575,391	98.90%	592,057,539	98.90%	4,144,402,773	98.90%	592,057,539	14.13%	4,736,460,312	98.90%	592,057,539	12.35%
	<u>5,986,851,756</u>	<u>100.00%</u>	<u>598,685,175</u>	<u>100.00%</u>	<u>4,190,796,225</u>	<u>100.00%</u>	<u>4,190,796,225</u>	<u>100.00%</u>	<u>4,789,481,400</u>	<u>100.00%</u>	<u>4,789,481,400</u>	<u>100.00%</u>

LETTER FROM THE BOARD

scenario (2): (a) no repurchase of Existing Shares or New Shares; (b) the Share Options granted and outstanding are fully exercised; and (c) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full on or before the Record Date:

Name of Shareholders	As at the Latest Practicable Date		Immediately after Share Consolidation but before completion of the Rights Issue		Immediately after the completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the completion of the Rights Issue (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the exercise of all the Bonus Warrants (assuming all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the exercise of all the Bonus Warrants (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders)		
	No. of Existing Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	
Mr. Wong Howard (Note 1)	12,779,400	0.21%	1,277,940	0.21%	8,945,580	0.21%	1,277,940	0.03%	10,223,520	0.21%	1,277,940	0.03%	
Dr. Kwong Kai Sing Benny (Note 2)	40,717,565	0.68%	4,071,756	0.68%	28,502,292	0.68%	4,071,756	0.10%	32,574,048	0.68%	4,071,756	0.08%	
Mr. Wong Yat Fai (Note 3)	12,779,400	0.21%	1,277,940	0.21%	8,945,580	0.21%	1,277,940	0.03%	10,223,520	0.21%	1,277,940	0.03%	
Number of Share Options granted and outstanding	—	—	3,204,226	0.53%	22,429,582	0.53%	3,204,226	0.08%	25,633,808	0.53%	3,204,226	0.07%	
Maximum number of Share Options not yet granted under the Scheme Mandate	—	—	57,097	0.01%	399,679	0.01%	57,097	0.00%	456,776	0.01%	57,097	0.00%	
Public Shareholders:													
Underwriter	5,920,575,391	98.90%	—	—	—	—	3,611,678,988	85.71%	—	—	—	4,213,625,486	87.50%
Other public Shareholders	—	—	592,057,539	98.36%	4,144,402,773	98.36%	592,057,539	14.05%	4,736,460,312	98.36%	592,057,539	12.29%	
	5,986,851,756	100.00%	601,946,498	100.00%	4,213,625,486	100.00%	4,213,625,486	100.00%	4,815,571,984	100.00%	4,815,571,984	100.00%	

LETTER FROM THE BOARD

Notes:

1. Mr. Wong Howard is the chairman and Chief Executive Officer of the Company and an executive Director of the Company.
2. Dr. Kwong Kai Sing Benny is the managing director and an executive Director of the Company.
3. Mr. Wong Yat Fai is an executive Director of the Company.
4. This scenario is for illustrative purpose only and will never occur. Pursuant to the Underwriting Agreement, the Underwriter confirms that it has sub-underwritten its underwriting obligations under the Underwriting Agreement to sub-underwriters and declares that it has no intention of becoming, whether by itself or together with the parties acting in concert with it (if any), the controlling shareholder (as defined in the Listing Rules) of the Company as a result of performance of its obligations under the Underwriting Agreement. Accordingly, the Underwriter:
 - (i) confirms that, without prejudice in any event to the Underwriter's obligations to procure subscription for the Underwritten Shares not taken up under the Underwriting Agreement, it shall, whether by itself or together with the parties acting in concert with it (if any), be under no circumstances hold 29.9% or more of the issued share capital of the Company immediately after completion of the Rights Issue; and
 - (ii) agrees that it shall, in fulfillment of the Underwriter's obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares, take appropriate steps such as sub-underwriting all or part of the Underwritten Shares thereunder (sub-underwriter(s) not being party(ies) acting in concert with the Underwriter) to ensure that the Underwriter, together with the parties acting in concert with it (if any) will not become the controlling shareholder of the Company immediately after completion of the Rights Issue.
5. Pursuant to the Underwriting Agreement, the Underwriter further undertakes to the Company that, without prejudice in any event to the Underwriter's obligations to procure subscription for the Underwritten Shares not taken up under the Underwriting Agreement or otherwise, it shall ensure (i) that the subscribers for any Underwritten Shares (collectively the "**Relevant Subscribers**") are independent of and not connected or acting in concert with the directors, chief executive or substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates and (ii) that no such Relevant Subscriber shall be procured if allotment and issue of any Rights Shares to it would result in it and persons acting in concert with it, when aggregated with the total number of Shares (if any) already held by them, holding 29.9% or more of the enlarged issued share capital of the Company immediately after completion of the Rights Issue.
6. Pursuant to the Underwriting Agreement, the Underwriter undertakes that in the event that the Underwriter or any of the sub-underwriters mentioned above is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, (i) the Underwriter will not and shall procure that each sub-underwriter will not, whether by itself or together with the parties acting in concert with it (if any), own 29.9% or more of the issued share capital of the Company immediately after the Rights Issue; and (ii) the Underwriter shall and shall cause the sub-underwriters to procure independent places to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.
7. The Company will ensure the compliance with the public float requirements under Rule 8.08 of the Listing Rules upon completion of the Rights Issue.
8. The scenario (1) above illustrates that (i) the shareholding of the existing public Shareholders would be decreased from approximately 98.90% to approximately 14.13% if all the Qualifying Shareholders do not take up their assured entitlements of Rights Shares, which represents a dilution of approximately 84.77 percent points; and (ii) the shareholding of the existing public Shareholders would be decreased from approximately 98.90% to approximately 12.35% if all the Qualifying Shareholders do not take up their assured entitlements of Rights Shares, which represents a dilution of approximately 86.55 percent points.

LETTER FROM THE BOARD

9. The scenario (2) above illustrates that (i) the shareholding of the existing public Shareholders would be decreased from approximately 98.36% to approximately 14.05% if all the Qualifying Shareholders do not take up their assured entitlements of Rights Shares, which represents a dilution of approximately 84.31 percent points; and (ii) the shareholding of the existing public Shareholders would be decreased from approximately 98.36% to approximately 12.29% if all the Qualifying Shareholders do not take up their assured entitlements of Rights Shares, which represents a dilution of approximately 86.07 percent points.
10. The Underwriter has sub-underwritten its underwriting commitment to 18 sub-underwriters by way of sub-underwriting agreements on 5 December 2014 (and as amended by supplemental agreements dated 7 January 2015). The list of subunderwriters and the maximum number of Rights Shares sub-underwritten to each of them are listed out as below:

Au Man Sze Angela	53,718,000
Chow Kam Wah	107,450,000
Enerchine Securities Limited	1,000,000,000
HEC Securities Limited	1,000,000,000
Huen Chit	107,450,000
Ip Cheuk Ho	107,450,000
Ip Po Ki	107,450,000
Kitchell, Osman Bin	107,450,000
Lam Wai Ming	107,450,000
Lam Suk Ping	107,450,000
Pak, William Eui Won	107,450,000
Shimazaki, Koji	107,450,000
Shum Ming Choy	107,450,000
To Yuet Sing	107,450,000
Wong Chi Kin Kenny	107,450,000
Wong Ying Seung Asiong	107,450,000
Yao Man Yi	53,732,000
Yu Man Fung, Alice	107,378,988
Total	3,611,678,988

WARNING OF THE RISKS OF DEALING IN THE SHARES OF THE COMPANY AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out in this circular under the section headed “Conditions Precedent to the Rights Issue and the Underwriting Agreement”. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue have not been fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

Any dealings in the Shares from the date of this circular up to the date on which all the conditions of the Rights Issue are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form between 13 March 2015 to 20 March 2015, both days inclusive, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Existing Shares or New Shares or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

LETTER FROM THE BOARD

REASONS FOR THE RIGHTS ISSUE WITH BONUS WARRANT ISSUE AND INTENDED USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in trading and distribution of electronic products and other merchandise, securities investment and trading, the research and development of integrated circuit technology, money lending business and property investment.

On 28 November 2014, the Company entered into a conditional agreement (the “**Conditional Agreement**”) with a third party to acquire a property in Hong Kong for the Group’s own use through acquisition of a target company for a consideration of HK\$92 million. The property is known as 15th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong. HK\$9.2 million has been paid as the deposit by the Company upon the execution of the Conditional Agreement and the balance in the sum of HK\$82.8 million shall be payable in full on the completion of the Conditional Agreement. The gross floor area and the saleable area of the property are approximately 10,963 square feet and 8,551 square feet respectively. Having considered the prevailing property market conditions, the Directors were of the view that this acquisition represented a good opportunity for the Group to enhance its assets portfolio.

As at the Latest Practicable Date, other than the Conditional Agreement, the Company has no concrete property projects/opportunities identified. Given the Hong Kong property market has experienced a stable growth during recent years, the Board believes the potential investment in the property market will provide the Group with a stable return under the current economic environment. The Company will continue to investigate in the property market in Hong Kong and search for possible investment opportunities for its own use, rental income potential and/or appreciation in values. It is a good timing to step into the property investment segment through either acquisition of property(ies) or investment in company(ies) primarily engage(s) in property investment. The budget for such property investment is around HK\$250 million (including the property which is the subject of the Conditional Agreement). Other than the Conditional Agreement, if suitable investment is identified, the investment is expected to be proceeded within the upcoming three months.

In 2014, the Hong Kong stock market rose slightly in 2014, with the HSI recording a gain of 1.3%. However, the A-share market was very strong. Hang Seng China A Industry Top Index (“**HSCAIT**”) and Hang Seng China AH Smart Index (“**HSCAHSI**”) rose by 50.3% and 45.6% respectively. Due to the positive market expectation of Shanghai-Hong Kong Stock Connect and the 10th anniversary of Hong Kong’s offshore Renminbi market in 2014, it is expected to bring further business and investment opportunities to the financial sector in Hong Kong in the long run. The Hong Kong economy and the momentum of the Hong Kong stock market will be driven by the Chinese economic growth and activities in future. As stated in the interim report of the Company for the six months ended 30 September 2014, the financial business recorded the only positive segment results amongst other businesses of the Group. Therefore, the Board believes that it is a good timing to continue its investment strategy mainly in the Hong Kong stock and equity market in future and appraise investment with its outlook, prospects of different industry sectors, the performance of the relevant stock, the prospects of the investee company, stock market conditions, etc.. To assess the investment risks, the

LETTER FROM THE BOARD

Company will consider diversification of investment portfolio, the investee company's business background information, its financial position and record, the Company's financial position and the overall market condition. The Company will constantly monitor its investment portfolio and will make both long-term and short-term investment (opportunistic). For the money lending business, the Company will assess the following factors before making the decision and risk assessment like lender's credibility, rate of return, terms of loan, size of loan, the lender's borrowing history and current loan portfolio, etc.. The budget for financial business is between approximately HK\$239.56 million to HK\$242.50 million (subject to the completion of the Rights Issue) and details of allocation was stated in below paragraph.

As disclosed in the announcement of the Company dated 6 January 2015 (“**January Announcement**”), the long stop date of 31 December 2014 for fulfillment of the conditions precedent under the subscription agreement dated 30 July 2014 (as amended by a supplemental agreement dated 31 October 2014) (together the “**Subscription Agreement**”) entered into between the Company and Mr. Fu Rulin (“**Mr. Fu**”) (as the “**Subscriber**”) in relation to the subscription of the series of unsecured redeemable convertible notes of the principal amount of HK\$133.2 million to be issued by the Company to the Subscriber is past, but the conditions precedent to the Subscription Agreement have not been completed on or before the above-mentioned long stop date.

On 28 August 2014 (after trading hours), the Company and Mr. Fu entered into the Memorandum of Understanding (“**MOU**”) in relation to the proposed acquisition by the Company or its nominated subsidiary of the entire issued share capital of Tianji Trade Co. Limited (the “**Proposed Acquisition**”) which is principally engaged in the third party payment system. Pursuant to an addendum dated 31 October 2014 to supplement the MOU, the expiry date of the exclusivity period of the MOU was extended to 31 December 2014. The exclusivity period has expired, but the terms of the Proposed Acquisition and the formal agreement(s) have not been reached between the parties to the MOU within the exclusivity period as disclosed in the January Announcement.

As disclosed in the announcement of the Company dated 19 January 2015, the Company terminated the discussions with Mr. Fu with regards to the Proposed Acquisition. Furthermore, the proposed subscription of convertible notes by Mr. Fu will also not proceed given the long stop date of the Subscription Agreement has past, and the parties have not reached any new or revised agreement in relation thereto.

The minimum and maximum gross proceeds of the Rights Issue are approximately HK\$538.82 million and HK\$541.75 million respectively. The estimated minimum and maximum net proceeds of the Rights Issue after deducting expenses are approximately HK\$519.56 million and HK\$522.50 million respectively, and the minimum and maximum net price per Rights Share upon full acceptance of the relevant provisional allotment of the Rights Shares are approximately HK\$0.145 and HK\$0.145 respectively. The Company intends to use the net proceeds of the Rights Issue in the following ways: (i) HK\$250 million will be used for property investment including, HK\$82.8 million to be applied towards the acquisition under the Conditional Agreement as announced by the Company on 28 November 2014 and the balance of HK\$167.2 million will be used for other property investment; (ii) HK\$30 million for general working capital of the Group; (iii) not less than HK\$239.56 million and not more than

LETTER FROM THE BOARD

HK\$242.50 million will be used for the Group's financial businesses including not less than HK\$119.56 million and not more than HK\$122.5 million to be applied towards investment and trading in both long-term and short-term securities and HK\$120 million will be used for money lending business comprising both long-term and short-term loans. No proceeds will be allocated towards the proposed acquisition of the third party payment system.

The Company has recently completed three funds raising exercises by way of issue of new Shares in the second half of 2014 and net proceeds of HK\$266.2 million were raised. As disclosed under the paragraph headed "FUND RAISING EXERCISES OF THE COMPANY DURING THE PAST 12 MONTHS", all the net proceeds has been utilized as at the Latest Practicable Date: (i) HK\$120.1 million was applied towards securities investment; (ii) HK\$125 million was applied towards money lending business of the Group; (iii) HK\$13.1 million was applied towards the general working capital of the Group; and (iv) HK\$8 million was applied towards partial deposit on acquisition of the target company with a property under the Conditional Agreement.

The Company has been making losses over the last 5 financial years since 2010, the Rights Issue with the Bonus Warrant Issue could not only enable the Company to partially replenish its capital base which has been eroded by such accumulated losses but could also enable the Company to raise funds for future business development of the Group. As stated in the annual report of the Company for the year ended 31 March 2014, the debt-to-equity ratio is 129% as at 31 March 2014 which means the Group has a weak equity base. The Rights Issue could also strengthen the equity base of the Company without increasing financial costs of the Group and it also increases the Company's working capital. Therefore, the Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity given its benefits and financial conditions of the Group. The Board also believes that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position in the long run.

The Board considers that it is a good timing to expand its financial business development as well as to develop property business of the Group as explained above. Therefore, the Company has imminent funding needs to raise funds for such businesses.

The Board has considered, instead of the Rights Issue, to use other alternative fund raising methods, including debt financing such as bank borrowing and equity financing such as placing of new Shares to raise funds to implement the above business strategies. Debt financing or bank borrowing will incur interest burden to the Group. Furthermore, such alternative may be subject to lengthy due diligence and negotiations with banks. As compared to the Rights Issue, the placing of new Shares would not allow the existing Shareholders the rights to participate in the capital exercise and their interests would be diluted without having an opportunity to maintain their percentage interests. In view of the above reasons, the Directors considered Rights Issue with Bonus Warrant Issue are more preferable than other funds raising method.

Despite the inherent dilutive nature of rights issue in general if the existing Shareholders do not take up his/her/its entitlements in the Rights Issue, having taken into account (i) reasons for the Rights Issue with Bonus Warrant Issue as stated above; (ii) all Qualifying Shareholders

LETTER FROM THE BOARD

have been offered the same opportunity to maintain their proportional interests in the Company in the Rights Issue and nil-paid rights can be traded for economic benefits; (iii) the opportunity to participate in future business growth through subscription of Rights Shares and Bonus Warrants; and (iv) the discount of the Subscription Price and the Exercise Price to prevailing market price of the Consolidated Shares was necessary to encourage the Qualifying Shareholders to participate in the Rights Issue with the Bonus Warrant Issue, the Directors (including the independent non-executive Directors having consulted the Independent Financial Adviser) consider the possible dilution effect on the existing public Shareholders as discussed in the paragraph headed “CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY” to be acceptable. Based on the above, the Board considers that fund raising through the Rights Issue with Bonus Warrant Issue and the terms is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company’s equity fund raising exercises over the past 12-month period immediately preceding the Latest Practicable Date are set out below:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
8 July 2014 (completed on 24 July 2014)	Placing of 406,747,565 new Shares at a price of HK\$0.125 per Share under general mandate	HK\$49 million	For general working capital of the Group	Approximately HK\$39 million was used for securities investment and HK\$10 million was used as part of the deposit to the proposed acquisition as set out in the announcement dated 28 August 2014 and such deposit has been repaid to the Company which was also utilized
31 October 2014 (completed on 7 November 2014)	Placing of 495,192,763 new Shares at a price of HK\$0.175 per Share under general mandate	HK\$84.2 million	Intended to be used for general working capital of the Group	Approximately HK\$81.1 million was used for securities investment and trading and approximately HK\$2.4 million was used for administrative expenses, the remaining proceeds was used for general working capital of the Group
14 November 2014 (completed on 21 November 2014)	Placing of 921,141,959 new Shares at a price of HK\$0.15 per Share under general mandate	HK\$133 million	HK\$125 million of the net proceeds from the Placing will be used for expanding the money lending business of the Group and the remaining proceeds will be used for general working capital of the Group	HK\$125 million was used for expanding the money lending business of the Group and HK\$8 million was used for partial deposit on acquisition of the target company with a property under the Conditional Agreement

Save for the fund raising activities disclosed above, the Company had not conducted any fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

PROPOSED CHANGE IN BOARD LOT SIZE

As the value of each board lot of New Shares is expected to decrease after dealings in the New Shares on an ex-rights basis commence, the Board proposes that the board lot size of the New Shares for trading on the Stock Exchange be changed from 10,000 Existing Shares to 14,000 New Shares with effect from 9:00 a.m. on Monday, 16 March 2015. In the event that the Rights Issue is not approved at the SGM, the board lot size of the New Shares will remain unchanged.

To facilitate the trading of odd lots (if any) of the New Shares arising from Share Consolidation and/or the Capital Reorganization and the change of board lot size, the Company has appointed an agent to arrange for matching services regarding the sale and purchase of odd lots of New Shares on a best efforts basis, during the period from Monday, 16 March 2015 to Wednesday, 8 April 2015 (both days inclusive).

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UPON SHARE CONSOLIDATION AND CAPITAL REORGANIZATION

As a result of the Share Consolidation, the Capital Reorganization and the Rights Issue, adjustments may need to be made to the exercise price and other rights (if any) pursuant to the terms of the Share Option Schemes of the Company if necessary and the Company will make announcement accordingly.

