

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in China Jinhai International Group Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Dealings in Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, having attached hereto the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies” in appendix IV to this Prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of any of the Prospectus Documents.

Subject to the granting of the listing of, and the 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 Rights Shares in each of 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of the Prospectus Documents, 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 the Prospectus Documents.

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)

**RIGHTS ISSUE ON THE BASIS OF SIX (6) RIGHTS SHARES
FOR EVERY 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**

Underwriter



Freeman Securities Limited

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

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares (if any) is 4:00 p.m. on Wednesday, 25 March 2015. The procedure for acceptance and payment or transfer of the Rights Shares is set out on pages 18 to 20 of this Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 13 March 2015 to Friday, 20 March 2015 (both days inclusive). If the conditions of the Rights Issue (as described on pages 21 to 22 of this Prospectus) are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any dealing in the nil-paid Rights Shares during the period from Friday, 13 March 2015 to Friday, 20 March 2015 (both days inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company at any time on or prior to 4:00 p.m. on the Latest Termination Date to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed “Termination of the Underwriting Agreement” on page 9 of this Prospectus. If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 21 to 22 of this Prospectus being fulfilled. In the event that such conditions have not been satisfied by the Underwriter in accordance with the Underwriting Agreement on or before 4:00 p.m. on 31 May 2015, all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement. In such event, the Rights Issue will not proceed.

* For identification purposes only

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue with the Bonus Warrant Issue is set out below:

First day of dealings in nil-paid Rights Shares 9:00 a.m. on Friday,
13 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

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

Dealings in fully-paid Rights Shares commence 9:00 a.m. on Thursday,
9 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 the Stock Exchange commence 9:00 a.m. on Thursday,
9 April 2015

All times in this Prospectus refer to Hong Kong times. Dates stated in this Prospectus 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.

EXPECTED TIMETABLE

Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares 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 for acceptance of and payment for the Rights Shares and for application and payment for excess 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; or
- (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 for acceptance of and payment for the Rights Shares and for application and payment for excess 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 in Hong Kong 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 and for application and payment for excess Rights Shares (if any) does not take place on Wednesday, 25 March 2015, the dates mentioned in the section headed “Expected timetable” in this Prospectus may be affected. A further announcement will be made by the Company in such event.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the following meanings:

“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) to be issued by the Company under the Rights Issue entitling the holder(s) thereof to subscribe for Adjusted Share(s) at the Exercise Price of HK\$0.1 per Adjusted 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 Adjusted Share(s) to be allotted and issued pursuant to the exercise of the subscription rights attached to the Bonus Warrant(s)
“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 reduction of the issued share capital of the Company whereby (i) the nominal value of all the issued Consolidated Shares was 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 was reduced and cancelled
“Capital Reorganization”	the Capital Reduction, the Subdivision and the transactions contemplated thereunder

DEFINITIONS

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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)
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“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. The completion of the Conditional Agreement has been postponed to 30 April 2015 (or such other date as the parties may further agree in writing) so as to allow the Company to settle the balance of the consideration payable under the Conditional Agreement after completion of the Rights Issue
“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(s)”/ “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 Shareholder(s) 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

DEFINITIONS

“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)
“Group”	the Company and the subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the 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
“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(Parties)”	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 Old 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”	5 March 2015, being the latest practicable date prior to the printing of this Prospectus 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

DEFINITIONS

“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
“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)
“Old Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation and the Capital Reorganization becoming effective
“Overseas Shareholder(s)”	those person(s) who registered address(es) (as shown in the register of members of the Company at the close of business on the Record Date) which is (are) outside Hong Kong
“Posting Date”	11 March 2015, being the date of despatch of the Prospectus Documents
“Prospectus”	this prospectus issued by the Company in connection with the Rights Issue with Bonus Warrant Issue
“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
“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 Excluded Shareholders
“Record Date”	10 March 2015, being the date by reference for the determination of the entitlements under the Rights Issue
“Registrar”	Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong
“Rights Issue”	the proposed offer of the Rights Shares on the basis of six (6) Rights Shares for every 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