RE-ELECTION OF DIRECTORS

Reference is made to the announcement dated 5 November 2014 of the Company in relation to the appointment of Mr. Tsang Wing Ki (“**Mr. Tsang**”) as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company with effect from 5 November 2014. Pursuant to code provision A.4.2 of Corporate Governance Code as set out in Appendix 14 of the Listing Rules and the Company’s Bye-laws, all directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after appointment. Accordingly, Mr. Tsang will retire at the SGM and being eligible, offer himself for re-election at the SGM.

Reference are made to the announcements dated 3 September 2014, 14 October 2014, 30 October 2014, 8 December 2014 and 17 December 2014 of the Company in relation to the appointment of (i) Mr. Frank H. Miu (“**Mr. Miu**”) as an independent non-executive Director and a member of the Audit Committee of the Company with effect from 30 October 2014; (ii) Ms. Chen Wei (“**Ms. Chen**”) as an executive Director with effect from 8 December 2014; and (iii) Mr. Zhan Jianzhou (“**Mr. Zhan**”) as an executive Director with effect from 17 December 2014. Pursuant to the Company’s Bye-laws, directors appointed shall hold office until the first general meeting of the Company after appointment. Accordingly, Mr. Miu, Ms. Chen and Mr. Zhan will retire at the SGM and, being eligible, offer themselves for re-election at the SGM.

Brief biographical details of the Directors proposed to be re-elected at the SGM are set out in Appendix IV to this circular.

LETTER FROM THE BOARD

SGM

The SGM will be held at 9:30 a.m. on Friday, 27 February 2015 at Falcon Room I (Basement), Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong for (i) the Shareholders to consider and, if thought fit, to approve the relevant resolutions in respect of the Share Consolidation, the Capital Reorganization, the Proposed Increase in Authorised Share Capital and transactions contemplated thereunder and re-election of Directors; and (ii) the Independent Shareholders to consider and, if thought fit, to approve the ordinary resolution(s) in respect of the Rights Issue with the Bonus Warrant Issue. The SGM Notice is set out on pages 118 to 123 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you propose to attend the SGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be), should you so wish and in such event, the proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of Listing Rules, any vote of shareholders at a general meeting must be taken by poll. A poll results announcement will be made by the Company after the SGM in accordance with Rule 13.39(5) of Listing Rules. The ordinary resolutions will be proposed to approve the Share Consolidation, the Rights Issue with the Bonus Warrant Issue, the Proposed Increase in Authorised Share Capital and re-election of Directors at the SGM by way of poll. Special resolution(s) will be proposed to approve the Capital Reorganization at the SGM by way of poll.

No Shareholders has material interest in the Share Consolidation, the Capital Reorganization, the Proposed Increase in Authorised Share Capital, re-election of Directors and therefore no Shareholders are required to abstain from voting in relation to the relevant resolutions to approve, among other things, the Share Consolidation, the Capital Reorganization, the Proposed Increase in Authorised Share Capital and re-election of Directors.

Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue with Bonus Warrant Issue. As at the Latest Practicable Date, the Company does not have any controlling Shareholders. Therefore, Mr. Wong Howard (Chairman and Chief Executive Officer), Dr. Kwong Kai Sing, Benny (Managing Director) and Mr. Wong Yat Fai, being the executive Directors, and their respective associates, together holding approximately 1.10% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting in favour of the resolution(s) relating to the Rights Issue with Bonus Warrant Issue at the SGM.

LETTER FROM THE BOARD

If the Underwriter and/ or its associate holds any Shares at the SGM, the Underwriter is considered to have a material interest in the Rights Issue and will abstain from voting in favour of the resolutions relating to the Rights Issue to the extent of Existing Shares it holds (if any).

Save as disclosed above, no other Shareholders has material interest in the Right Issue and are required to abstain from voting in relation to the Rights Issue.

Subject to the approval of the Rights Issue by the Independent Shareholders, the Company will also despatch the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Excluded Shareholders for their information only in due course in accordance with the Listing Rules and the applicable law and regulations.

The Company has not received any information from its substantial Shareholders (as defined in the Listing Rules) as to whether they intend to take up the Rights Shares to be provisionally allotted or offered to them.

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 47 to 48 of this circular which contains its recommendation to the Independent Shareholders on the Rights Issue with Bonus Warrant Issue; and (ii) the letter of advice from the Independent Financial Adviser as set out on pages 49 to 76 of this circular which contains, amongst other things, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue with Bonus Warrant Issue and the principal factors and reasons considered by it in concluding its advice.

The Board has established the Independent Board Committee comprising all independent non-executive Directors to consider and if appropriate, make a recommendation to the Independent Shareholders (i) as to whether the Rights Issue with Bonus Warrant Issue is fair and reasonable and is in the interests of the Company and the Shareholders as a whole; and (ii) to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The Company has appointed Nuada Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regards.

Having considered the factors mentioned above and the advice of Nuada Limited, the Directors (including the independent non-executive Directors) are of the view that the Rights Issue with Bonus Warrant Issue is fair and reasonable so far as the Independent Shareholders are concerned, and is in the interest of the Shareholders and the Company as a whole.

LETTER FROM THE BOARD

The Directors believe that Share Consolidation, the Capital Reorganization, the Proposed Increase in Authorized Share Capital, re-election of Directors as well as the terms of the Rights Issue with the Bonus Warrant Issue are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and accordingly, the Directors recommend the Shareholders and the Independent Shareholders to vote in favour of the ordinary resolutions approving the Share Consolidation, the Proposed Increase in Authorized Share Capital, the Rights Issue with Bonus Warrant Issue and re-election of Directors and special resolution(s) approving the Capital Reorganisation to be proposed at the SGM respectively.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
On behalf of the Board
China Jinhai International Group Limited
Wong Howard
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue with the Bonus Warrant Issue:

China Jinhai International Group Limited

中國金海國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

23 January 2015

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY ONE (1) NEW SHARE
HELD ON THE RECORD DATE
WITH BONUS WARRANTS ON THE BASIS OF
ONE (1) BONUS WARRANT FOR EVERY
SIX (6) RIGHTS SHARES TAKEN UP**

We refer to the circular dated 23 January 2015 (the “**Circular**”) of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed as the Independent Board Committee to consider the Rights Issue with the Bonus Warrant Issue and to advise the Independent Shareholders as to the fairness and reasonableness of the Rights Issue with the Bonus Warrant Issue and to recommend whether or not the Independent Shareholders should vote for the resolution(s) to be proposed at the SGM to approve the Rights Issue with the Bonus Warrant Issue. Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regards.

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in this circular which contains, inter alia, its advice and recommendation to us and the Independent Shareholders regarding the terms and conditions of the Rights Issue with the Bonus Warrant Issue with the principal factors and reasons for its advice and recommendation.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal reasons and factors stated above, and the advice of the Independent Financial Adviser as set out in its letter of advice to you and us on pages 49 to 76 of this circular, we are of the opinion that the Rights Issue with the Bonus Warrant Issue is in the interests of the Company and the Independent Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Rights Issue with Bonus Warrant Issue.

Yours faithfully,

Independent Board Committee

Mr. Li Chi Ming Mr. Kwok Chi Kwong Mr. Chen Youchun

Mr. Frank H. Miu Mr. Tsang Wing Ki

Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Nuada Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue with Bonus Warrant Issue which has been prepared for the purpose of inclusion in this circular.

Nuada Limited
Corporate Finance Advisory

Unit 1805-08, 18/F
OfficePlus @Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心18樓1805-08室

23 January 2015

*To the Independent Board Committee
and the Independent Shareholders of
China Jinhai International Group Limited*

Dear Sirs,

PROPOSED RIGHTS ISSUE WITH BONUS WARRANT ISSUE

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the Bonus Warrant Issue, details of which are set out in the section headed “Letter from the Board” (the “**Letter**”) in the Company’s circular dated 23 January 2015 (the “**Circular**”) to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As stated in the Letter, the Company proposed to raise gross proceeds of minimum of approximately HK\$538.82 million to a maximum of HK\$541.75 million by way of Rights Issue. Under the Rights Issue, the Company shall allot and issue not less than 3,592,111,050 Rights Shares (assuming no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date) and not more than 3,611,678,988 Rights Shares (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; and (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full on or before the Record Date) at the Subscription Price of HK\$0.15 per Rights Share, on the basis of six (6) Rights Shares for every one (1) New Share held on the Record Date. Subject to the satisfaction of conditions of the Rights Issue (such as the Share Consolidation having become effective), not less than 598,685,175 Bonus Warrants and not more than 601,946,498 Bonus Warrants will be issued on the basis of one (1) Bonus Warrant for every six (6) Rights Shares taken up under the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter and pursuant to the Underwriting Agreement, the Underwriter confirms that it has sub-underwritten its underwriting obligations under the Underwriting Agreement to sub-underwriters and declares that it has no intention of becoming, whether by itself or together with the parties acting in concert with it (if any), the controlling shareholder (as defined in the Listing Rules) of the Company as a result of performance of its obligations under the Underwriting Agreement. Accordingly, the Underwriter:

- (i) confirms that, without prejudice in any event to the Underwriter's obligations to procure subscription for the Underwritten Shares not taken up under the Underwriting Agreement, it shall, whether by itself or together with the parties acting in concert with it (if any), be under no circumstances hold 29.9% or more of the issued share capital of the Company immediately after completion of the Rights Issue;
- (ii) agrees that it shall, in fulfillment of the Underwriter's obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares, take appropriate steps such as sub-underwriting all or part of the Underwritten Shares thereunder (sub-underwriter(s) not being party(ies) acting in concert with the Underwriter) to ensure that the Underwriter, together with the parties acting in concert with it (if any) will not become the controlling shareholder of the Company immediately after completion of the Rights Issue;
- (iii) undertakes to the Company that, without prejudice in any event to the Underwriter's obligations to procure subscription for the Underwritten Shares not taken up under the Underwriting Agreement or otherwise, it shall ensure (i) that the subscribers for any Underwritten Shares (collectively the "**Relevant Subscribers**") are independent of and not connected or acting in concert with the directors, chief executive or substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates and (ii) that no such Relevant Subscriber shall be procured if allotment and issue of any Rights Shares to it would result in it and persons acting in concert with it, when aggregated with the total number of Shares (if any) already held by them, holding 29.9% or more of the enlarged issued share capital of the Company immediately after completion of the Rights Issue; and
- (iv) undertakes that in the event that the Underwriter or any of the sub-underwriters mentioned above is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, (i) the Underwriter will not and shall procure that each sub-underwriter will not, whether by itself or together with the parties acting in concert with it (if any), own 29.9% or more of the issued share capital of the Company immediately after the Rights Issue; and (ii) the Underwriter shall and shall cause the sub-underwriters to procure independent places to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.

The Company will take all appropriate steps to ensure that sufficient public float be maintained upon the completion of the Rights Issue and the Bonus Warrant Issue in compliance with Rule 8.08(1)(a) of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Please refer to the Letter for the detailed information of the Rights Issue.

As the Rights Issue and the Bonus Warrant Issue will result in an increase in Company's issued share capital by more than 50%, the Rights Issue and the Bonus Warrant Issue are subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue with Bonus Warrant Issue. As at the Latest Practicable Date, the Company does not have any controlling Shareholders. Therefore, Mr. Wong Howard (Chairman and Chief Executive Officer), Dr. Kwong Kai Sing, Benny (Managing Director) and Mr. Wong Yat Fai, being the executive Directors, and their respective associates, together holding approximately 1.1% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting in favour of the resolution(s) relating to the Rights Issue with Bonus Warrant Issue at the SGM.

As at the Latest Practicable Date, the Company holds (i) 16,800,000 shares of Freeman Financial Corporation Limited ("**Freeman**"), representing approximately 0.16% of the entire issued share capital of Freeman and (ii) 30,344,827 shares of Freeman Corporation Limited ("**FCL**"), representing approximately 2.41% of the entire issued share capital of FCL.

A loan agreement dated 3 December 2014 was entered into between Top Billion Finance Limited (an indirect wholly-owned subsidiary of the Company) (as lender) and FCL (as borrower) in relation to the revolving loan facility with a principal amount of HK\$50,000,000 that can be drawn down at any time within a period of two (2) years from the date of the loan agreement as disclosed in the announcement of the Company dated 3 December 2014.

Freeman is a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 279). FCL is a company incorporated in the Cayman Islands with limited liability and is an indirect non-wholly owned subsidiary of Freeman. The Underwriter is an indirect non-wholly owned subsidiary of Freeman and a fellow subsidiary of FCL.

As at the Latest Practicable Date, Freeman holds 275,000,000 Shares representing approximately 4.59% of the total issued share capital of the Company. If the Underwriter and/or its associate holds any Shares as at the SGM, the Underwriter is considered to have a material interest in the Rights Issue and will abstain from voting in favour of the resolutions relating to the Rights Issue to the extent of Existing Shares it holds (if any).

Our role as the independent financial adviser is to (i) give our independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Rights Issue and the Bonus Warrant Issue are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in relation to (i) above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of the Circular, Shareholders would be notified as soon as possible.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed in the Circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Group.

We have not considered the tax consequences on the Qualifying Shareholders arising from the subscription for, holding of or dealing in the Rights Shares, Bonus Warrant Shares or otherwise, since these are particular to their own circumstances. We will not accept responsibility for any tax effect on, or liabilities of, any person resulting from the subscription for, holding of or dealing in the Rights Shares, Bonus Warrant Shares or the exercise of any rights attaching thereto or otherwise. In particular, Qualifying Shareholders subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Rights Issue and, if in any doubt, should consult their own professional advisers.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the Rights Issue, we have considered the following principal factors and reasons:

1. Background information and outlook of the Group

(a) Business of the Group

As stated in the Letter and according to the management of the Company, the Company is an investment holding company and its subsidiaries are principally engaged in trading and distribution of electronic products and other merchandise, securities investment and trading, and the research and development of integrated circuit technology, money lending business and property investment.

(b) Financial results of the Group

The table below tabulates the financial results of the Group for each of the two years ended 31 March 2014 as extracted from the Group's annual report for the financial year ended 31 March 2014 (the "Annual Report") and for the six months period ended 30 September 2013 and 2014 respectively as extracted from the Group's interim report for the six months period ended 30 September 2014 (the "Interim Report").

	For the year ended 31 March		For the six-month period ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue	36,119	15,030	(5,688)	6,575
Profit/(Loss) for the year/ the period	(7,906)	(17,802)	(1,217,269)	18,094
Earnings/(Loss) per Share attributable to ordinary equity holders of the parent				
Basic	HK0.36 cent	HK(0.71) cent	HK(47.85) cents	HK3.11 cents
Diluted	HK0.17 cent	HK(0.71) cent	HK(47.85) cents	HK2.49 cents

As shown in the Annual Report, the revenue of the Group increased from approximately HK\$15.0 million for the year ended 31 March 2013 ("FY2013") to approximately HK\$36.1 million for the year ended 31 March 2014 ("FY2014") while according to the Interim Report, the revenue of the Group decreased from approximately HK\$6.6 million for the six months period ended 30 September 2013 to approximately negative HK\$5.7 million for the six months period ended 30

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

September 2014 (“**Six Months 2014**”). As stated in the Annual Report, the increase in revenue for FY2014 was mainly due to the realized gains on the disposal of listed securities of approximately HK\$26.0 million in the treasury investment segment. As stated in the Interim Report, the negative revenue for the Six Months 2014 as compared to profit recorded in the previous corresponding period was mainly attributable to the realized loss on disposal of equity investments of approximately HK\$14.8 million.

As shown in the Annual Report, the net loss for FY2014 decreased by approximately HK\$9.9 million or 55.6% to approximately HK\$7.9 million as compared to the last corresponding year. The aforesaid decrease in net loss was mainly attributable to the fair value gains on the derivative component of convertible bonds of approximately HK\$10.3 million, the unrealized gains and realized gains in the listed securities of approximately HK\$31.4 million and approximately HK\$26.0 million respectively in the treasury investment segment.

As shown in the Interim Report, the net loss for Six Months 2014 was approximately HK\$1,217.3 million, compared to the profit of approximately HK\$18.1 million for the corresponding period of last year. Loss per Share attributable to ordinary equity holders of the parent for Six Months 2014 was approximately HK47.85 cents compared to profit per Share of approximately HK3.11 cents for the corresponding period of the last year. The Group’s net loss for Six Months 2014 was primarily attributable to the fair value losses on revaluation of derivative component of convertible bonds of approximately HK\$206.6 million and the loss arising from modification of the terms of the convertible bonds of approximately HK\$1,000.8 million. Such losses are non-cash in nature and have no effect on the cash flow.

According to note numbered 4 to the financial statements of the Annual Report, we noted that the segment results of the Group’s electronic products was amounted to loss of approximately HK\$4.3 million for FY2013 and loss of approximately HK\$4.0 million for FY2014 while the segment results of the Group’s treasury investment was amounted to loss of approximately HK\$15.7 million for FY2013 and turnaround to profit of approximately HK\$57.7 million for FY2014.

According to note numbered 2 to the financial statements of the Interim Report, we noted that the segment results of the Group’s electronic products was amounted to loss of approximately HK\$2.1 million for Six Months 2014 and it is amounted to loss of approximately HK\$1.8 million for the same period in the previous year while the segment results of the Group’s treasury investment was amounted to profit of approximately HK\$22.3 million for Six Months 2014 and it is amounted to profit of approximately HK\$21.4 million for the same period in previous year.

Based on the aforesaid analysis, we understand that the financial performance of the Group’s electronic products was not well in the past two financial years while that for securities investment and trading is positive since the end of FY2013. As stated in the Interim Report and according to the management of the Company, it is

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Company's policy to maximize returns to the Shareholders, the Group, from time to time, explores possibilities of expansion of business operations and scope of businesses. In order to achieve the aforesaid goal of the Group, the Group re-enter the money lending market through its indirect wholly-owned subsidiary since the second half of 2014 and subscribed the shares of Freeman Corporation Limited and HEC Capital Limited respectively in September 2014 for the Group's business development in the financial services industry.

2. Reason for the Rights Issue

As stated above, the overall financial performance of the Group is not good for the past two financial years. In addition, the Group suffered loss for the past five financial years. After discussion with the management of the Company, we noted that it is the goal of the Company to diversify its business scope to expand its income source and diversify business risk. Also, as stated in the Annual Report, it is the Company's policy to maximize returns to the Shareholders, the Group, from time to time, explores possibilities of expansion of business operations and scope of businesses. According to the management of the Company and the Letter, we understand that the proceeds from the Rights Issue would be used to expand its income source. Please refer to our analysis regarding the use of proceeds from the Rights Issue under the section headed "3. The use of proceeds from the Rights Issue" below.

According to the management of the Company, instead of the Rights Issue, the Company also consider to use other alternative fund raising methods, including debt financing such as bank borrowing and equity financing such as placing of new Shares (please refer to the section headed "4. Other fund raising alternatives considered by the Group and the reasons for choosing the Rights Issue as funding method" below for detailed discussion) to raise funds to implement the above business strategies. However, the management of the Company are of the view that the ability of the Group to obtain bank borrowings/debt financing usually depends on the Group's financial position (where the financial performance of the Group in the past few years was not good as stated in the paragraph headed "(b) Financial results of the Group" above) and the then prevailing market condition. Furthermore, such alternative may be subject to lengthy due diligence and negotiations with banks and would incur interest burden to the Group.

The Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity. The Board also believes that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position. In addition, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

Given the reason as stated above, we are of the view and concur of the view of the Directors that the conduct of the Rights Issue is in the interests of the Company and Shareholders as a whole.

3. The use of proceeds from the Rights Issue

As stated in the Letter, the minimum and maximum gross proceeds of the Rights Issue are approximately HK\$538.82 million and HK\$541.75 million respectively (without taking into account of the proceeds from the subscription of Bonus Warrant Shares). The estimated minimum and maximum net proceeds of the Rights Issue after deducting expenses are approximately HK\$519.56 million and HK\$522.50 million respectively (without taking into account of the proceeds from the subscription of Bonus Warrant Shares), and the minimum and maximum net price per Rights Share upon full acceptance of the relevant provisional allotment of the Rights Shares are approximately HK\$0.145 and HK\$0.145 respectively. The Company intends to use the net proceeds of the Rights Issue in the following ways: (i) HK\$250 million will be used for property investment including HK\$82.8 million for the acquisition under the Conditional Agreement as announced by the Company on 28 November 2014 (“**November Announcement**”) and the balance of this portion after payment of the consideration under the Conditional Agreement i.e. HK\$167.2 million will be used for other property investment; (ii) HK\$30 million for general working capital of the Group; and (iii) the remaining balance, i.e. minimum approximately HK\$239.56 million to maximum approximately HK\$242.50 million, will be used for the Group’s financial businesses including not less than HK\$119.56 million and not more than HK\$122.5 million to be applied towards investment and trading in both long-term and short-term securities and HK\$120 million will be used for money lending business comprising both long-term and short-term loans.

Assuming all the Bonus Warrants are exercised, a maximum amount of gross proceeds and net proceeds of approximately HK\$60.2 million and HK\$60.2 million, respectively, will be raised. The net price per Bonus Warrant Share is therefore approximately HK\$0.1.

As at the Latest Practicable Date, the Company has not presently planned for any specific use of the subscription proceeds from the exercise of the Bonus Warrants but intends to apply any such subscription proceeds for the future business development and general working capital of the Group.

Properties Investment

According to the November Announcement, we understand that the Company intended to acquire a property located at 15th Floor, China United Centre, No.28 Marble Road, North Point, Hong Kong which is a commercial building (the “**Property**”). The gross floor area and the saleable area of the Property are approximately 10,963 square feet and 8,551 square feet respectively. Part of the Property with a saleable area of approximately 2,876 square feet has been rented out under a licence agreement for a term of 3 years commencing from 12 July 2012 to 11 July 2015 at a monthly rental of \$80,000, whereas another part of the Property with a saleable area of 2,334 square feet has also been rented out under another licence agreement for a term of 1 year commencing from 1 May 2014 to 30 April 2015 at a monthly rental of \$50,000. According to the November Announcement and the management of the Company, the aforesaid property would be used as head

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

office of the Company upon completion of the aforesaid acquisition and expire of the aforesaid lease terms. According to the management of the Company, as at the Latest Practicable Date, the Property is intended for own use as there is no room for further business expansion in the existing head office in Wan Chai. In addition, purchasing the Property can (i) avoid the effect of the increase of the rental payment; and (ii) save the administration expenses for the relocation of office. In addition, the Group can realize the Property for capital gain if there is an increase in the value of the Property in the future.

Apart from the purchase of the Property, approximately HK\$167.2 million, i.e. HK\$250 million from the proceeds of Rights Issue deducted by HK\$82.8 million which is the remaining consideration under the Conditional Agreement, will be used for other property investment. According to the management of the Company and the Letter, we noted that, apart from the Property, the Company has no other targets identified as at the Latest Practicable Date. According to the management of the Company, the potential target of the Group's property investment is commercial office in Hong Kong. In order to understand the recent commercial property market in Hong Kong, we study the relevant information published by Census and Statistics Department of Hong Kong Special Administrative Region.

According to the "Hong Kong Monthly Digest of Statistics — December 2014" (the "**Monthly Digest**") issued by the Census and Statistics Department of Hong Kong Special Administrative Region, the rental indices of private office in Hong Kong increased from 147.6 in year 2010 to 204.1 in year 2013 and further increased to 216.0 in October 2014. Based on above, we are of the view that there is an increasing trend in the rental indices of private office in Hong Kong.

According to the Monthly Digest, the price indices for private office in Hong Kong increased from 230.4 in year 2010 to 409.8 in year 2013 and further increased to 430.7 in October 2014. Based on the above, we are of the view that there is an increasing trend in the price indices of private office in Hong Kong.

Given that we are not the expert in the property market in Hong Kong, we are not in position to predict the future rental and price trend of private office in Hong Kong. We can only rely on the official data available in public and illustrate the rental and price trend of private office in Hong Kong based on the aforesaid official data.

In addition, according to the management of the Company, Dr. Kwong Kai Sing, Benny has over 12 years of experience in property investment area as he has been the executive director and chairman of Heritage International Holdings Limited (a listed company in the Main Board with stock code: 412, in which one of the businesses is property investment) from 2002 to 2014.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the aforesaid statistics, we are of the view and concur with the view of the management of the Company that purchase a new office for own use can (i) avoid the effect of the increase of the rental payment in the future; (ii) save the administration expenses for the relocation of office; and (iii) the Group can realise the Property for capital gain if there is an increase in the value of the Property in the future. Therefore, it is in the interests of the Company and the Shareholders as a whole.

Long term and short term securities investments

In order to understand the recent securities market in Hong Kong, we study the relevant information published by the Securities and Futures Commission (the “SFC”).

According to “Research Paper No. 55: Half yearly review of the global and local securities markets” (“**SFC half yearly review report**”) issued by the SFC on 18 July 2014, in early 2014, the Hong Kong market, being affected by both overseas and Mainland market conditions, has underperformed most major markets. Nonetheless, based on various indicators, the systemic risk of the local market does not seem to be very significant. The Hang Seng Index (the “**HSI**”) attained a low level of 18,185 points in June 2012. Trading activity in the local stock market was moderate during the first half of 2014. The average daily turnover amounted to approximately HK\$62.9 billion, represents approximately 10% higher compared with approximately HK\$57.1 billion for the second half of 2013.

Since the HSI attained a low level of 18,185 points in June 2012, it has risen by approximately 28%. The valuation of the local market was among the lowest relative to other major markets. The price-to-earnings ratios of the HSI was approximately 11 times as of the end of June 2014, compared to from approximately 13 to approximately 22 times for other Asian markets, from approximately 16 to approximately 35 times for US market and from approximately 18 to approximately 26 times for major European markets.

If the market situation in the Mainland and overseas worsens, the local market will be inevitably affected. In the US, the timing of the interest rate hike remains uncertain and will be affected by economic and labour market conditions. Whilst the economy may be in a better position to withstand the impact of a rate hike given improving fundamentals, investors’ perception of liquidity conditions may weigh on the market. In addition, as the US market reaches record highs, valuation concerns may lead to corrections and affect global market sentiment. In Europe, although the European Central Bank has expanded the stimulus programme to support economic growth and fight deflation, its effectiveness remains uncertain (and very much depends on the specifics of the stimulus). Also, geopolitical tensions in Ukraine and political uncertainties in euro zone countries may increase market volatility. In the Mainland, the stock market outlook will depend on the effectiveness of economic

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and financial market reforms. In addition, on the back of tighter regulations over shadow banking activities, possible credit events and tight liquidity conditions in the banking system may weigh on the market.

	Average daily turnover (HK\$ billion)				% change over	
	1H 2014	2H 2013	1H 2013	2H 2013	1H 2013	
HSI stocks (exclude						
PRC stocks)	12.2	9.1	10.5	35%	17%	
Mainland Stocks	33.9	31.1	34.9	9%	-3%	
<i>H-shares</i>	15.3	15.9	18.7	-4%	-18%	
<i>Red Chips</i>	7.1	6.4	7.7	11%	-7%	

Source: "Research Paper No.55: Half yearly review of the global and local securities markets" issued by the SFC on 18 July 2014

It is mentioned in the Letter that the Directors intend to use not less than HK\$119.56 million and not more than HK\$122.5 million of the proceeds from the Rights Issue for the Group's financial businesses including investment and trading in both long-term and short-term securities. The Directors consider securities investments are an attractive opportunity as it does not involve a high capital commitment for the Company to start the operation, it is liquid, offer both short-term and long-term investment opportunities and can be easily controlled.

We were further advised by the management of the Group that they considered securities investments on Hong Kong listed market as highly liquid assets because they can be realised within a short period of time to meet with any unexpected funding requirements; and risks on securities investments are relatively easier to be controlled by adjusting the size of investment depending on the market situation. We consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole to raise funds through the Rights Issue and apply part of the net proceeds of the Rights Issue to the securities investments business after having considered the followings:

- (i) the Group recorded consecutive overall losses over the years/period as discussed under the section headed "(b) Financial results the Group" above, as such, according to the management of the Company, the Group is proactively seeking growth opportunities in prevailing tough market conditions in order to maximise returns to the Shareholders. The Group's plan to further involve in securities investments as one of its principal business activities is in line with its business strategy to broaden the Group's income and return as the segment results of the Group's treasury investment was amounted to profit of approximately HK\$22.3 million for Six Months 2014 and it is amounted to profit of approximately HK\$21.4 million for the same period in previous year;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) we have reviewed unaudited management accounts of the Group as at 30 November 2014 and noted that the Group had bank balance and cash of approximately HK\$17.4 million as at 30 November 2014. With the aggregate of the aforesaid bank balance and cash and the proposed HK\$30 million from the net proceed from the Rights Issue that used as general working capital, the bank balance and cash of the Group (that for general working capital) would be approximately HK\$47.4 million. We were advised by the management of the Group that the aforesaid internal resources of the Group should be able to meet with the funding requirement for the operation of the trading and distribution of electronic products and research and development of integrated circuit technology;
- (iii) capital commitment for commencing securities investments can be controlled at relatively low level by the Group as there is no overhead cost;
- (iv) we have reviewed the SFC half yearly review report and noted that average daily turnover generated from trading activities in the local stock market under HSI stocks (including H-shares, Red Chips and non-state owned enterprises) represented approximately 66%, 70% and 73% of the total market turnover respectively for the first half of 2013, second half of 2013 and first half of 2014 respectively (where derivative warrants, callable bull/bear contracts and others contributed the remaining market shares). Securities under HSI are highly liquid assets and can be realised from time to time during the trading hours. The total average daily turnover of HSI stocks (including H-shares, Red Chips and non-state owned enterprises) amounted to approximately HK\$46.1 billion for the first half of 2014, representing an increase of approximately 14.7% over the second half of 2013 and an increase of approximately 1.5% over the first half of 2013 respectively. This further demonstrated that the Hong Kong securities market is highly liquid and daily average turnover of securities of companies listed on the Stock Exchange was on an increasing trend;
- (v) local stock market experienced ups and downs in response to changes in global market condition, political, monetary and/or other government policies as stated above. Fluctuations in a stock market are typical which often provide opportunities to seasoned investors to capture profits although it could easily cause loss to investors who are lack of knowledge, experience and expertise in securities investments. An investment committee, has been established, which consists of Mr. Wong Howard (“**Mr. Wong Howard**”), Dr. Kwong Kai Sing, Benny (“**Dr. Kwong**”), Mr. Wong Yat Fai (“**Mr. Wong**”) and Ms. Chen Wei (“**Ms. Chen**”), all are the executive Directors and Mr. Szeto Pui Tong, Patrick (“**Mr. Szeto**”), the financial controller and the company secretary of the Company. The investment committee may consider to consult professional(s) (including investment director/manager and/or research analyst) to assist the investment committee to handle the Group’s daily

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

securities investment trading activities from time to time. The investment committee shall approve investment policy and risk management guidelines and directly oversees the portfolio management team's investment management activities. In addition, the investment committee will monitor the trading risk and other associate risks, such as credit risks, interest rate and liquidity risks and make every effort to ensure that the investment activities are in compliance with the investment policy. The investment committee shall review annually the list of brokers/dealers who execute the investment transactions for the Group for the purpose of assessing their performance services provided and fee competitiveness.

We have reviewed the background information of Mr. Wong Howard, Dr. Kwong, Mr. Wong, Ms. Chen and Mr. Szeto provided by the Group and as stated in appendix V of this circular and noted that Mr. Wong Howard has over 20 years of senior management experience in overall strategy, business development and retail chain shops establishment. Mr. Wong Howard had been a managing director of a listed company in Hong Kong for two years before joining the Group. Dr. Kwong has extensive experience in banking area as he held senior positions with major international banks in Hong Kong in respective lending departments and China department for many years. For the past several years, he has served as executive director of over 10 publicly listed companies both in Hong Kong, Canada and the United Kingdom. Dr. Kwong has extensive knowledge in corporate finance and banking. Dr. Kwong was a director of the Tung Wah Group of Hospitals from 2008 to 2010 and was a member of the Campaign Committee of The Community Chest from 2006 to 2010. Dr. Kwong was nominated as 中國企業創作新優秀人物 in China in 2006 and was an appointed member of the China People's Political Consultative Conference of the Hubei Province in 1995 to 1996. He is currently an appointed member of the China People's Political Consultative Conference of the Zhaoqing City. During the last three years, Dr. Kwong was an executive director of Heritage International Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 412). Dr. Kwong holds a Bachelor Degree in Arts from Simon Fraser University in British Columbia, Canada and was awarded the Honor Degree of Doctor of Commerce by The University of West Alabama in 2008. Mr. Wong holds a professional diploma in banking from The Hong Kong Polytechnic University. Prior to joining the Group, Mr. Wong had over 13 years of working experience in an international banking group. He is a non-executive director of C C Land Holdings Limited (stock code: 1224) and Y. T. Realty Group Limited (stock code: 75) and an Independent non-executive director of Mission Capital Holdings Limited (stock code: 1141), all being listed on the main board of the Stock Exchange. Ms. Chen holds a Bachelor of Science degree in International Finance from the Beijing University of Aeronautics and Astronautics, a Master of Science degree in Money, Banking and Finance from the University of Birmingham and a PhD degree in Economics from the University of Birmingham. Ms. Chen

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

has extensive experience in the finance and banking industry. Prior to joining the Group, Ms. Chen was an Assistant Vice President of BNP Paribas Wealth Management, Hong Kong Branch where she became a Chartered Financial Analyst. Before that, Ms. Chen was a Senior Manager at Guosen Securities (HK) Financial Holdings Limited assisting in the execution of financial advisory, delisting and initial public offering works. She had also worked in the United Kingdom and Mainland China for HSBC Plc and The Bank of China respectively before moving to Hong Kong. Ms. Chen was an executive director of Heritage International Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 412) from October 2013 to October 2014. Ms. Chen currently is an independent non-executive director of Mission Capital Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 1141). Dr. Kwong, Mr. Wong Howard and Mr. Wong have over 10 years of experience in securities investments in Hong Kong. Mr. Szeto is an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries, the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators. Based on the Group established investment committee comprising members with relevant experience in securities investments and/or financial management, management of the Group considered that the Group will have sufficient expertise in operating the securities investment business; the Group will adopt risk assessment approach in conducting its securities investment activities with the implementation of investment policy, the establishment of investment committee to oversee the investment policy and the regular reporting of daily dealing and position and investment reports. We have reviewed the investment policy provided by the Group and noted that the investment is aimed at (a) utilizing the Group's funds effectively with the objective to attain a reasonable dividend or investment yield as well as capital appreciation at an acceptable level of risks; and (b) diversifying source of income of the Group by securities investment that may provide perpetual financial returns to the Company at low and controlled capital commitment under calculated risk acceptable to the Company. According to the management of the Company, the Company prefers investment in assets of high liquidity; and thus it plans to invest in securities listed on the Stock Exchange or subscribe for new shares in initial public offering ("IPO") in Hong Kong. It may consider further diversification if substantial records of profit can be attained.

Having considered the Group will have concrete investment objectives, plan and selection basis of securities for investment, we are of the view that the investment policy to be adopted by the Company is sufficient enough in aspect of risk management for the Group's securities investment operation; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) according to the management of the Company, the Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company (please refer to paragraph below for details) and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Money Lending

As stated in the Letter, the Directors intend to use HK\$120 million of the proceeds from the Rights Issue for the Group's money lending business comprising both long-term and short-term loan.

As stated in the Company's announcement dated 14 November 2014 and according to the management of the Company, one of the indirect wholly-owned subsidiary of the Company, Top Billion Finance Limited ("**Top Billion**") which is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong), grant a loan facility of HK\$75 million to a third party for a term of 12 months with an interest rate of two point five percent per annum over the rate of announced from time to time by The Hongkong and Shanghai Banking Corporation Limited as its prime rate for lending Hong Kong Dollars ("**Prime Rate**") and the aforesaid loan facility was fully drawn down by the borrower as at the Latest Practicable Date. In addition, according to the Company's announcement dated 3 December 2014, Top Billion grant to a borrower, a third party, a revolving loan facility with a principal amount of HK\$50 million for a term of two years with an interest rate of two percent per annum over the Prime Rate.

According to the management of the Company, it is ordinary and usual course of business of the aforesaid subsidiary of the Company to conduct money lending business. Since the funding source of the aforesaid loan amount is from internal resource, therefore, the profit of the aforesaid loan facilities is approximately 7.5% and approximately 7% (according to the Prime Rate as at the Latest Practicable Date). According to the management of the Company, the business of money lending is one of the potential business sectors for the future development of the Group's business.

According to the management of the Company, the member of the Board do have sufficient relevant experience in money lending business as Dr. Kwong held senior positions with major international banks in Hong Kong in respective lending departments and China department for many years. In addition, Dr. Kwong, Mr. Wong and Ms. Chen have the relevant academic background in relation to money lending. Dr. Kwong holds a Bachelor Degree in Arts from Simon Fraser University in British Columbia, Canada and was awarded the Honor Degree of Doctor of Commerce by The University of West Alabama in 2008. Mr. Wong holds a

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

professional diploma in banking from The Hong Kong Polytechnic University. Ms. Chen holds a Bachelor of Science degree in International Finance from the Beijing University of Aeronautics and Astronautics, a Master of Science degree in Money, Banking and Finance from the University of Birmingham and a PhD degree in Economics from the University of Birmingham. Ms. Chen has about 6 years working experiences in the finance and banking industry. Prior to joining the Group, Ms. Chen was an Assistant Vice President of BNP Paribas Wealth Management, Hong Kong Branch where she became a Chartered Financial Analyst. Based on the above, we are of the view and concur with the view of the Directors that the management of the Group has relevant working experiences and academic background in relation to money lending business.

In order to understand the recent money lending market in Hong Kong, we study the reference information published by Hong Kong Monetary Authority (“**HKMA**”).