DEFINITIONS

“Rights Shares”	3,592,111,050 Adjusted Shares to be issued and allotted by the Company pursuant to the Rights Issue
“Scheme Mandate”	the mandate granted to the Directors to grant Share Options to subscribe for 460,570,979 Old 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 held on 27 February 2015 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 and Increase in Authorised Share Capital
“Share(s)”	the Old Share(s), Consolidated Share(s) and Adjusted Share(s), as the case may be
“Share Consolidation”	the consolidation of every ten (10) issued and unissued Old Shares of HK\$0.01 each into one (1) Consolidated Share of par value HK\$0.10
“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 the Share(s)
“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

DEFINITIONS

“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”	3,592,111,050 Untaken Shares not taken up by the Qualifying Shareholders
“Untaken Shares”	Underwritten Shares not taken up at or before 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*)
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

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

11 March 2015

To the Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF SIX (6) RIGHTS SHARES
FOR EVERY 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**

INTRODUCTION

On 8 December 2014, the Company announced that conditional upon the Share Consolidation becoming effective, the Company proposes 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 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 Rights Issue and the Bonus Warrant Issue were approved by the Independent Shareholders at the SGM.

* *For identification purposes only*

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with further details of the Rights Issue with Bonus Warrant Issue.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	six (6) Rights Shares for every Share held on the Record Date with Bonus Warrants on the basis of one Bonus Warrant for every six (6) Rights Shares taken up
Subscription Price:	HK\$0.15 per Rights Share
Number of Adjusted Shares in issue as at the Record Date:	598,685,175 Adjusted Shares
Number of Rights Shares:	3,592,111,050 Rights Shares
Number of Rights Shares underwritten by the Underwriter:	all the Rights Shares

The 3,592,111,050 nil-paid Rights Shares proposed to be provisionally allotted and issued, representing approximately 85.71% of the issued share capital of the Company as enlarged by the allotment and issue of the 3,592,111,050 Rights Shares. The aggregate nominal value of the 3,592,111,050 Rights Shares of nominal value of HK\$0.01 each will be HK\$35,921,110.50.

As at the Latest Practicable Date, the Company has 3,204,226 outstanding Share Options granted pursuant to the Share Option Schemes exercisable prior to the Record Date and 3,160,508 outstanding Share Options granted and to be vested after the Record Date entitling the holders thereof to subscribe for up to 6,364,734 Adjusted 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 Adjusted Shares.

Subject to the satisfaction of the conditions of the Rights Issue, the Bonus Warrants will be issued to the first registered holders of the fully paid Rights Shares on the basis of one (1) Bonus Warrant for every six (6) Rights Shares taken up under the Rights Issue. On the basis of 3,592,111,050 Rights Shares to be issued under the Rights Issue, 598,685,175 Bonus Warrants will be issued under the Bonus Warrant Issue.

The 598,685,175 Bonus Warrant Shares to be issued upon exercise of the Bonus Warrants represent approximately 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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Directors have not received any information from any substantial Shareholders (there are no substantial Shareholders as at the Latest Practicable Date) of their intention to take up the Rights Shares provisionally allotted or offered to them or to be provisionally allotted or offered to them.

Qualifying Shareholders

The Company has sent the Prospectus Documents to Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

- i. be registered as a member of the Company at the close of business on the Record Date; and
- ii. be a Qualifying Shareholder.

Rights of the Overseas 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 based on the register of members of the Company. The Company has been advised by its legal advisers on the laws of England and Wales and Macau that there are no legal restrictions under the applicable laws or regulations of these two jurisdictions with respect to the offer of the Rights Issue to the Overseas Shareholders in these two jurisdictions and that there are no registrations and/or filing requirements regarding the offer of the Rights Issue to these Overseas Shareholders. Based on the advice of the Company's legal advisers on the laws of England and Wales and Macau, the Directors believe that the Prospectus Documents would not be required to be registered under the relevant laws and regulations of these two jurisdictions and may be despatched to the Overseas Shareholders with registered addresses in these two jurisdictions without any restrictions. In view of this, the Directors have decided to extend the Rights Issue to the Overseas Shareholders with registered addresses in the United Kingdom and Macau and such Overseas Shareholders, together with the Shareholders with registered addresses in Hong Kong, are Qualifying Shareholders. The Company will send the Prospectus Documents to such Qualifying Shareholders.

As at the Latest Practicable Date, there is no Excluded Shareholders. If there are any Excluded Shareholders, 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.

LETTER FROM THE BOARD

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

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 Old 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 Old 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 Old 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 75.72% to the unaudited net asset value per Consolidated Share of approximately HK\$0.6177 as at 30 September 2014 based on the unaudited net asset value of approximately HK\$369,811,000 and 598,685,175 Consolidated Shares immediately after Share Consolidation but before completion of the Rights Issue;
- (v) a discount of approximately 29.31% to the unaudited net asset value per Adjusted Share of approximately HK\$0.2122 as at 30 September 2014 based on the unaudited net asset value of approximately HK\$889,375,000 as adjusted by the net proceeds from the Rights Issue and 4,190,796,225 Adjusted Shares immediately after completion of the Rights Issue; and
- (vi) a discount of approximately 33.63% to the closing price of HK\$0.226 per Adjusted Share as quoted on the Stock Exchange on the Latest Practicable Date.

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 Old 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 Old 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, the net price per Rights Share will be approximately HK\$0.145.

Basis of the provisional allotment and fractions of the Rights Shares

On the basis of provisional allotment of six (6) Rights Shares for every one (1) 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.

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 598,685,175 Bonus Warrants will be issued. Each of the Bonus Warrant will entitle the holder(s) thereof to subscribe for one Adjusted Share at the Exercise Price of HK\$0.1 per Adjusted 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 598,685,175 Bonus Warrant Shares to be issued upon exercise of the Bonus Warrants represent approximately 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.

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 Old 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 Old 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;

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- (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 Old 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 Old Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 83.81% to the unaudited net asset value per Consolidated Share of approximately HK\$0.6177 as at 30 September 2014 based on the unaudited net asset value of approximately HK\$369,811,000 and 598,685,175 Consolidated Shares immediately after Share Consolidation but before completion of the Rights Issue;
- (vi) a discount of approximately 49.55% to the unaudited net asset value per Adjusted Share of approximately HK\$0.1982 as at 30 September 2014 based on the unaudited net asset value of approximately HK\$949,244,000 as adjusted by the net proceeds from the Rights Issue and the issue of Bonus Warrant Shares and 4,789,481,400 Adjusted 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 55.75% to the closing price of HK\$0.226 per Adjusted Share as quoted on the Stock Exchange on the Latest Practicable Date.

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 the same 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 approximately HK\$59.9 million (assuming all the Bonus Warrants are exercised) 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

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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 Adjusted Shares. Further details of adjustments are listed in Appendix III to this Prospectus.

Assuming all the Bonus Warrants are exercised, a gross proceeds and net proceeds of approximately HK\$59.9 million and HK\$59.9 million, respectively, will be raised. The net price per Bonus Warrant Share is therefore approximately HK\$0.1. The nominal value of all the Bonus Warrant Shares that may fall to be issued is approximately HK\$5.99 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 Adjusted 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;
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.

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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 or before 8 April 2015 by ordinary post to the applicants at their own risk. Applicant(s) will receive one Share certificate/Warrant certificate for all Rights Shares/Bonus Warrants issued to him/her/it/them respectively. 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.

Application for listing, dealings and settlement

The Company has applied 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 Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Application has been made to HKSCC for the admission of the Bonus Warrants into CCASS operated by HKSCC. All necessary arrangements have been 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 Adjusted 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 Adjusted Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus 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.

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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.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 14,000 Adjusted 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, SFC transaction levy or any other applicable fees and charges in Hong Kong.

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.

Status of the Rights Shares and the Bonus Warrant Shares

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

Procedure for acceptance and payment or transfer

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles them to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than 4:00 p.m. on 25 March 2015. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "China Jinhai International Group Limited — PAL" and crossed "Account Payee Only".