According to the Monthly Statistical Bulletin (December 2014 — Issue No. 244) published by HKMA, we understand that total amount of loans and advances made available or disbursed in Hong Kong is amounted to approximately HK\$73,060 billion in 2013 where that for 2012 is amounted to approximately HK\$63,919 billion which represent an increase of approximately 14.3%. For the ten months period ended 30 October 2014, the total amount of loans and advances made available or disbursed in Hong Kong is amounted to approximately HK\$70,100 billion where that for the same period in the previous year is amounted to approximately HK\$60,142 billion which represent an increase of approximately 16.6%.

Based on (i) the historical financial performance and net losses of the Group as stated in the section headed “(b) Financial result of the Group” above; (ii) the money lending business can provide a stable income stream to the Group as the rate of return is pre-fixed and controlled by the Group, just like the aforesaid grant of loan facilities as stated above; (iii) capital commitment for commencing money lending business can be controlled at relatively low level by the Group as there is no overhead cost; (iv) the recent money lending market as stated above; and (v) the money lending business can broaden the revenue and profit base of the Group which is in line with the Company’s business policy as stated in the section headed “(b) Financial result of the Group” above, we are of the view and concur with the view of the management of the Company that the use of proceeds in money lending business segment is in the interests of the Company and the Shareholders as a whole.

Based on the reasons as stated above, we are of the view and concur with the view of the management of the Company that the use of proceeds from the Rights Issue is justifiable.

4. Other fund raising alternatives considered by the Group and the reasons for choosing the Rights Issue as funding method

As advised by the Directors, the Board has considered other alternative means of fund raising before resolving to the Rights Issue including the followings:

(a) Debt Financing

According to the management of the Company, the Company approached financial institution for debt financing with amount similar to that of the Rights Issue. However, due to the historical financial record and net losses of the Group as stated in the section headed “(b) Financial result of the Group” above, no financial institution is willing to undertake debt finance. In addition, debt financing or bank borrowing will incur interest burden to the Group.

(b) Placing of new shares

As compared to the Rights Issue, the placing of new Shares would not allow the existing Shareholders the rights to participate in the capital exercise and their interests would be diluted without having an opportunity to maintain their percentage interests.

In view of the above, the Directors therefore consider that the Rights Issue is the most suitable equity financing method available to the Group as:

- (i) the Rights Issue offers all the Shareholders equal opportunity to subscribe for their pro-rata provisional entitlement of the Rights Shares and hence avoids dilution;
- (ii) the Rights Issue allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefits; and
- (iii) the Rights Issue will allow the Company to strengthen its capital base and liquidity without incurring interest costs and also enable the Company to reduce its gearing ratio.

Taking into account that (i) given the financial position of the Group, there is no financial institute willing to undertake debt financing for the Group; (ii) debt financing and bank borrowing will incur interest burden to the Group; (iii) any placing of new Shares without first offering the existing Shareholders the opportunity to participate in the Company’s equity raising exercise would result in dilution of shareholding of the existing Shareholders and may result in dilution of per Share value to the existing Shareholders; and (iv) the Rights Issue will enable the Shareholders to maintain their proportionate interests in the Company should they so wish, we are of the view that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Principal terms of the Rights Issue and the Bonus Warrant Issue

Basis of the Rights Issue

The Company proposes to allot and issue not less than 3,592,111,050 Rights Shares (assuming no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date) and not more than 3,611,678,988 Rights Shares (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; and (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full on or before the Record Date) at the Subscription Price of HK\$0.15 per Rights Share, on the basis of six (6) Rights Shares for every one (1) New Share held on the Record Date. Subject to the satisfaction of conditions of the Rights Issue (such as the Share Consolidation becoming effective), a minimum of 598,685,175 Bonus Warrants to a maximum of 601,946,498 Bonus Warrants will be issued on the basis of one (1) Bonus Warrant for every six (6) Rights Shares taken up under the Rights Issue. Each of the Bonus Warrant will entitle the holder(s) thereof to subscribe for one Bonus Warrant Share at Exercise Price of HK\$0.1 per Bonus Warrant (subject to adjustments), at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 12 months after the date of issue. Please refer to the section headed “Terms of the Rights Issue with Bonus Warrant Issue” in the Letter for detailed information of the Rights Issue and the Bonus Warrant Issue.

The Rights Shares and the Bonus Warrant Shares (when allotted, fully-paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Shares in issue on the date of the allotment and issue of the Rights Shares and the Bonus Warrant Shares. Holders of the Rights Shares and the Bonus Warrant Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares and the Bonus Warrant Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms and the Bonus Warrant Shares which are registered in the branch register of members of the Company in Hong Kong will be subject to payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

Pursuant to the Underwriting Agreement, Freeman Securities Limited has conditionally agreed to fully underwrite not less than 3,592,111,050 Underwritten Shares and not more than 3,611,678,988 Underwritten Shares, not taken up by the Qualifying Shareholders (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; and (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercise by the grantee(s) in full on or before the Record Date). Accordingly, the Rights Issue is fully underwritten.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter, the Rights Issue is conditional on the Share Consolidation having become effective (the Rights Issue is not conditional upon each of the Capital Reorganisation and the Proposed Increase in Authorised Share Capital). As stated in the Letter, the Share Consolidation will increase the nominal value of the Shares and it is expected that the Share Consolidation would bring about corresponding upward adjustments in the trading price of the Consolidated Shares (i.e. based on the closing price of HK\$0.138 per Existing Shares as quoted on the Stock Exchange on the Last Trading Day, the trading price of the Consolidated Shares will be HK\$1.38 (as every ten issued and unissued Existing Shares of HK\$0.01 each be consolidated into one Consolidated Share of HK\$0.1)). As the trading price of the Consolidated Shares would increase upon completion of the Share Consolidation, the Share Consolidation is justifiable.

Basis of Determining the Subscription Price and the Bonus Warrant Issue

The Subscription Price is HK\$0.15 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares or application for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 89.13% to the adjusted closing price of HK\$1.38 per Consolidated Share, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 89.54% to the adjusted average closing price of HK\$1.434 per Consolidated Share, based on the average closing price of HK\$0.1434 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 53.95% to the theoretical ex-rights price of HK\$0.3257 per Consolidated Share after the Rights Issue based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iv) a discount of approximately 83.33% over the unaudited net asset value per Consolidated Share of approximately HK\$0.90 as at 30 September 2014; and
- (v) a discount of approximately 74.58% to the adjusted closing price of HK\$0.59 per Consolidated Share, based on the closing price of HK\$0.059 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

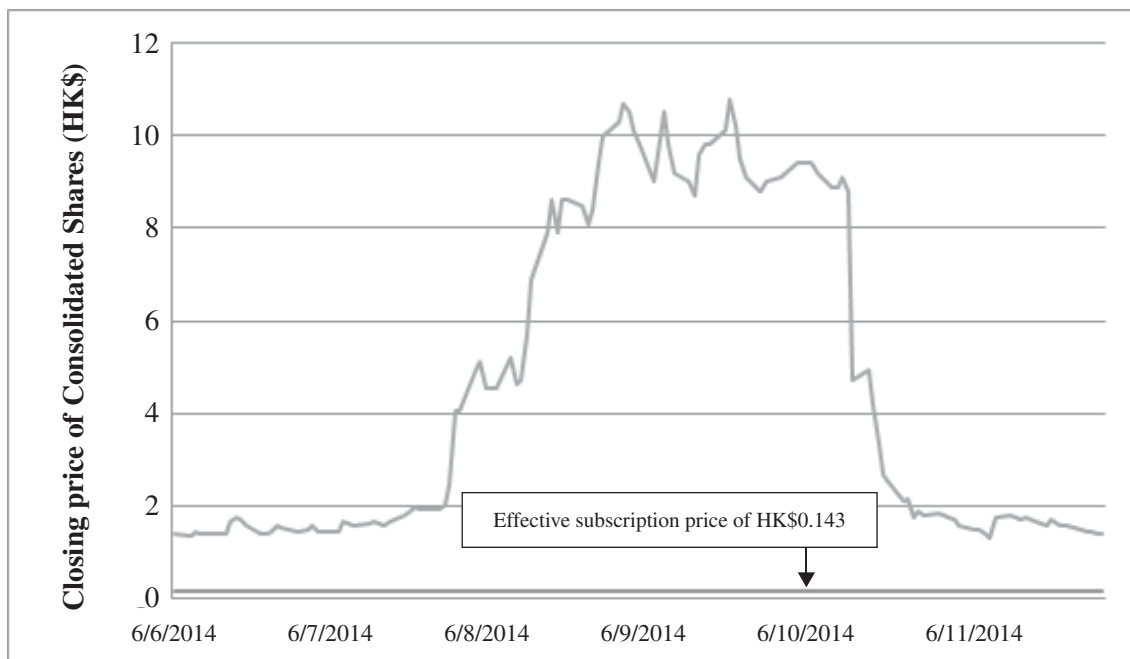
The Bonus Warrant Issue will reduce the average price per Rights Share taken up and therefore is in effect further increasing the discount of the Subscription Price to the prevailing market price of the Share. Since every one (1) Bonus Warrant will be issued upon the subscription of six (6) Rights Shares, for illustrative purpose, the average price for each Share to be allotted and issued under the Rights Issue and the Bonus Warrant Issue will be approximately HK\$0.143, which represents:

- (i) a discount of approximately 89.64% to the adjusted closing price of HK\$1.38 per Consolidated Share, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 90.03% to the adjusted average closing price of approximately HK\$1.434 per Consolidated Share, based on the average closing price of HK\$0.1434 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 56.09% to the theoretical ex-rights price of approximately HK\$0.3257 per Consolidated Share after the Rights Issue based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iv) a discount of approximately 84.11% over the unaudited net asset value per Consolidated Share of approximately HK\$0.90 as at 30 September 2014; and
- (v) a discount of approximately 75.76% to the adjusted closing price of HK\$0.59 per Consolidated Share, based on the closing price of HK\$0.059 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the trading price of the Shares adjusted for Share Consolidation (i.e. the “**Consolidated Shares**”) for the period from 6 June 2014, being the 6 months period prior to the date of the Underwriting Agreement, up to and including 5 December 2014, being the date of the Underwriting Agreement (the “**Review Period**”). The chart below illustrates the daily closing price of the Consolidated Shares versus the effective subscription price of HK\$0.143 (taking into account of the Bonus Warrant Issue) during the Review Period:



Source: The website of the Stock Exchange

As shown in the above chart, we note that the closing price of the Consolidated Shares shows a general downward trend since September 2014. During the Review Period, the highest closing price and the lowest closing price of the Consolidated Shares were HK\$10.8 on 23 September 2014 and HK\$1.29 on 13 November 2014. The effective subscription price of HK\$0.143 is lower than all the daily lowest closing price of the Consolidated Shares during the Review Period, representing a discount of approximately 98.68% and 88.91% to such highest and lowest closing prices of the Consolidated Shares during the Review Period.

According to the management of the Company, the Subscription Price, subscription ratio and the Bonus Warrant Issue were arrived at after arm's length negotiation between the Company and the Underwriters with reference to, among other thing, (i) the capital needs of the Group; (ii) the financial position of the Group; (iii) the market price of the Shares; and (iv) the prevailing market conditions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the previous paragraphs, we are of the view that (i) as the use of net proceeds from the Rights Issue is consistent with the development plans of the Group; and (ii) as compared to other fund raising methods such as debt financing and placing of new Shares, the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the Rights Shares are offered to all Qualifying Shareholders, we are advised by the Directors that they would like to set and maintain the Subscription Price at a deep discount level (by adopting the current subscription ratio and the Bonus Warrant Issue) that would attract all the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Company as stated in the section headed “3. The use of proceeds from the Rights Issue” above.

Assuming the amount of fund raising maintains at approximately from a minimum of approximately HK\$538.82 million to a maximum of approximately HK\$541.75 million (being the range of net proceeds from the Rights Issue), in the event that the subscription ratio were set at lesser proportion (such as one Rights Shares for ten Consolidated Shares held on the record date), the subscription price of any rights issue would have to be higher than the Subscription Price or set the subscription price with less discount rate to the prevailing market price of the Share and such discount rate of the Subscription Price to the prevailing market price of the Shares cannot be maintained and available to the Qualifying Shareholders.

According to the management of the Company and the Letter, the Bonus Warrant Issue is to recognise the continual supports to the Company by the Shareholders who participate in the Rights Issue. We understand that the combined result of the Rights Issue and the Bonus Warrant Issue is in effect a 7-for-1 rights issue and the Company can offer the aforesaid 7-for-1 rights issue to all Qualifying Shareholders instead of the existing offer structure (with Rights Issue and the Bonus Warrants Issue). After discussion with the management of the Company, we understand that the existing offer structure (with Rights Issue and the Bonus Warrants Issue) is more flexible than the aforesaid 7-for-1 rights issue as all Qualifying Shareholders have options, but not obligation, to further subscribe the Bonus Warrant Shares where the aforesaid 7-for-1 rights issue cannot.

Given the past share price performance of the Company and the need to increase the attractiveness of the Rights Issue to the Qualifying Shareholders and the Underwriters, the Directors consider that the proposed discount rate of the Subscription Price to the prevailing market price of the Shares is appropriate.

We have attempted to review all the rights issues announced by companies listed on the Stock Exchange in one calendar month prior to and up to the date of the Underwriting Agreement and identified 8 rights issues initially announced during the period (the “**Rights Issue Comparable(s)**”). We consider that a review period of one calendar month prior and up to the date of the Underwriting Agreement is appropriate to capture the recent market practice because the Rights Issue

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparables are considered for the purpose of taking a market general reference for the recent market practice in relation to the issue prices under other rights issues as compared to the relevant prevailing market share prices under the recent market conditions and sentiments. However, given their discrepancies with the Group in terms of business nature, financial performance, financial position as well as funding requirements, we consider the Rights Issues Comparables might not constitute close reference with the Rights Issue, but just a market general reference for the recent market practice in relation to the issue prices under other rights issues as compared to the relevant prevailing market share prices.

Details regarding the Rights Issue Comparables are set out below:

No.	Date of Initial announcement	Company name	Stock code	Basis of entitlement	Premium/ (Discount) of average subscription price over/to closing price on last trading day (%) <i>(Note 1)</i>	Premium/ (Discount) of average subscription price over/to the theoretical ex-rights price (%) <i>(Note 1)</i>	Excess application (Y/N)	Underwriting commission	Maximum dilution <i>(Note 2)</i>
1	11/11/2014	Pacific Andes International Holdings Limited	1174	1 for 2	(44.6)	(35.0)	Y	3.5%	33.3%
2	20/11/2014	Sky Forever Supply Chain Management Group Limited	8047	2 for 1	(39.2)	(18.2)	Y	2.5%	66.7%
3	20/11/2014	China Environmental Energy Investment Limited	986	8 for 1	(82.4)	(34.3)	Y	1.0%	88.9%
4	23/11/2014	Pan Asia Mining Limited	8173	3 for 10 (2 bonus shares for every 3 right shares)	(11.8)	(9.1)	N	3.0%	33.3%
5	24/11/2014	Renhe Commercial Holdings Company Limited	1387	1 for 2	(31.9)	(23.8)	Y	2.0%	33.3%
6	27/11/2014	Hsin Chong Construction Group Ltd.	404	3 for 10	6.4	4.8	Y	2.0%	23.1%
7	28/11/2014	Shenyin Wanguo (H.K.) Limited	218	1 for 2	(52.1)	(42.0)	Y	0.0%	33.3%
8	28/11/2014	Kantone Holdings Limited	1059	3 for 10	14.9	11.1	Y	2.5%	23.1%
				Average	(30.1)	(18.3)		2.1%	41.9%
				Maximum	14.9	11.1		3.5%	88.9%
				Minimum	(82.4)	(42.0)		0%	23.1%
		The Company		6 for 1 <i>(Note 3)</i>	(89.1)	(54.0)	Y	3.0%	85.7%
				7 for 1 <i>(Note 4)</i>	(89.6)	(56.1)			87.5%

Notes:

- Based on the figures disclosed in the initial announcement of the Rights Issue Comparables respectively.
- Maximum dilution effect of each rights issue is calculated as: (number of new shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the new shares under the basis of entitlement + number of new shares to be issued under the basis of entitlement) x 100%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full; and (iv) none of the holders of the Bonus Warrants subscribe the Bonus Warrant Shares.
4. Assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full; and (iv) all of the holders of the Bonus Warrants subscribe the Bonus Warrant Shares.

As shown on the above list of the Rights Issues Comparables, the subscription prices of most the Rights Issues Comparables (6 out of 8) are set at discounts to relevant market price, ranging from a discount of approximately 82.4% to a premium of 14.9%, with an average discount of approximately 30.1%. The maximum discount represented by the Subscription Price to the closing price of the Consolidated Shares (as adjusted for the effect of the Share Consolidation) on the Last Trading Day of approximately 89.1% is above the average discount and the range of discounts, of the Rights Issue Comparables. We also noted that out of the 8 comparables, 5 of which set the issue price of the rights shares at discount deeper than the average discount.

Having considered that (i) the use of proceeds from the Rights Issue is consistent with the Group's development plans; (ii) the Rights Issue would strengthen the capital base of the Group; (iii) the Rights Issue is fair and reasonable when compare to other alternative as stated in the paragraph headed "4. Other fund raising alternatives considered by the Group and the reasons for choosing the Rights Issue as funding method" above; and (iv) the share price performance of the Company in the Review Period, we consider it is inevitable for the Company to set the Subscription Price at a high discount so as to increase the attractiveness of the Rights Issue to the Qualifying Shareholders and to induce the Underwriters to participate the underwriting of the Rights Issue. Having considered the abovementioned and that all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and to take up their entitlements in full at the same price to maintain their respective shareholdings in the Company, we are of the opinion and concur with the view of the Directors that the discount rate of the Subscription Price as compared to the recent market prices of the Shares would encourage Shareholders to participate in the Rights Issue and that the Subscription Price is fair and reasonable and the maximum dilution effect of the Rights Issue is acceptable so far as the Independent Shareholders are concerned.

Underwriting Commission

The underwriting commission, after arm's length negotiation between the Company and the Underwriters, is 3.0 % for the Rights Issue. In order to understand the recent underwriting commission received by the relevant underwriters in rights issue in listed companies in the Stock Exchange, we have reviewed all of the rights issues announced by the Hong Kong listed companies in the previous one months before the date of the Underwriting Agreement which were posted on the website of the Stock Exchange. Based on our review, we identified 8 rights issue and note that

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the underwriting commissions of these rights issue were ranged from nil to 3.5%. Given the 3.0% underwriting commission is within the aforesaid range, we consider that the underwriting commission of the Underwriting Agreement is fair and reasonable.

Excess Application

As stated in the section headed “Application for excess Rights Shares” in the Letter, Qualifying Shareholders may apply, by way of excess application, for any unsold entitlement of the Excluded Shareholders and for any Rights Shares provisionally allotted but not accepted.

According to the management of the Company and as stated in the Letter, the Director will allocate the excess Rights Shares on a fair and equitable basis. Subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to those who have applied for excess Rights Shares on a pro rata basis by reference to the number of excess Rights Shares being applied for under each application. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots. Any fractional entitlement for the excess Rights Shares will be rounded up to the nearest whole number to the best effort and issued to such Qualifying Shareholder who applies for excess Rights Shares.