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It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been received by the Registrar by 4:00 p.m. on 25 March 2015, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for excess application under the EAFs by the Qualifying Shareholders.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PALs or to transfer their rights to more than one person, the original PALs must be surrendered and lodged for cancellation by no later than 4:30 p.m. on 17 March 2015 with the Registrar who will cancel the original PALs and issue new PALs in the denominations required, which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PALs.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques and cashier's orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions other than Hong Kong in connection with the PAL and any acceptance of 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. Completion and return of the PAL with a cheque or a cashier's order in payment for the Rights Shares, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by the subscriber that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

No action has been taken to obtain permission of the offering of the Rights Shares or the distribution of the Prospectus Documents in any jurisdiction other than Hong Kong. Accordingly, no person receiving a copy of the Prospectus Documents in any jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant jurisdictions, such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements. It is the responsibility of anyone outside Hong Kong wishing to make on his/its behalf an application for the Rights Shares to satisfy himself/itself as to the observance of the laws and regulations of all relevant jurisdiction, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such jurisdiction in connection therewith. Completion and return of the PAL 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 PAL and any acceptance of it, have been, or will be, duly complied with. The Company reserves the

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right to refuse to accept any application for the Rights Shares where it believes that in doing so would violate the applicable securities or other laws or regulations of any jurisdiction. For the avoidance of doubt neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties. No application for the Rights Shares will be accepted from any person who is an Excluded Shareholder.

If the Underwriter exercises the rights to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled or waived (as applicable), the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the nil-paid Rights Shares shall have been validly transferred, or in case of joint acceptances, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective registered addresses at their own risk as soon as practicable thereafter.

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. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "China Jinhai International Group Limited — EAF" and crossed "Account Payee Only".

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 Adjusted 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.

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The allocation of excess Rights Shares (if any) to the Qualifying Shareholders will be announced by the Company on 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.

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;
- (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;

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- (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 Adjusted 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.

As at the Latest Practicable Date, conditions (i) and (ii) above have been fulfilled.

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.

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 Adjusted Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants.

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

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UNDERWRITING ARRANGEMENT

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 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

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

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 27,500,001 Adjusted Shares representing approximately 4.59% of the total issued share capital of the Company.

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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 announcements 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;

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- (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.

WARNING OF THE RISKS OF DEALINGS IN THE ADJUSTED SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out in this Prospectus 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 Adjusted 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.

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Any dealings in the Adjusted Shares from the date of this Prospectus 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 Adjusted Shares or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue, assuming that there is no change in shareholding structure of the Company from the Latest Practicable Date to immediately after completion of the Rights Issue.

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Name of Shareholders	As at the Latest Practicable Date		Immediately after the completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders) (Notes 4 to 8)		Immediately after the completion of the Rights Issue (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders) (Notes 4 to 8)		Immediately after the exercise of all the Bonus Warrants (assuming all Rights Shares are subscribed by the Qualifying Shareholders) (Note 4 to 8)		Immediately after the exercise of all the Bonus Warrants (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders) (Notes 4 to 8)	
	No. of Adjusted Shares	Approximate %	No. of Adjusted Shares	Approximate %	No. of Adjusted Shares	Approximate %	No. of Adjusted Shares	Approximate %	No. of Adjusted Shares	Approximate %
Mr. Wong Howard (Note 1)	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)	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)	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%	—	—	4,190,796,225	87.50%
Other public Shareholders	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%
	598,685,175	100.00%	4,190,796,225	100.00%	4,190,796,225	100.00%	4,789,481,400	100.00%	4,789,481,400	100.00%

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Notes:

1. Mr. Wong Howard is the chairman 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 shareholding structure 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 shareholding structure 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.

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9. 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). To the best of the Underwriter's knowledge, information and belief, each of the sub-underwriters is Independent Third Party. 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

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. As announced by the Company in form of an announcement dated 27 February 2015, at the request of Sino Green Holdings Limited (as purchaser), both parties to the Conditional Agreement have agreed to postpone completion to 30 April 2015 (or such other date as the parties may further agree in writing) so as to allow the Company to settle the balance of the consideration payable under the Conditional Agreement after completion of the Rights Issue. 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.

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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 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 approximately HK\$239.56 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.

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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 gross proceeds of the Rights Issue are approximately HK\$538.82 million. The estimated net proceeds of the Rights Issue after deducting expenses are approximately HK\$519.56 million and the net price per Rights Share upon full acceptance of the relevant provisional allotment of the Rights Shares are approximately HK\$0.145. 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) HK\$239.56 million will be used for the Group’s financial businesses, including HK\$119.56 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

LETTER FROM THE BOARD

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 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 "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.