We are of the view since excess Rights Shares will be allocated to those who have applied for excess Rights Shares on a pro rata basis by reference to the number of excess Rights Shares being applied for under each application, the arrangement for application for excess Rights Issue is fair and reasonable.

6. Potential dilution effect on the interests of the Independent Shareholders

Upon completion of the Rights Issue and the Bonus Warrant Issue, not less than 4,190,796,225 New Shares (i.e. 3,592,111,050 Rights Shares plus 598,685,175 Bonus Warrant Shares) (assuming no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date) and not more than 4,213,625,486 New Shares (i.e. 3,611,678,988 Rights Shares plus 601,946,498 Bonus Warrant Shares) (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; and (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full; on or before the Record Date) will be issued (assume all the holders of the Bonus Warrants subscribe for the Bonus Warrant Shares). Qualifying Shareholders who elect to subscribe for in full their assured entitlements under the Rights Issue and subscribe for the Bonus Warrant Shares will retain their current shareholding in the Company and their investments in the Company would not be diluted in terms of net tangible assets of the Group. Qualifying Shareholders who do not elect to subscribe for in full their assured entitlements under the Rights Issue would be diluted by a maximum (assume all the holders of the Bonus Warrants subscribe for the Bonus Warrant Shares) of (i)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately 87.5% in terms of shareholding interests (when compared with their shareholding immediately after Share Consolidation but before completion of the Rights Issue as one of the condition of the Rights Issue is the Share Consolidation having become effective to immediately after the completion of the Rights Issue) and (ii) approximately 70.9% in terms of net tangible assets of the Group per Share as at 30 September 2014 as adjusted by the proceeds, according to the management of the Company and the Letter, from (i) exercising the Company's share options in issuing 5,456,568 Shares at exercising price of HK\$0.4822 in October 2014; (ii) placing of 495,192,763 Shares at a price of HK\$0.175 under general mandate which is completed on 7 November 2014; (iii) placing of 921,141,959 Shares at a price of HK\$0.15 under general mandate which is completed on 21 November 2014; (iv) exercising the Company's share options in issuing 460,000,000 Shares at exercising price of HK\$0.168 in December 2014; (v) options granted and outstanding of 2,365,712 Shares at exercising price of HK\$0.2528 in January 2015; and (vi) options granted and outstanding as at the Last Practicable Date and on or before the Record Date of 12,206,560 Shares and 17,470,000 Shares at exercising price of HK\$0.4822 and HK\$0.195 respectively, i.e. approximately HK\$0.262.

However, we consider such scenario of maximum dilution is unlikely to occur since it assumes that the Independent Shareholders have voted in favour of the Rights Issue at the SGM which is a complete misalignment between the voting behaviour of the Independent Shareholders and their subscription for the Rights Issue. In addition, we are of the view that it is more reasonable to justify the interests of the Shareholders in terms of the net tangible assets of the Group rather than just consider the percentage of their shareholding interests. The value of the investments by Shareholders can be evaluated by (i) realised in the market with reference to the prevailing market price of the Shares or (ii) the interests share of the net tangible assets of the Group in case of liquidation. Since the prevailing market price of the Shares fluctuated daily and it experienced a downward trend during the Review Period, it is impracticable and impossible to predict the future market price of the Shares in a reasonable basis, which in turn, the return of Shareholders when they realised their investments in the market. However, the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 September 2014 as adjusted for the Rights Issue (with the Bonus Warrant Issue) per Shares (detail of which are set out in Appendix II of this circular) was prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants and reviewed by the reporting accountants of the Company.

Despite the dilution effect by the Rights Issue (including the full subscription of the Bonus Warrant Shares) of a maximum of approximately 70.9% in terms of the adjusted net tangible assets of the Group per Share as at 30 September 2014 as stated above, having taken into account: (i) the Rights Issue would provide the fund for the Group to pursue its business development plans; (ii) the Rights Issue would strengthen the capital base of the Group; (iii) the Rights Issue is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the growth of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company; (iv) the inherent dilutive nature of Rights Issue in general if the existing Shareholder did not take up his/her/its entitlements under the Rights Issue; and (v) the discount of the Subscription Price (including the subscription ratio and the Bonus Warrants Issue) to the prevailing market price of the Shares was necessary to encourage the Qualifying shareholders to participate the Rights Issue, we consider the possible dilution effect on the Independent Shareholders to be acceptable.

7. Financial effects of the Rights Issue and the Bonus Warrant Issue

Net tangible asset

According to the unaudited pro forma financial information of the Group (the “**Pro Forma Financial Information**”) set out in Appendix II to the Circular, the unaudited consolidated net tangible assets of the Group was approximately HK\$369.8 million as at 30 September 2014. The unaudited pro forma adjusted consolidated net tangible assets of the Group would increase to (i) approximately HK\$889.4 million as at 30 September 2014 upon completion of the Rights Issue (on the basis that a minimum of 3,592,111,050 Rights Shares are issued) and further increase to approximately HK\$949.2 million as at 30 September 2014 upon completion of the full subscription of the 598,685,175 Bonus Warrant Shares; and (ii) approximately HK\$892.3 million as at 30 September 2014 upon completion of the Rights Issue (on the basis that a maximum of 3,611,678,988 Rights Shares are issued) and further increase to approximately HK\$952.5 million as at 30 September 2014 upon completion of the full subscription of the 601,946,498 Bonus Warrant Shares.

Upon completion of the Rights Issue and the full subscription of the Bonus Warrant Shares, the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share as at 30 September 2014 would decrease from approximately HK\$0.90 to (i) minimum of approximately HK\$0.2063 (on the basis that a minimum of 3,592,111,050 Rights Shares plus 598,685,175 Bonus Shares are issued) and (ii) maximum of approximately HK\$0.2060 (on the basis that a maximum of 3,611,678,988 Rights Shares plus 601,946,498 Bonus Shares are issued).

RECOMMENDATION

Taking into account the factors and reasons as mentioned under the section headed “Principal factors and reasons considered” above, which include:

- (i) financial information of the Group;
- (ii) the use of proceeds from the Rights Issue is consistent with the business development plans of the Group;
- (iii) the Rights Issue with Bonus Warrant Issue is fair and reasonable fund raising method as compared to the debt financing and the placing of new Shares;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the discount of the Subscription Price to the prevailing market price is necessary to encourage the Qualifying Shareholders to participate in the Rights Issue due to past Share price performance of the Company;
- (v) the Rights Issue is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company; and
- (vi) the underwriting commission of the Rights Issue is fair and reasonable;

we consider that, despite the inherent dilution effect to the Qualifying Shareholders who did not participate in the Rights Issue, the Rights Issue, the Bonus Warrant Issue and the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue, the Bonus Warrant Issue and the entering of the Underwriting Agreement are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise to the Independent Shareholders to vote in favour of the resolutions to approve the Rights Issue, the Bonus Warrant Issue and the Underwriting Agreement to be proposed at the SGM and we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in this regard at the SGM.

For and on behalf of
Nuada Limited
Po Chan
Executive Director

Ms. Po Chan is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 14 years of experience in corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Group for each of the three years ended 31 March 2014, 2013 and 2012 and the unaudited consolidated financial information of the Group for the six months period ended 30 September 2014 together with the relevant notes to the consolidated financial statements of the Group can be found from pages 38 to 132 of the annual report of the Company for the year ended 31 March 2014, pages 38 to 128 of the annual report of the Company for the year ended 31 March 2013, pages 38 to 126 of the annual report of the Company for the year ended 31 March 2012 and pages 3 to 32 of the interim report of the Company for the six months period ended 30 September 2014, respectively.

The said annual reports and interim report of the Company are available on the Company's website at www.cjigl.com and the following website of the Stock Exchange:

Please see below quick link to the interim report for the six months ended 30 September 2014 of the Company:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/1216/LTN20141216314.pdf>

Please see below quick link to the annual report for the year ended 31 March 2014 of the Company:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0717/LTN20140717336.pdf>

Please see below quick link to the annual report for the year ended 31 March 2013 of the Company:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0712/LTN20130712758.pdf>

Please see below quick link to the annual report for the year ended 31 March 2012 of the Company:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0712/LTN20120712432.pdf>

2. INDEBTEDNESS OF THE GROUP

At the close of business on 30 November 2014, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had a finance lease payable of approximately HK\$560,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of business on 30 November 2014, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the financial resources presently available to the Group and the estimated net proceeds from the Rights Issue, in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements that is for at least the next twelve months following the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. FOREIGN EXCHANGE

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, United States dollars, and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. BUSINESS AND FINANCIAL REVIEW AND TRADING PROSPECTS

For the six months ended 30 September 2014 (“**Period**”), the Group recorded negative revenue of HK\$5.7 million. It was attributable to the realized loss on disposal of equity investments of approximately HK\$14.8 million for the Period. The Group’s net loss for the Period of approximately HK\$1,217.3 million was primarily attributable to the fair value losses on revaluation of derivative component of convertible bonds of approximately HK\$206.6 million and the loss arising from modification of the terms of the convertible bonds of approximately HK\$1,000.8 million. Such losses are non-cash in nature and have no effect on the cash flow.

Performance of the Group’s major businesses for the Period and prospects is summarized as below:

(a) Electronic products

Amid the uncertain economic condition and weak customer sentiment in European and United States markets, the sales demand for electronic products in export markets remained slow and flat. Given the continued keen price competition in the local consumer electronic market, the local sales orders for the electronic accessories were weak and slow. During the Period, the sales revenue from the electronic products segment was approximately HK\$6.8 million, compared to that of approximately HK\$6.0 million for the corresponding period of last year. The operating loss for this segment for this Period was approximately HK\$2.1 million, compared to the loss of approximately HK\$1.8 million for the corresponding period of last year.

(b) Integrated circuit technology

The Group has continued to place strong research and development efforts on its System-on-chip (SoC) technology. The core architecture in development is a Multi-thread Virtual Pipeline (MVP) on a scalable and programmable stream processor core, which is a new core architecture for computation performance based on multi-processing and parallel computing. The Company's MVP is an independently developed "China Core" featuring the versatility of a unified processor, combining the capabilities of central processing unit (CPU) and graphics processing unit (GPU) in one solution for Mainland China's vast consumer electronics market. The Group's development of this new processing architecture has revolutionized mobile computing by unrolling its Harmony Unified Processor Technology, which contains an independently Instruction-Set-Architecture with optimized compiler, the MVP parallel computing core and dynamic load balancing with Agile Switching of simultaneously-multi-threading (SMT) threads.

During the Period, the Group continued to put its efforts in rolling out the MVP based SoC products and introducing its technology into the product applications in the market. With a view to bring in and popularize the finger multi-touch functionality in the huge consumer electronics and home appliances market, the Group has continued cooperation with reputable electrical and home appliance leaders to jointly develop smart touch control screen used in a range of electrical and home appliance products. In addition, the Group also made a great deal of product design and engineering efforts in the areas of qualifications for production and demo trials with potential customers.

For the year ahead, the Group will continue to cooperate with local reputable electrical home appliances manufacturers aims at making the finger multi-touch functionality used in the realm of household electronics appliances. This multi-touch functionality which has become an indispensable feature in smartphones and tablets has yet to become widely available in the electronics appliances market because of cost issues. Recognizing this opportunity, the Group looks forward to rolling out this functionality in the household home appliances market with its Harmony Unified Processor technology.

(c) Financial businesses — securities investment and trading/money lending businesses

The Group continued to utilize its available funds in treasury investments. During the Period, the local stock market was relatively less volatile with fluctuations between 21,700 points to 25,300 points of Hang Seng Index. The market sentiment continued to be adversely affected by the economic slowdown in Mainland China. Due to the influx of hot money in July and the mini-stimulus fiscal policies and measures taken by central government of Mainland China, the investor's confidence gradually improved and the Hang Seng Index reached its highest of about 25,300 points in September 2014. The treasury investments segment recorded an unrealized fair value gains on the equity investments of approximately HK\$28.0 million, gain on disposal of an available-for-sale equity investment of approximately HK\$7.7 million and a realized loss on disposal of equity investments of approximately HK\$14.8 million for the Period.

The Group has entered agreements for the subscription of shares in Freeman Corporation Limited and HEC Capital Limited respectively in September 2014 (“**Subscriptions**”). The Group expects the Subscriptions are likely to generate further business opportunities, as well as creating synergy for the Group’s business development in the financial services industry. The Group is also considering possible investments in financial services company providing third party guarantee and business opportunities in the money lender sector and develop the Group’s customer bases as appropriate.

Since November 2014, Top Billion Finance Limited, an indirect wholly-owned subsidiary of the Company which is also a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong), has entered into a number of both long term and short term loan agreements with individuals and reputable companies respectively. As a result, the money lending business of the Group has grown to a considerable size within the last two months. The Group deems such lending business will bring about the Group of a reasonable return and broaden the profit base of the Group.

In 2014, the Hong Kong stock market rose slightly in 2014, with the HSI recording a gain of 1.3%. However, the A-share market was very strong. HSCAIT and HSCAHSI rose by 50.3% and 45.6% respectively. Due to the positive market expectation of Shanghai-Hong Kong Stock Connect and the 10th anniversary of Hong Kong’s offshore Renminbi market in 2014, it is expected to bring further business and investment opportunities to the financial sector in Hong Kong in the long run. The Hong Kong economy and the momentum of the Hong Kong stock market will be driven by the Chinese economic growth and activities in future. As stated in the interim report of the Company for the six months ended 30 September 2014, the financial business recorded the only positive segment results amongst other businesses of the Group. Therefore, the Board believes that it is a good timing to continue its investment strategy mainly in the Hong Kong stock and equity market in future and appraise investment with its outlook, prospects of different industry sectors, the performance of the relevant stock, the prospects of the investee company, stock market conditions, etc.. To assess the investment risks, the Company will consider diversification of investment portfolio, the investee company’s business background information, its financial position and record, the Company’s financial position and the overall market condition. The Company will constantly monitor its investment portfolio and will make both long-term and short-term investment (opportunistic). For the money lending business, the Company will assess the following factors before making the decision and risk assessment like lender’s credibility, rate of return, terms of loan, size of loan, the lender’s borrowing history and current investment portfolio, etc. The budget for financial business is between approximately HK\$239.56 million to HK\$242.50 million (subject to the completion of the Rights Issue).

The Group will continue to explore securities investments opportunities in the near future as securities investments and trading/money lending businesses still remain highly attractive as they are highly liquid and required very low overhead cost to operate.

(d) Property investment

In order to maximize returns to the shareholders, the Group, from time to time, explores possibilities of expansion of business operations and scope of businesses. During the Period, the Group accelerated its momentum in expanding and diversifying its existing businesses by moving into new business areas with high growth potential and profit prospects.

On 28 November 2014, the Company entered into a conditional agreement (the “**Conditional Agreement**”) with a third party to acquire a property in Hong Kong for the Group’s own use through acquisition of a target company for a consideration of HK\$92 million. The property is known as 15th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong. HK\$9.2 million has been paid as the deposit by the Company upon the execution of the Conditional Agreement and the balance in the sum of HK\$82.8 million shall be payable in full on the completion of the Conditional Agreement. The gross floor area and the saleable area of the Property are approximately 10,963 square feet and 8,551 square feet respectively. Having considered the prevailing property market conditions, the Directors were of the view that this acquisition represented a good opportunity for the Group to enhance its assets portfolio.

As at the Latest Practicable Date, other than the Conditional Agreement, the Company has no concrete property projects/opportunities identified. Given the Hong Kong property market has experienced a stable growth during recent years, the Board believes the potential investment in the property market will provide the Group with a stable return under the current economic environment. The Company will continue to investigate in the property market in Hong Kong and search for possible investment opportunities for its own use, rental income potential and/or appreciation in values. It is a good timing to step into the property investment segment through either acquisition of property(ies) or investment in company(ies) primarily engage(s) in property investment. The budget for such property investment is around HK\$250 million (including the property which is the subject of the Conditional Agreement). Other than the Conditional Agreement, if suitable investment is identified, the investment is expected to be proceeded within the upcoming three months.

Looking ahead, the Group is cautiously optimistic about the performance in the local stock market due to the positive market expectation of Shanghai-Hong Kong Stock Connect and signs of gradual economic recovery in the United States. However, the uncertain United States monetary policies and the ultra-low interest environment remain key factors dragging on the global economic recovery. As broad macroeconomic challenge persists, the Group will continue to be on the alert and to pursue a prudent investment strategy in developing its existing and new businesses.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) prepared by the Directors in accordance with Rule 4.29 of the Listing Rules is set out to illustrate the effect of the Share Consolidation, the Rights Issue and the full exercise of the Bonus Warrants on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Share Consolidation, the Rights Issue and the full exercise of the Bonus Warrants were completed on 30 September 2014.

This Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up or at any future date.

This Unaudited Pro Forma Financial Information is prepared by the Directors based on the unaudited consolidated statement of financial position of the Group as at 30 September 2014, extracted from the published unaudited interim financial statements of the Group for the period ended 30 September 2014 with adjustments described below.

		Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue	Estimated net proceeds upon full exercise of the Bonus Warrants	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue and the full exercise of the Bonus Warrants	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company as at 30 September 2014	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company immediately after completion of the Share Consolidation and the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company immediately after the completion of the Share Consolidation, the Rights Issue and the full exercise of the Bonus Warrants
	HK\$'000 Note 2	HK\$'000 Note 3	HK\$'000	HK\$'000	HK\$'000 Note 4	HK\$ Note 5	HK\$ Note 6	HK\$ Note 7	HK\$ Note 8
(i) On the basis that a minimum of 3,592,111,050 Rights Shares are issued (Note 1)	369,811	519,564	889,375	59,869	949,244	0.09	0.90	0.22	0.21
(ii) On the basis that a maximum of 3,611,678,988 Rights Shares are issued (Note 1)	369,811	522,499	892,310	60,195	952,505	0.09	0.90	0.22	0.21

Notes:

1 Under the Rights Issue, a minimum and a maximum of 3,592,111,050 and 3,611,678,988 Rights Shares will be allotted and issued, respectively.

2 The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2014 is calculated as follows:

	<i>HK\$'000</i>
Unaudited consolidated net assets of the Group attributable to the owners of the Company	369,811
Less: intangible assets	<u>—</u>
Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company	<u><u>369,811</u></u>

3 Estimated net proceeds from the Rights Issue is calculated as follows:

(i) On the basis that a minimum of 3,592,111,050 Rights Shares are issued:

	<i>HK\$'000</i>
Estimated proceeds from the Rights Issue at the subscription price of HK\$0.15 per Rights Share	538,817
Less: expenses	<u>(19,253)</u>
	<u><u>519,564</u></u>

(ii) On the basis that a maximum of 3,611,678,988 Rights Shares are issued:

	<i>HK\$'000</i>
Estimated proceeds from the Rights Issue at the subscription price of HK\$0.15 per Rights Share	541,752
Less: expenses	<u>(19,253)</u>
	<u><u>522,499</u></u>

4 Estimated net proceeds upon full exercise of the Bonus Warrants is calculated as follows:

(i) On the basis that a minimum of 598,685,175 Bonus Warrants are issued:

	<i>HK\$'000</i>
Estimated proceeds upon full exercise of the Bonus Warrants issue at the subscription price of HK\$0.10 per Bonus Warrant Share	<u>59,869</u>

(ii) On the basis that a maximum of 601,946,498 Bonus Warrants are issued:

	<i>HK\$'000</i>
Estimated proceeds upon full exercise of the Bonus Warrants issue at the subscription price of HK\$0.10 per Bonus Warrant Share	<u><u>60,195</u></u>

- 5 The unaudited consolidated net tangible assets per share attributable to the owners of the Company as at 30 September 2014 is calculated as follows:

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company	HK\$369,811,000
Number of Shares in issue as at 30 September 2014	4,105,060,466
Unaudited consolidated net tangible assets per share attributable to the owners of the Company as at 30 September 2014	<u>HK\$ 0.09</u>

- 6 The unaudited pro forma adjusted consolidated net tangible assets per share attributable to the owners of the Company immediately after completion of the Share Consolidation is calculated by dividing the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company of HK\$369,811,000 by the number of Consolidated Shares in issue immediately after completion of the Share Consolidation of 410,506,046, which is calculated as follows:

Number of Shares in issue as at 30 September 2014	4,105,060,466
Effect of Share Consolidation	<u>(3,694,554,420)</u>
Number of Consolidated Shares	<u>410,506,046</u>

- 7 The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company immediately after completion of the Share Consolidation and the Rights Issue is calculated as follows:

- (i) On the basis that a minimum of 3,592,111,050 Rights Shares are issued:

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue	HK\$889,375,000
Number of Consolidated Shares in issue	410,506,046
Number of Rights Shares to be issued	<u>3,592,111,050</u>
Total number of Shares in issue immediately after completion of the Rights Issue	4,002,617,096
Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company immediately after completion of the Share Consolidation and the Rights Issue	<u>HK\$0.22</u>

- (ii) On the basis that a maximum of 3,611,678,988 Rights Shares are issued:

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue	HK\$892,310,000
Number of Consolidated Shares in issue	410,506,046
Number of Rights Shares to be issued	<u>3,611,678,988</u>
Total number of Shares in issue immediately after completion of the Rights Issue	4,022,185,034
Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company immediately after completion of the Share Consolidation and the Rights Issue	<u>HK\$0.22</u>

8 The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company immediately after completion of the Share Consolidation, the Rights Issue and the full exercise of the Bonus Warrants is calculated as follows:

- (i) On the basis that a minimum of 3,592,111,050 Rights Shares and 598,685,175 Bonus Warrants are issued:

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue and the full exercise of the Bonus Warrants	HK\$949,244,000
---	-----------------

Number of Consolidated Shares in issue	410,506,046
Number of Rights Shares to be issued	3,592,111,050
Number of Bonus Warrant Shares to be issued	<u>598,685,175</u>

Total number of Shares in issue immediately after completion of the Rights Issue and the full exercise of the Bonus Warrants	4,601,302,271
--	---------------

Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company immediately after completion of the Share Consolidation, the Rights Issue and the full exercise of the Bonus Warrants	<u><u>HK\$0.21</u></u>
---	------------------------

- (ii) On the basis that a maximum of 3,611,678,988 Rights Shares and 601,946,498 Bonus Warrants are issued:

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue and the full exercise of the Bonus Warrants	HK\$952,505,000
---	-----------------

Number of Consolidated Shares in issue	410,506,046
Number of Rights Shares to be issued	3,611,678,988
Number of Bonus Warrant Shares to be issued	<u>601,946,498</u>

Total number of Shares in issue immediately after completion of the Rights Issue and the full exercise of the Bonus Warrants	4,624,131,532
--	---------------

Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company immediately after completion of the Share Consolidation, the Rights Issue and the full exercise of the Bonus Warrants	<u><u>HK\$0.21</u></u>
---	------------------------

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF CHINA JINHAI INTERNATIONAL GROUP LIMITED**

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of China Jinhai International Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 30 September 2014, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 82 to 85 of the circular dated 23 January 2015 (the “**Circular**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in pages 82 to 85 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Share Consolidation, the Rights Issue and the full exercise of the Bonus Warrants of the Company as defined in the Circular on the Group’s net tangible assets as at 30 September 2014 as if the transactions set out in the Circular had taken place at 30 September 2014. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s interim unaudited financial statements for the period ended 30 September 2014, on which no audit or review report has been published.

Directors’ responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Reporting accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Share Consolidation, the Rights Issue and the full exercise of the Bonus Warrants on the unadjusted financial information of the Group as if the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transactions at 30 September 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young

Certified Public Accountants
22/F., CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

23 January 2015

APPENDIX III SUMMARY OF THE TERMS OF THE BONUS WARRANTS

The Bonus Warrants will be issued subject to and with the benefit of the instrument by way of deed poll (the “**Instrument**”) to be executed by the Company. The Bonus Warrants will be issued in registered form and will form one class and rank pari passu in all respects with each other.

The principal terms and conditions of the Bonus Warrants (the “**Conditions**”) will be set out in the certificates for the Bonus Warrants (the “**Warrant Certificate(s)**”) and will include provisions summarised below. Holders of the Bonus Warrants (the “**Warrantholder(s)**”) will be entitled to the benefit of, and will be bound by, and be deemed to have notice of the Conditions. They will also be entitled to the benefit of, and will be bound by, and be deemed to have notice of the provisions of the Instrument, copies of which will be available at the principal place of business for the time being of the Company in Hong Kong.

1. EXERCISE OF SUBSCRIPTION RIGHTS

- (a) In this Appendix, unless otherwise stipulated, the following terms shall have the following meanings:

“Share(s)”	new ordinary share(s) of HK\$0.01 each (if the Share Consolidation and the Capital Reorganization become effective prior to the issue of the Bonus Warrants) in the share capital of the Company; or, alternatively, new ordinary share(s) of HK\$0.1 each (if only the Share Consolidation becomes effective prior to the issue of the Bonus Warrants), in the share capital of the Company;
“Subscription Date”	means any day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for clearing and settlement business falling within the Subscription Period on which any of the Subscription Rights are duly exercised;
“Subscription Period”	means the period of 12 months from the date of issue of the Bonus Warrants;
“Subscription Price”	means the sum payable in respect of each Share upon exercise of the Subscription Rights, initially being HK\$0.10 each (subject to adjustments); and
“Subscription Rights”	in respect of each Bonus Warrant, means the subscription right attached to the Bonus Warrant to subscribe for one fully-paid Share at the Subscription Price.

APPENDIX III SUMMARY OF THE TERMS OF THE BONUS WARRANTS

- (b) The registered holder for the time being of each Bonus Warrant will have the right, at any time during the Subscription Period on any day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for clearing and settlement business, to subscribe for one fully-paid Share in cash at HK\$0.10 per Share (subject to adjustments). After 4:00 p.m. on the last day of the Subscription Period, any Subscription Rights which have not been exercised will lapse and the Bonus Warrants and the Warrant Certificates will cease to be valid for any purpose.
- (c) Each Warrant Certificate will contain a Subscription Form (as defined in the Instrument). In order to exercise in whole or in part the Subscription Rights represented by the Warrant Certificate, the Warrantholders must complete and sign the Subscription Form (which, once signed and completed, shall be irrevocable) and deliver the Warrant Certificate (and, if the subscription form used shall not be the form endorsed thereon, the separate subscription form) duly completed to the Registrars (as defined in the Instrument), together with a remittance for the Exercise Moneys (as defined in the Instrument) (or, in the case of a partial exercise, the relevant portion of the Exercise Moneys). In each case, compliance must also be made by the exercising Warrantholder with any exchange control, fiscal or other laws or regulations for the time being applicable.
- (d) The number of Shares to be allotted on exercise of the Subscription Rights shall be the number of the Bonus Warrants subject to exercise as specified in the relevant Subscription Form and in respect of which the Exercise Moneys thereof have been duly remitted as aforesaid.
- (e) The Company has undertaken in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights will be issued and allotted not later than 21 days after the relevant Subscription Date and will rank pari passu with the fully-paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders to vote at general meetings of the Company and to participate in all dividends or other distributions declared, paid or made on or after the relevant Subscription Date unless adjustment therefor has been made as provided in the Instrument, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.
- (f) As soon as reasonably practicable after the relevant allotment of Shares (and not later than 21 days after the relevant Subscription Date), there will be issued free of charge to the Warrantholder(s) to whom such allotment has been made:
 - (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warrantholder(s); and

APPENDIX III SUMMARY OF THE TERMS OF THE BONUS WARRANTS

- (ii) (if applicable) a balancing Warrant Certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by the Warrant Certificate lodged but remaining unexercised.
- (g) The certificate(s) for Shares arising on the exercise of the Subscription Rights and the balancing Warrant Certificate (if any) will be sent by post at the risk of such Warrantholder(s) to the address of such Warrantholder(s) or (in the case of a joint holding) to that one of them whose name stands first in the register of Warrantholders of the Company (which shall be deemed to be a sufficient despatch to all of them). If the Company agrees, such certificates may by prior arrangement be retained by the Registrars to await collection by the relevant Warrantholder(s).

2. ADJUSTMENT OF SUBSCRIPTION PRICE

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:

- (a) The Subscription Price shall (except as mentioned in sub-paragraphs (b), (c) and (d) below) be adjusted as provided in the Instrument in each of the following cases:
 - (i) if and whenever the nominal amount of the Shares is altered by reason of any consolidation or subdivision;
 - (ii) if and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including those in share premium account or contributed surplus account);
 - (iii) if and whenever the Company shall make any Capital Distribution (as defined in the Instrument), whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such);
 - (iv) if and whenever the Company shall grant to the holders of Shares (in their capacity as such) rights to acquire for cash assets of the Company or any of its Subsidiaries (as defined in the Instrument);
 - (v) if and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights or shall grant to holders of Shares any options or warrants to subscribe for new Shares, in each case at a price which is less than 90% of the market price (calculation as provided in the Instrument);
 - (vi) if and whenever the Company or any other company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) initially receivable per Share is less than 90% of the market price (calculation as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 90% of such market price;

APPENDIX III SUMMARY OF THE TERMS OF THE BONUS WARRANTS

- (vii) if and whenever the Company shall issue wholly for cash of any Shares (other than Shares issued pursuant to a Share Option Scheme (as defined in the Instrument)) at a price per Share which is less than 90% of the market price (calculation as provided in the Instrument); and
 - (viii) if and whenever the Company shall purchase any Shares (or securities convertible into, or any rights to subscribe for, Shares) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.
- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in subparagraph (a) above will be made in respect of:
- (i) an issue of fully-paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
 - (ii) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Rights Reserve (as defined in the Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of other securities wholly or partly convertible into or carrying rights to acquire Shares); or
 - (iv) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into, or exchangeable for, or carrying rights of subscription for, Shares pursuant to a Share Option Scheme.
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint the auditors of the Company or an approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if the auditors of the Company or such approved merchant bank (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment

APPENDIX III SUMMARY OF THE TERMS OF THE BONUS WARRANTS

calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by the auditors of the Company or such approved merchant bank (as the case may be) to be in its opinion appropriate.

- (d) Any adjustment to the Subscription Price shall be made to the nearest one-tenth of a cent so that any amount under half of one-tenth of a cent shall be rounded down and any amount of half of one-tenth of a cent or more shall be rounded up. No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward. No adjustment may be made (except on a consolidation of Shares into shares of a larger nominal amount or upon a repurchase of Shares) which would increase the Subscription Price.
- (e) Every adjustment to the Subscription Price will be certified to be fair and appropriate by the auditors of the Company or an approved merchant bank and notice of each adjustment (giving the relevant particulars) will be given to the Warrantheolders. In giving any certificate or making any adjustment hereunder, the auditors of the Company or the approved merchant bank (as the case may be) shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Warrantheolders and all persons claiming through or under them respectively. Any such certificate of the auditors of the Company or the approved merchant bank (as the case may be) will be available for inspection at the principal place of business of the Company for so long as any of the Subscription Rights remains exercisable.

3. REGISTERED WARRANTS

The Bonus Warrants will be issued in registered form. The Company will be entitled to treat the registered holder of any Bonus Warrant as the absolute owner thereof and accordingly will not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim to or interest in such Bonus Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

4. TRANSFER, TRANSMISSION AND REGISTER

- (a) The Bonus Warrants will be transferrable, by instrument of transfer in any usual or common form or in any other form which may be approved by the Directors. Where the transferor or transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the Directors for this purpose), the instrument of transfer may be executed under the hand of an authorised person(s) or by machine imprinted signature(s).
- (b) The Company will maintain a register of Warrantheolders accordingly. The register may be closed from time to time. Any transfer or exercise of the Subscription Rights attached to the Bonus Warrants made while the register is so closed shall, as between the Company and the person claiming under the relevant transfer of Bonus Warrants or, as the case may be, as between the Company and the Warrantheolder who has so

APPENDIX III SUMMARY OF THE TERMS OF THE BONUS WARRANTS

exercised the Subscription Rights attached to his Bonus Warrants (but not otherwise), be considered as made immediately after the reopening of the register. Transfers of Bonus Warrants must be executed by both the transferor and the transferee. The provisions of the Company's Bye-laws relating to, inter alia, the registration, transmission and transfer of Shares and the register of members shall, mutatis mutandis, apply to the registration, transmission and transfer of the Bonus Warrants and the register of Warrantholders.

- (c) Persons who hold Bonus Warrants and have not registered the Bonus Warrants in their own names and wish to exercise the Bonus Warrants should note that they may incur additional costs and expenses in connection with any expedited re-registration of Bonus Warrants prior to the transfer or exercise of the Subscription Rights attached to the Bonus Warrants, in particular during the period commencing 10 business days prior to and including the last day of the Subscription Period.
- (d) Since the Bonus Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities and the terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Bonus Warrants to be a date at least three trading days before the last day of the Subscription Period.

5. PURCHASE AND CANCELLATION

The Company or any of the Subsidiaries may at any time, subject to the Hong Kong Code on Share Repurchases, the Listing Rules, and all other applicable laws, rules and regulations, purchase the Bonus Warrants:

- (a) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (b) by private treaty at a price per Bonus Warrant, exclusive of expenses, not exceeding 110% of the closing price on the Stock Exchange per Bonus Warrant for one or more board lots of Bonus Warrants on the last day on which the Bonus Warrants were traded on the Stock Exchange prior to the date of purchase of the Bonus Warrants, but not otherwise.

All Bonus Warrants purchased as aforesaid shall be cancelled forthwith and may not be reissued or re-sold.

6. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (a) The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting the interests of the Warrantholders, including the modification by a Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or the Conditions. A resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.

APPENDIX III SUMMARY OF THE TERMS OF THE BONUS WARRANTS

- (b) All or any of the rights for the time being attached to the Bonus Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of the Conditions and/or the Instrument) and the sanction of a Special Resolution of the Warrantheolders shall be necessary to effect such alteration or abrogation.
- (c) Where a Warrantheolder is a recognised clearing house (within the meaning of the SFO) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or its proxy (or proxies) at any Warrantheolders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Bonus Warrants in respect of which each such person is so authorised. The person(s) so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person(s) were an individual Warrantheolder.

7. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant Certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the office of the Registrars on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding the maximum fee as may from time to time be permitted by the Stock Exchange as the Company may determine. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

In the case of lost Warrant Certificates, sections 162 to 169 of the Companies Ordinance shall apply as if "shares" referred to therein included Bonus Warrants.

8. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

9. CALL

If at any time, the aggregate number of Bonus Warrants outstanding is equal to or less than 10% of the total number of Bonus Warrants issued under the Instrument, the Company may, on giving not less than three months' notice, require the Warrantheolders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Bonus Warrants will be automatically cancelled without compensation to the Warrantheolders.

10. FURTHER ISSUES

The Company shall be at liberty to issue further subscription warrants.

11. NOTICES

- (a) The Instrument contains provisions relating to notices to be given to Warrantheolders.

APPENDIX III SUMMARY OF THE TERMS OF THE BONUS WARRANTS

- (b) Every Warrantholder shall register with the Company an address either in Hong Kong or elsewhere to which notices can be sent and if any Warrantholder shall fail to do so, notice may be given to such Warrantholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for three days at the principal place of business for the time being of the Company in Hong Kong.
- (c) A notice may be given by way of an announcement in accordance with the Listing Rules or by delivery, prepaid letter (airmail in the case of an overseas address) or facsimile.
- (d) All notices with respect to the Bonus Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the register of Warrantholders and notice so given shall be sufficient notice to all the joint holders of such Bonus Warrants.

12. RIGHTS OF WARRANTHOLDERS ON WINDING-UP

- (a) The Instrument provides that:
 - (i) in the event a notice is given by the Company to its Shareholders (and the Warrantholders) to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to wind-up the Company voluntarily, every Warrantholder shall be entitled by irrevocable surrender of his Warrant Certificate(s) to the Company with the Subscription Form(s) duly completed, together with payment of the relevant Exercise Moneys or the relative portion thereof (such Subscription Form(s) and Exercise Moneys to be received by the Company not later than two business days prior to the proposed shareholders' meeting), to exercise the Subscription Rights represented by such Warrant Certificate(s) and the Company shall cause to be allotted and issued, as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting, such number of Shares which fall to be issued pursuant to the exercise of the relevant Subscription Rights; and
 - (ii) if an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person(s) designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal will be binding on all the Warrantholders.
- (b) In all other circumstances in which the Company may be wound up, the Instrument provides that all Subscription Rights which have not been exercised at the commencement of the winding-up will lapse and each Warrant Certificate will cease to be valid for any purpose.

13. OVERSEAS WARRANTHOLDERS

If a Warrantholder has a registered address in any territory other than Hong Kong where, in the opinion of the Directors, the allotment of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company will as soon as practicable after exercise by such Warrantholder of any Subscription Rights either (i) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company, or (ii) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company, in each case for the consideration then reasonably obtainable by the Company. As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company will pay to such Warrantholder an amount equal to the consideration, after deduction of expenses, received by it by posting the remittance to him at his own risks.

14. GOVERNING LAW

The Instrument and the Bonus Warrants are governed by and will be construed in accordance with the laws of Hong Kong. The Company irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong in respect of the Instrument and the Bonus Warrants and all matters and disputes arising in connection with them.

The biographical details of the Directors eligible for re-election at the SGM are set out below:

EXECUTIVE DIRECTORS

Ms. Chen Wei (“Ms. Chen”)

Ms. Chen, aged 33, holds a Bachelor of Science degree in International Finance from the Beijing University of Aeronautics and Astronautics, a Master of Science degree in Money, Banking and Finance from the University of Birmingham and a PhD degree in Economics from the University of Birmingham. Ms. Chen has extensive experience in the finance and banking industry. Prior to joining the Group, Ms. Chen was an Assistant Vice President of BNP Paribas Wealth Management, Hong Kong Branch where she became a Chartered Financial Analyst. Before that, Ms. Chen was a Senior Manager at Guosen Securities (HK) Financial Holdings Limited assisting in the execution of financial advisory, delisting and initial public offering works. She had also worked in the United Kingdom and Mainland China for HSBC Plc and The Bank of China respectively before moving to Hong Kong.

Ms. Chen was an executive director of Heritage International Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 412) from October 2013 to October 2014. Ms. Chen is presently an independent non-executive director of Mission Capital Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 1141). Save as disclosed above, Ms. Chen has not held other directorships in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. Chen has not been appointed for any fixed term but is subject to retirement and re-election in accordance with the Company’s Bye-laws. Pursuant to the service agreement entered into between the Company and Ms. Chen, Ms. Chen is entitled to receive a remuneration package of HK\$68,000 per month plus a discretionary bonus as may be determined by the Board with reference to her performance. The foregoing emolument of Ms. Chen is recommended by the Company’s Remuneration Committee and approved by the Board with reference to her qualifications, experience and responsibilities with the Company.

As far as the Board is aware, as at the Latest Practicable Date, Ms. Chen does not have or is not deemed to have any interests or short positions in the Shares or underlying Shares pursuant to Part XV of the SFO. In addition, Ms. Chen does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules).

Save as disclosed above, Ms. Chen has no information to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters relating to Ms. Chen’s appointment that need to be brought to the attention of the Shareholders.

Mr. Zhan Jianzhou (“Mr. Zhan”)

Mr. Zhan, aged 43, was awarded the Certificate in Foreign Trade by Shenzhen University and completed the postgraduate course of professional studies in business administration at Sichuan University. He holds a Master of Business Administration from Sun Yat-sen University. He held senior positions with major international banks and financial investment groups for years. Mr. Zhan was nominated as the outstanding private entrepreneur in Laibin City, Guangxi in 2006. Mr. Zhan has extensive knowledge in corporate finance and banking.

Mr. Zhan has been the vice president of Guangdong Sunwin Group Co., Ltd. (廣東信威綠色家居產業集團有限公司) since 2005, director of China Jinhai Group Limited (中國金海集團) since 2011 and director of Easy (Beijing) Investment Co., Ltd. (易知(北京)投資有限責任公司) since 2013. Save as disclosed above, Mr. Zhan has not held other directorships in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Zhan has not been appointed for any fixed term but is subject to retirement and re-election in accordance with the Company’s Bye-laws. Pursuant to the service agreement entered into between the Company and Mr. Zhan, Mr. Zhan is entitled to receive a monthly salary of HK\$50,000 plus a discretionary bonus as may be determined by the Board with reference to his performance. The foregoing emolument of Mr. Zhan is recommended by the Company’s Remuneration Committee and approved by the Board with reference to his qualifications, experience and responsibilities with the Company.

As far as the Board is aware, as at the Latest Practicable Date, Mr. Zhan does not have or is not deemed to have any interests or short positions in the Shares or underlying Shares pursuant to Part XV of the SFO. In addition, Mr. Zhan does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules).

Save as disclosed above, Mr. Zhan has no information to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters relating to Mr. Zhan’s appointment that need to be brought to the attention of the Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS**Mr. Frank H. Miu (“Mr. Miu”)**

Mr. Miu, aged 65, holds a Juris Doctor degree from Harvard Law School and a Bachelor of Arts degree in Economics and Accounting from St. John’s University of Minnesota in the United States of America. He is a member of the American Bar Association and the American Institute of Certified Public Accountants. He is also a fellow of Hong Kong Institute of Directors. Apart from professional experience in law and accounting, he has extensive exposure to various industries including financial services.

During the last three years, Mr. Miu was an independent non-executive director of Freeman Financial Corporation Limited (a company listed on the main board of the Stock Exchange, stock code: 279) from December 2011 to August 2013 and Tack Fiori International Group Limited (a company listed on the main board of the Stock Exchange, stock code: 928) from August 2011 to May 2014. Mr. Miu is presently an independent non-executive director of Mascotte Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 136) and Willie International Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 273). Aside from directorships in the aforesaid public companies listed on the Stock Exchange, he is also an independent non-executive director of Duoyuan Global Water Inc., (previously listed on the New York Stock Exchange). Save as disclosed above, Mr. Miu has not held other directorships in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Pursuant to the letter of appointment issued by the Company, the initial term of office of Mr. Miu is one year commencing on 30 October 2014. He is also subject to retirement and re-election in accordance with the provisions set out in the Company’s Bye-laws. Mr. Miu is entitled to receive a fixed director’s fee of HK\$20,000 per month. Except for the Company’s share option scheme, Mr. Miu is not eligible to participate in any bonus schemes or other benefits of the kind available to executive directors of the Company. The foregoing emolument of Mr. Miu is recommended by the Company’s Remuneration Committee and approved by the Board with reference to his qualifications, experience and responsibilities with the Company.

As far as the Board is aware, as at the Latest Practicable Date, Mr. Miu does not have or is not deemed to have any interests or short positions in the Shares or underlying Shares pursuant to Part XV of the SFO. In addition, Mr. Miu does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules).

Save as disclosed above, Mr. Miu has no information to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters relating to Mr. Miu’s appointment that need to be brought to the attention of the Shareholders.

Mr. Tsang Wing Ki (“Mr. Tsang”)

Mr. Tsang, aged 53, holds a master’s degree in professional accounting from the Hong Kong Polytechnic University. Mr. Tsang is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Tsang has more than 20 years of experience in auditing and financial accounting.

Mr. Tsang was an independent non-executive director of Unity Investments Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 913) from September 2004 to October 2014 and an executive director of Noble Jewelry Holdings Limited (currently known as Zhong Fa Zhan Holdings Limited) (a company listed on the main board of the Stock Exchange, stock code: 475) from August 2008 to December 2011. Save as disclosed above, Mr. Tsang has not held other directorships in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Pursuant to the letter of appointment issued by the Company, the initial term of office of Mr. Tsang is one year commencing on 5 November 2014. He is also subject to retirement and re-election in accordance with the provisions set out in the Company’s Bye-laws. Mr. Tsang is entitled to receive a fixed director’s fee of HK\$20,000 per month. Except for the Company’s share option scheme, Mr. Tsang is not eligible to participate in any bonus schemes or other benefits of the kind available to executive directors of the Company. The foregoing emolument of Mr. Tsang is recommended by the Company’s Remuneration Committee and approved by the Board with reference to his qualifications, experience and responsibilities with the Company.

As far as the Board is aware, as at the Latest Practicable Date, Mr. Tsang does not have or is not deemed to have any interests or short positions in the Shares or underlying Shares pursuant to Part XV of the SFO. In addition, Mr. Tsang does not have any relationships with any other directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules).

Save as disclosed above, Mr. Tsang has no information to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters relating to Mr. Tsang’s appointment that need to be brought to the attention of the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; (b) immediately following completion of the Rights Issue assuming scenario (1) no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date; and scenario (2) (a) no repurchase of Existing Shares or New Shares; (b) the Share Options granted and outstanding are fully exercised; and (c) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full on or before the Record Date.

(a) (1) As at the Latest Practicable Date:

<i>Number of Existing Shares</i>		<i>Nominal Value HK\$</i>
<i>Authorised:</i>		
<u>60,000,000,000</u>	Existing Shares of HK\$0.01 each	<u>600,000,000</u>
<i>Issued and fully paid:</i>		
<u>5,986,851,756</u>	Existing Shares of HK\$0.01 each	<u>59,868,517.56</u>

(a) (2) Immediately following completion of the Share Consolidation:

<i>Number of Consolidated Shares</i>		<i>Nominal Value HK\$</i>
<i>Authorised:</i>		
6,000,000,000	Consolidated Shares of HK\$0.1 each	600,000,000
<hr/> <hr/>		
<i>Issued and fully paid:</i>		
598,685,175	Consolidated Shares of HK\$0.1 each	59,868,517.50
<hr/> <hr/>		

(a) (3) Immediately following completion of the Capital Reorganisation:

<i>Number of Adjusted Shares</i>		<i>Nominal Value HK\$</i>
<i>Authorised:</i>		
60,000,000,000	Adjusted Shares of HK\$0.01 each	600,000,000
<hr/> <hr/>		
<i>Issued and fully paid:</i>		
598,685,175	Adjusted Shares of HK\$0.01 each	5,986,851.75
<hr/> <hr/>		

(a) (4) Immediately following completion of the Proposed Increase in Authorised Share Capital:

<i>Number of Adjusted Shares</i>		<i>Nominal Value HK\$</i>
<i>Authorised:</i>		
80,000,000,000	Adjusted Shares of HK\$0.01 each	800,000,000
<hr/> <hr/>		
<i>Issued and fully paid:</i>		
598,685,175	Adjusted Shares of HK\$0.01 each	5,986,851.75
<hr/> <hr/>		

(b) (1) Immediately following the completion of the Rights Issue (assuming no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date)

<i>Issued and to be issued:</i>		<i>(assuming completion of Share Consolidation) Nominal Value HK\$</i>	<i>(assuming completion of Capital Reorganisation) Nominal Value HK\$</i>
598,685,175	New Shares in issue immediately before completion of the Rights Issue	59,868,517.50	5,986,851.75
3,592,111,050	Rights Shares to be allotted and issued under the Rights Issue	359,211,105.00	35,921,110.50
4,190,796,225	New Shares in issue immediately after completion of the Rights Issue	419,079,622.50	41,907,962.25

(b) (2) Immediately following the completion of the Rights Issue (assuming (a) no repurchase of Existing Shares or New Shares; (b) the Share Options granted and outstanding are fully exercised; and (c) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full on or before the Record Date)

<i>Issued and to be issued:</i>		<i>(assuming completion of Share Consolidation) Nominal Value HK\$</i>	<i>(assuming completion of Capital Reorganisation) Nominal Value HK\$</i>
601,946,498	New Shares in issue immediately before completion of the Rights Issue	60,194,649.80	6,019,464.98
3,611,678,988	Rights Shares to be allotted and issued under the Rights Issue	361,167,898.80	36,116,789.88
4,213,625,486	New Shares in issue immediately after completion of the Rights Issue	421,362,548.60	42,136,254.86

All the Rights Shares to be issued will rank pari passu with the Existing Shares or New Shares in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the fully-paid Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, save for the Share Options, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into shares of the Company.

As at the Latest Practicable Date, none of the capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in the Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding
Mr. Wong Howard (Note 1)	Beneficial owner	12,779,400	0.21%
Dr. Kwong Kai Sing Benny (Note 2)	Beneficial owner	40,717,565	0.68%
Mr. Wong Yat Fai (Note 3)	Beneficial owner	12,779,400	0.21%

Notes:

1. Mr. Wong Howard is the chairman and Chief Executive Officer of the Company and an executive Director of the Company.
2. Dr. Kwong Kai Sing Benny is the managing director and an executive Director of the Company.
3. Mr. Wong Yat Fai is an executive Director of the Company.

(b) Long positions in the underlying Shares — physically settled unlisted equity derivatives

Name of Director	Date of grant	Exercise period	Exercise price per Share (subject to adjustments) <i>HK\$</i>	Number of Shares to be issued upon full exercise of the Options granted to the relevant person
Mr. Wong Howard	18/7/2011	1/1/2015–31/12/2016	0.4822	1,800,000
	8/1/2013	1/7/2015–31/12/2017	0.2528	1,800,000
	8/1/2013	1/7/2016–31/12/2017	0.2528	1,800,000
	18/2/2014	18/2/2015–31/12/2017	0.195	<u>4,000,000</u>
				9,400,000
Mr. Wong Yat Fai	18/7/2011	1/1/2012–31/12/2016	0.4822	642,857
	18/7/2011	1/1/2013–31/12/2016	0.4822	642,857
	18/7/2011	1/1/2014–31/12/2016	0.4822	642,857
	18/7/2011	1/1/2015–31/12/2016	0.4822	642,857
	8/1/2013	1/7/2013–31/12/2017	0.2528	1,157,142
	8/1/2013	1/7/2014–31/12/2017	0.2528	1,157,142
	8/1/2013	1/7/2015–31/12/2017	0.2528	1,157,142
	8/1/2013	1/7/2016–31/12/2017	0.2528	1,157,142
	18/2/2014	18/2/2014–31/12/2017	0.195	1,500,000
	18/2/2014	18/2/2015–31/12/2017	0.195	<u>1,500,000</u>
				10,199,996

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, none of the persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no person had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS, ASSETS/CONTRACTS

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly subsisted as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of their respective subsidiaries, respectively, since 31 March 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

There is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.

6. EXPERTS

The following are the qualifications of the experts who have given opinions or advice, which are contained in this circular:

Name	Qualification
Nuada Limited	a licensed corporation to carry out business in Type 6 (advising on corporate finance) regulated activity under the SFO
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, none of the above experts had direct or indirect shareholdings in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for shares in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of their respective subsidiaries, respectively, since 31 March 2014, the date to which the latest published audited financial statements of the Group were made up.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its reports and references to its name in the form and context in which they appear.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any other member of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of the Latest Practicable Date and are or may be material:

- (i) a deed of variations dated 8 February 2013 entered into between the Company and the bondholders, pursuant to which the Company and the bondholders conditionally agree to vary certain terms and conditions of the convertible bonds by (i) extending the maturity date of the convertible bonds; (ii) making certain portion of the convertible bonds interest bearing; (iii) imposing restriction on the conversion rights attached to the convertible bonds; (iv) lowering the conversion price of the convertible bonds; and (v) giving the Company a right to require mandatory conversion upon maturity of the convertible bonds subject to and upon the terms and conditions stipulated in the deed of variations;
- (ii) an underwriting agreement dated 25 June 2013 entered into between the Company and Freeman Securities Limited (as underwriter) in relation to the underwriting arrangement in respect to a rights issue of the Company of not less than 1,355,825,218 right shares and not more than 2,292,650,866 rights shares at a subscription price of HK\$0.1 per rights share on the basis of two rights shares for every share of the Company held on the record date;

- (iii) a placing agreement dated 7 July 2014 entered into between Freeman Securities Limited (as placing agent) and the Company, pursuant to which Freeman Securities Limited has conditionally agreed to place a total of 406,747,565 new shares of the Company on a best effort basis, to not less than six independent placees, at a price of HK\$0.125 per placing share and the placing agreement was revised by the Company and Freeman Securities Limited on 14 July 2014 to change (a) the expiry date of the placing period from the 30th day after the date of the placing agreement to the date of 23 July 2014 or such other period as agreed by Freeman Securities Limited and the Company and (b) the long stop date for fulfillment of the condition precedent of the placing agreement from the 14th day after expiry of the placing period to the date of 28 July 2014 (or such later date as may be agreed between the Company and Freeman Securities Limited);
- (iv) a deed of variations dated 8 July 2014 entered into between the Company and the bondholders, pursuant to which the Company and the bondholders conditionally agree to vary certain terms and conditions of the bonds by, inter alia, (i) extending the maturity date of the Bonds; (ii) making the interest bearing part of the bonds non-interest bearing but convertible such that the entire bonds are convertible and are subject to the same terms and conditions; and (iii) lowering the conversion price of the bonds subject to and upon the terms and conditions stipulated in the deed of variations;
- (v) a conditional subscription agreement dated 30 July 2014 entered into between the Company (as the issuer) and Mr. Fu Rulin (“**Mr. Fu**”, as the subscriber) in relation to the subscription of convertible notes in the principal amount of HK\$133.2 million and a supplemental agreement dated 31 October 2014 entered into between the Company and Mr. Fu, pursuant to the supplemental agreement, the Company and Mr. Fu agreed (a) to extend the latest time and date for fulfillment of the conditions precedent under the subscription agreement to 5:00 p.m. on 31 December 2014 (or such other date as the Company and Mr. Fu may agree in writing); and (b) that the provisions of the subscription agreement shall, save as varied or amended by the supplemental agreement, remain unchanged and continue in full force and effect, and shall be read and construed as one document with the supplemental agreement;
- (vi) a memorandum of understanding dated 28 August 2014 entered into amongst others, the Company and Mr. Fu (as the controlling shareholder of Tianji Trade Co. Limited) entered into in relation to the proposed acquisition by the Company or its nominated subsidiary of the entire issued share capital of Tianji Trade Co. Limited for an aggregate purchase price of HK\$600 million (“**MOU**”) and an addendum to supplement the MOU dated 31 October 2014 entered into the Company (as the buyer), Mr. Fu (as the controlling shareholder of Tianji Trade Co. Limited), and Great Aqua Limited (as the seller), inter alia, agreed to extend the expiry time and date of the Exclusivity Period to 11:59 p.m. on 31 December 2014;
- (vii) a subscription agreement and a supplemental agreement dated 19 September 2014 and 22 September 2014 respectively entered into between Four Sheets Limited (a wholly-owned subsidiary of the Company) (as subscriber) and HEC Capital Limited

(as issuer), pursuant to which HEC Capital Limited has conditionally agreed to issue, and Four Sheets Limited has conditionally agreed to subscribe for, or procure its nominee to subscribe for, 10,000,000 new shares of HEC Capital Limited at the subscription price of approximately HK\$6.50 per share of HEC Capital Limited for an aggregate consideration of HK\$65 million, which shall be satisfied by the issue of promissory note by the Company to HEC Capital Limited or its nominee;

- (viii) a subscription agreement dated 19 September 2014 entered into between West West Limited (a wholly-owned subsidiary of the Company) (as subscriber) and Freeman Corporation Limited (as issuer), pursuant to which Freeman Corporation Limited has conditionally agreed to issue, and West West Limited has conditionally agreed to subscribe for, or procure its nominee to subscribe for, 30,344,827 new shares of Freeman Corporation Limited at the subscription price of approximately HK\$2.90 per share of Freeman Corporation Limited for an aggregate consideration of HK\$88 million, and the consideration shall be satisfied by the issue of promissory note by the Company to Freeman Corporation Limited or its nominee;
- (ix) a placing agreement dated 31 October 2014 entered into between the Company and Get Nice Securities Limited regarding the placing on a best effort basis of a maximum of 495,192,763 placing shares at a price of HK\$0.175 per placing share to not less than six placees who and whose ultimate beneficial owners will be independent third parties not connected with the Company and its connected persons;
- (x) a placing agreement dated 14 November 2014 entered into between the Company and Freeman Securities Limited regarding the placing on a fully underwritten basis of a total of 921,141,959 placing shares at a price of HK\$0.15 per placing share to not less than six places who and whose ultimate beneficial owners will be independent third parties not connected with the Company and its connected persons;
- (xi) a loan agreement dated 14 November 2014 entered into Top Billion Finance Limited (an indirect wholly-owned subsidiary of the Company) (as lender) and Cordoba Homes Limited (as borrower) in relation to a revolving loan facility of HK\$75,000,000 that can be drawn down at any time within a period of twelve (12) months from the date of the loan agreement;
- (xii) a conditional agreement dated 28 November 2014 entered into between Qualipak Development Limited (as vendor) and Sino Green Holdings Limited (as purchaser), an indirect wholly owned subsidiary of the Company in relation to the acquisition of the entire issued share capital of King Place Investments Limited (which is the sole legal and beneficial owner of the commercial property in Hong Kong) together with assignment of the shareholder loan for a consideration of HK\$92 million;
- (xiii) a loan agreement dated 3 December 2014 entered into between Top Billion Finance Limited (an indirect wholly-owned subsidiary of the Company) (as lender) and Freeman Corporation Limited (as borrower) in relation to the revolving loan facility with a principal amount of HK\$50,000,000 that can be drawn down at any time within a period of two (2) years from the date of the loan agreement; and

- (xiv) an Underwriting Agreement and the supplemental agreement dated 5 December 2014 and 7 January 2015 respectively entered into between the Company and Freeman Securities Limited (as underwriter) in relation to the underwriting arrangement in respect to a rights issue of the Company of not less than 3,592,111,050 right shares and not more than 3,611,678,988 rights shares at a subscription price of HK\$0.15 per rights share on the basis of six rights share for every share of the Company held on the record date.

10. CORPORATE INFORMATION

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head office and principal place of business in Hong Kong	Room 1603-05 Harcourt House 39 Gloucester Road Wanchai, Hong Kong
Branch Share registrar and transfer office in Hong Kong	Tricor Tengis Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives	Mr. Wong Yat Fai Room 1603-05 Harcourt House 39 Gloucester Road Wanchai, Hong Kong Mr. Szeto Pui Tong, Patrick Room 1603-05 Harcourt House 39 Gloucester Road Wanchai, Hong Kong
Company secretary	Mr. Szeto Pui Tong, Patrick (“ Mr. Szeto ”) Mr. Szeto is an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries, the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators

Legal adviser to the Company in relation to the Rights Issue	Ching & Solicitors Suite 2201-03, 22nd Floor China United Centre 28 Marble Road North Point, Hong Kong
Auditors	Ernst & Young <i>Certified Public Accountants</i> 22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited No. 1 Queen's Road Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong

DIRECTORS**Particulars of Directors****Name****Address****Executive Directors**

Mr. Wong Howard (<i>Chairman & Chief Executive Officer</i>)	Room 1603-05 Harcourt House 39 Gloucester Road Wanchai, Hong Kong
Dr. Kwong Kai Sing, Benny (<i>Managing Director</i>)	Room 1603-05 Harcourt House 39 Gloucester Road Wanchai, Hong Kong
Mr. Wong Yat Fai	Room 1603-05 Harcourt House 39 Gloucester Road Wanchai, Hong Kong
Ms. Davis Angela Hendricks	Room 1603-05 Harcourt House 39 Gloucester Road Wanchai, Hong Kong

Ms. Chen Wei Room 1603-05
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Mr. Zhan Jianzhou Room 1603-05
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

**Independent non-executive
Directors**

Mr. Li Chi Ming Room 1603-05
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Mr. Kwok Chi Kwong Room 1603-05
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Mr. Chen Youchun Room 1603-05
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Mr. Frank H. Miu Room 1603-05
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Mr. Tsang Wing Ki Room 1603-05
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Executive Directors:

Mr. Wong Howard (“Mr. Wong”), aged 59, is an executive Director, the Chairman of the Board, the Chief Executive Officer and the Chairman of both the Executive Committee and Nomination Committee of the Company. He is also a director of certain subsidiaries of the Company. Mr. Wong joined the Group in February 2000. He has over 20 years of senior management experience in overall strategy, business development and retail chain shops establishment. Mr. Wong had been a managing director of a listed company in Hong Kong for two years before joining the Group.

Dr. Kwong Kai Sing, Benny (“Dr. Kwong”), aged 56, is an executive Director, the managing director and a member of both the Executive Committee and Remuneration Committee of the Company. He holds a Bachelor Degree in Arts from Simon Fraser University in British Columbia, Canada and was awarded the Honor Degree of Doctor of Commerce by The University of West Alabama in 2008. Dr. Kwong held senior positions with major international banks in Hong Kong in respective lending departments and China department for many years. For the past several years, he has served as executive director of over 10 publicly listed companies both in Hong Kong, Canada and the United Kingdom. Dr. Kwong has extensive knowledge in corporate finance and banking.

Dr. Kwong was a director of the Tung Wah Group of Hospitals from 2008 to 2010 and was a member of the Campaign Committee of The Community Chest from 2006 to 2010. Dr. Kwong was nominated as 中國企業創作新優秀人物 in China in 2006 and was an appointed member of the China People’s Political Consultative Conference of the Hubei Province in 1995 to 1996. He is currently an appointed member of the China People’s Political Consultative Conference of the Zhaoqing City. During the last three years, Dr. Kwong was an executive director of Heritage International Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 412).

Mr. Wong Yat Fai (“Mr. Wong”), aged 55, is an executive Director and a member of both the Executive Committee and Nomination Committee of the Company. He is also a director of certain subsidiaries of the Company. Mr. Wong joined the Group in February 2000. He holds a professional diploma in banking from The Hong Kong Polytechnic University. Prior to joining the Group, Mr. Wong had over 13 years of working experience in an international banking group. He is a non-executive director of C C Land Holdings Limited (stock code: 1224) and Y. T. Realty Group Limited (stock code: 75) and an independent non-executive director of Mission Capital Holding Limited (stock code: 1141), all being listed on the main board of the Stock Exchange.

Ms. Davis Angela Hendricks (“Ms. Davis”), aged 47, is an executive Director and a member of the Executive Committee of the Company. She holds a Master Degree in Law from the Columbia University and Juris Doctor, cum laude, and a Bachelor of Science Degree, cum laude, from the University of Louisville. Ms. Davis is a member of the Kentucky Bar Association and she has extensive experience as a commercial litigator in the Louisville, Kentucky offices of Stites & Harbison, and as a deal lawyer in the New York and Beijing offices of Paul, Weiss, Rifkind, Wharton & Garrison. During the last three years, Ms. Davis was an executive director of Unity Investments Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 913).

Ms. Chen Wei (“Ms. Chen”), aged 33, is an executive Director and a member of the Executive Committee of the Company. She holds a Bachelor of Science degree in International Finance from the Beijing University of Aeronautics and Astronautics, a Master of Science degree in Money, Banking and Finance from the University of Birmingham and a PhD degree in Economics from the University of Birmingham. Ms. Chen has extensive experience in the finance and banking industry. Prior to joining the Group, Ms. Chen was an Assistant Vice President of BNP Paribas Wealth Management, Hong Kong Branch where she became a Chartered Financial Analyst. Before that, Ms.

Chen was a Senior Manager at Guosen Securities (HK) Financial Holdings Limited assisting in the execution of financial advisory, delisting and initial public offering works. She had also worked in the United Kingdom and Mainland China for HSBC Plc and The Bank of China respectively before moving to Hong Kong.

Ms. Chen was an executive director of Heritage International Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 412) from October 2013 to October 2014. Ms. Chen currently is an independent non-executive director of Mission Capital Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 1141).

Mr. Zhan Jianzhou (“Mr. Zhan”), aged 43, is an executive Director and a member of the Executive Committee of the Company. He was awarded the Certificate in Foreign Trade by Shenzhen University and completed the postgraduate course of professional studies in business administration at Sichuan University. He holds a Master of Business Administration from Sun Yat-sen University. He held senior positions with major international banks and financial investment groups for years. Mr. Zhan was nominated as the outstanding private entrepreneur in Laibin City, Guangxi in 2006. Mr. Zhan has extensive knowledge in corporate finance and banking. Mr. Zhan has been the vice president of Guangdong Sunwin Group Co., Ltd. since 2005, director of China Jinhai Group Limited since 2011 and director of Easy (Beijing) Investment Co., Ltd. since 2013.

Independent Non-executive Directors:

Mr. Li Chi Ming (“Mr. Li”), aged 57, is an independent non-executive Director, the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nomination Committee of the Company. He joined the Group in February 2000. Mr. Li holds an Honorary Bachelor of Laws (LLB) and Postgraduate Certificate in Laws (PCLL) from The University of Hong Kong, and Master of Laws (LLM) from City University of Hong Kong. He has been a Partner of Messrs Poon, Yeung & Li, Solicitors over 19 years.

Mr. Kwok Chi Kwong (“Mr. Kwok”), aged 50, is an independent non-executive Director and a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He holds a master degree in business administration from the University of Leicester. Mr. Kwok is a Certified Public Accountant (Practicing) registered with the Hong Kong Institute of Certified Public Accountants (“HKICPA”), an associate member of the HKICPA and a fellow member of the Association of Chartered Certified Accountants. Mr. Kwok has been a partner of JYC & Co since 2005. He has gained more than 20 years of experience in auditing, accounting and finance area.

Mr. Chen Youchun (“Mr. Chen”), aged 38, is an independent non-executive Director and a member of the Audit Committee and Remuneration Committee of the Company. He holds degree of Bachelor of Laws from Southwest University of Political Science and Law in 2000 and the University of Northumbria in 2011 and a Master degree in Laws from Wuhan University in 2007. Mr. Chen is a foreign lawyer registered with The Law Society of Hong Kong. Mr. Chen has extensive experience in corporate financing, private equity, venture capitals, IPO and listing, and mergers and acquisitions. Mr. Chen has been a partner of the Shenzhen office of JunZeJun Law Offices since 2006. Mr. Chen is an independent director of Shenzhen Century Plaza Hotel Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000033) and Hainan Honz Pharmaceutical Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300086).

Mr. Frank H. Miu (“Mr. Miu”), aged 65, is an independent non-executive Director and a member of the Audit Committee of the Company. He holds a Juris Doctor degree from Harvard Law School and a Bachelor of Arts degree in Economics and Accounting from St. John’s University of Minnesota in the United States of America. He is a member of the American Bar Association and the American Institute of Certified Public Accountants. He is also a fellow of Hong Kong Institute of Directors. Apart from professional experience in law and accounting, he has extensive exposure to various industries including financial services. During the last three years, Mr. Miu was an independent non-executive director of Freeman Financial Corporation Limited (a company listed on the main board of the Stock Exchange, stock code: 279) from December 2011 to August 2013 and Tack Fiori International Group Limited (a company listed on the main board of the Stock Exchange, stock code: 928) from August 2011 to May 2014. Mr. Miu is presently an independent non-executive director of Mascotte Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 136) and Willie International Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 273). Aside from directorships in the aforesaid public companies listed on the Stock Exchange, he is also an independent non-executive director of Duoyuan Global Water Inc., (previously listed on the New York Stock Exchange).

Mr. Tsang Wing Ki (“Mr. Tsang”), aged 53, is an independent non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. He holds a master’s degree in professional accounting from the Hong Kong Polytechnic University. Mr. Tsang is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Tsang has more than 20 years of experience in auditing and financial accounting. During the last three years, Mr. Tsang was an independent non-executive director of Unity Investments Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 913) from September 2004 to October 2014 and an executive director of Noble Jewelry Holdings Limited (currently known as Zhong Fa Zhan Holdings Limited) (a company listed on the main board of the Stock Exchange, stock code: 475) from August 2008 to December 2011.

11. MISCELLANEOUS

The English text of this circular shall prevail over their Chinese text in case of inconsistencies.

12. EXPENSES

The expenses in connection with the Rights Issue, including the underwriting commission, financial advisory fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$19.25 million on the basis of not less than 3,592,111,050 Rights Shares and not more than 3,611,678,988 Rights Shares to be issued, and will be payable by the Company.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 1603-05, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong, from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 March 2012, 31 March 2013 and 31 March 2014 and the interim report of the Company for the six months period ended 30 September 2014;
- (c) the letter of advice from the Independent Financial Advisor, the text of which is set out on pages 49 to 76 of this circular;
- (d) the letter from the Independent Board Committee, the full text of which is set out on pages 47 to 48 of this circular;
- (e) the report on the Unaudited Pro Forma Financial Information of the Group issued by Ernst & Young, the text of which is set out in Appendix II to this circular;
- (f) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix;
- (g) the written consent referred to in the paragraph under the heading “Experts” in this Appendix;
- (h) copy of circulars of the Company dated 24 October 2014, 16 October 2014, 1 August 2014, and 18 July 2014; and
- (i) this circular.

NOTICE OF THE SGM

China Jinhai International Group Limited

中國金海國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of China Jinhai International Group Limited (the “**Company**”) will be held at Falcon Room I (Basement), Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 27 February 2015 at 9:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Consolidated Shares (as defined below):
 - (a) with effect from the day (on which shares are traded on the Stock Exchange) immediately following the date of passing of this resolution by the shareholders of the Company, every ten (10) existing shares of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one (1) share of HK\$0.1 (the “**Consolidated Shares**”) in the issued and unissued share capital of the Company (the “**Share Consolidation**”);
 - (b) all of the Consolidated Shares resulting from the Share Consolidation shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the bye-laws of the Company;
 - (c) any fractional entitlements to the issued Consolidated Shares arising as a result of the Share Consolidation will be aggregated and, if possible, sold and the net proceeds shall be retained for the benefit of the Company by an agent appointed by the Company’s board of directors for that purpose; and
 - (d) any one director of the Company (the “**Directors**”) be and is authorised to approve, sign and execute such documents and take any and all steps, and to do and/or procure to be done any and all acts and things which in his/her opinion may be necessary, desirable or expedient to implement and carry into effect this resolution.”

* For identification purposes only

NOTICE OF THE SGM

2. “THAT

- (a) subject to and conditional upon the passing of the resolution numbered 1 and number 3 and conditional upon fulfillment of the conditions of the Underwriting Agreement (as defined below), the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved;
- (b) the underwriting agreement dated 5 December 2014, as amended by a supplemental agreement dated 7 January 2015 in respect of the Rights Issue (as defined hereinbelow) and made between the Company and Freeman Securities Limited (together, the “**Underwriting Agreement**”) (a copy of the Underwriting Agreement has been produced to the Meeting marked “A” and signed by the Chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) subject to the fulfillment of the conditions set out in the Underwriting Agreement, the allotment and issue of not less than 3,592,111,050 New Shares (as defined below) and not more than 3,611,678,988 New Shares (the “**Rights Shares**”) in the share capital of the Company pursuant to an offer by way of rights to the holders of New Shares (the “**Shareholders**”) at the subscription price of HK\$0.15 per Rights Share on the basis of six Rights Shares for every Consolidated Share, or where the special resolution numbered 4 is passed, the Adjusted Share (as defined below) (the Consolidated Share or the Adjusted Share, as the case maybe, are hereinafter referred to as the “**New Shares**”) held by the Shareholders whose names appear on the register of members of the Company on Tuesday, 10 March 2015 (the “**Record Date**”) as described in further details in a circular issued by the Company dated 23 January 2015 and on and subject to such terms and conditions as may be determined by the directors of the Company (the “**Rights Issue**”), be and is hereby approved, confirmed and ratified; and
- (d) the directors of the Company be and are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing shareholdings of the Shareholders and, in particular, the directors of the Company may make such exclusions or other arrangements in relation to Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution.”

NOTICE OF THE SGM

3. “**THAT** subject to and conditional upon the passing of the resolutions numbered 1 and 2 above and the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Warrants (as defined below) and any New Shares which may be issued upon the exercise of the subscription rights attaching to the Warrants, the Directors be and are hereby authorised:
- (a) to create and issue warrants (the “**Warrants**”), which shall be in registered form and exercisable in whole or in part at any time within a period of 12 months from the date of issue of the Warrants, to subscribe for New Shares at an initial subscription price of HK\$0.1 per New Share (subject to adjustments) and otherwise on the terms and subject to the conditions set out in the warrant instrument (the “**Warrant Instrument**”), a copy of the form of which has been produced to this meeting marked “B” and signed by the Chairman of this meeting for the purpose of identification, by way of bonus to the first registered holders of the fully paid Rights Shares under the Rights Issue on the basis of one Warrant for every six fully paid Rights Shares taken up and so that each Warrant shall confer on the holder thereof the right to subscribe for one New Share at HK\$0.1 per New Share;
 - (b) any Director be and is hereby authorised to affix the common seal of the Company to and sign the Warrant Instrument in accordance with the bye-laws of the Company;
 - (c) any Director be and is hereby authorised to allot and issue the Warrants and the New Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants or any of them;
 - (d) the performance of all transactions contemplated under or in connection with the issuance of the Warrants be and are hereby approved; and
 - (e) the Directors be and are hereby authorised to do all acts and things and execute all documents which in their opinion may be necessary, desirable or expedient to carry out or to give effect to any or all transactions contemplated in this resolution.”

SPECIAL RESOLUTION

4. “**THAT** subject to and conditional upon (i) the passing of the resolution numbered 1 above; (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the Adjusted Shares (as defined below) in the capital of the Company; and (iii) the compliance by the Company with the requirements applicable to the Capital Reduction (as defined below) pursuant to the

NOTICE OF THE SGM

Companies Act 1981 of Bermuda; with effect from 9:00 a.m. (Hong Kong time) on the business day immediately following the passing of this resolution:

- (a) the total number of the Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation be rounded down to a whole number by cancelling the fractional Consolidated Share arising from the Share Consolidation;
- (b) the issued share capital of the Company be reduced by way of a cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Share (together with (a) above, the “**Capital Reduction**”) so that the nominal value of each issued Consolidated Share be reduced from HK\$0.10 to HK\$0.01 (each such reduced share, an “**Adjusted Share**”);
- (c) each authorised but unissued Consolidated Share of HK\$0.10 be subdivided into ten (10) shares of HK\$0.01 each; and
- (d) the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company and that the Directors be authorised to apply the balance in the contributed surplus account in any manner permitted by the laws of Bermuda and the bye-laws including but not limited to setting off against the accumulated losses of the Company.”

ORDINARY RESOLUTIONS

5. “**THAT** subject to and conditional upon the passing of resolutions numbered 1 and 4 above, the authorised share capital of the Company be and is, hereby increased from HK\$600,000,000 divided into 60,000,000,000 ordinary shares of HK\$0.01 each to HK\$800,000,000 divided into 80,000,000,000 Adjusted Shares of HK\$0.01 each by the creation of an additional new 20,000,000,000 unissued Adjusted Shares in the Company with effect from the business day immediately following the date on which this resolution is passed.”
6.
 - (a) To re-elect Ms. Chen Wei as an executive director of the Company;
 - (b) To re-elect Mr. Zhan Jianzhou as an executive director of the Company;
 - (c) To re-elect Mr. Frank H. Miu as an independent non-executive director of the Company; and

NOTICE OF THE SGM

- (d) To re-elect Mr. Tsang Wing Ki as an independent non-executive director of the Company.”

Yours faithfully,
On behalf of the Board
China Jinhai International Group Limited
Wong Howard
Chairman

Hong Kong, 23 January 2015

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*
Room 1603-05
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more separate proxy(ies) to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the Meeting is enclosed with the circular of the Company dated 23 January 2015.
3. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Meeting (or any adjournment thereof). Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Meeting or at any adjourned meeting (as the case may be) should they so wish and in such event, the proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any share in the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, the joint member whose name stands first on the register of members of the Company in respect of such share, or his proxy, shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holder(s) in respect thereof.
5. The votes at the Meeting will be taken by poll.

NOTICE OF THE SGM

As at the date of this notice, the Board comprises:

Executive Directors

Mr. Wong Howard

(Chairman and Chief Executive Officer)

Dr. Kwong Kai Sing, Benny *(Managing Director)*

Mr. Wong Yat Fai

Ms. Davis Angela Hendricks

Ms. Chen Wei

Mr. Zhan Jianzhou

Independent Non-executive Directors

Mr. Li Chi Ming

Mr. Kwok Chi Kwong

Mr. Chen Youchun

Mr. Frank H. Miu

Mr. Tsang Wing Ki