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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.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

As a result of the Rights Issue, the exercise price and subscription rights of the Share Options (if granted and outstanding) will be adjusted in accordance with the terms and conditions of the Share Option Schemes. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

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ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

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

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 31 January 2015, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Prospectus, the Group had a finance lease payable of approximately HK\$536,000.

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 31 January 2015, 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 Prospectus.

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 approximately HK\$239.56 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 consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2014	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 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	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	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$	HK\$	HK\$	HK\$	
Note 2	Note 3		Note 4		Note 5	Note 6	Note 7	Note 8	
Rights Issue on the basis 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

Notes:

- The issue of 3,592,111,050 Rights Shares is based on 598,685,175 Adjusted Shares in issue (assuming no issue of new Adjusted Shares and no repurchase of Adjusted Shares on or before the Record Date).
- 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	—
Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company	<u>369,811</u>

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

	<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>519,564</u>

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

	<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>

- 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:

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><u>HK\$0.22</u></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:

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>

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 40 to 42 of the prospectus dated 11 March 2015 (the “**Prospectus**”) 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 40 to 42 of the Prospectus.

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 Prospectus on the Group’s net tangible assets as at 30 September 2014 as if the transactions set out in the Prospectus 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 Prospectus 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

11 March 2015

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 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.

- (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 Warranholders 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 Warranholder 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 Warranholder(s) to whom such allotment has been made:
 - (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warranholder(s); and
 - (ii) (if applicable) a balancing Warrant Certificate in registered form in the name(s) of such Warranholder(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 Warranholder(s) to the address of such Warranholder(s) or (in the case of a joint holding) to that one of them whose name stands first in the register of Warranholders 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 Warranholder(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;
 - (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 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 Warrantholders. 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 Warrantholders 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 Warrantholders 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 Warrantholder who has so 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.
- (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 Warrantholders shall be necessary to effect such alteration or abrogation.

- (c) Where a Warrantholder 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 Warranholders' 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 Warrantholder.

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 Warranholders 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 Warranholders.

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 Warranholders.
- (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 Warrantheolders 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 Warrantheolders) to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to wind-up the Company voluntarily, every Warrantheolder 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 Warrantheolders, 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 Warrantheolders 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 Warrantheolders.
- (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.

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus 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 that there is no change in shareholding structure of the Company from the Latest Practicable Date to immediately after completion of the Rights Issue, are as follows:

(a) As at the Latest Practicable Date:

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

- (b) Immediately following the completion of the Rights Issue, assuming there is no change in shareholding structure of the Company from the Latest Practicable Date to immediately after completion of the Rights Issue:

<i>Number of Adjusted Shares</i>		<i>Nominal Value HK\$</i>
<i>Authorised:</i>		
<u>80,000,000,000</u>	Adjusted Shares of HK\$0.01 each	<u>800,000,000</u>
<i>Issued and fully paid and to be issued:</i>		
		<i>HK\$</i>
598,685,175	Adjusted Shares in issue immediately before completion of the Rights Issue	5,986,851.75
<u>3,592,111,050</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>35,921,110.50</u>
<u>4,190,796,225</u>	Adjusted Shares in issue immediately after completion of the Rights Issue	<u>41,907,962.25</u>

All the Rights Shares to be issued will rank *pari passu* with the Adjusted 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 Adjusted 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.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

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 (“**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in the Adjusted Shares

Name of Director	Capacity	Number of Adjusted Shares	Approximate percentage of shareholding
Mr. Wong Howard (Note 1)	Beneficial owner	1,277,940	0.21%
Dr. Kwong Kai Sing Benny (Note 2)	Beneficial owner	4,071,756	0.68%
Mr. Wong Yat Fai (Note 3)	Beneficial owner	1,277,940	0.21%

Notes:

1. Mr. Wong Howard is the chairman 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 Adjusted Shares — physically settled unlisted equity derivatives

Name of Director	Date of grant	Exercise period	Exercise price per Adjusted Share (subject to adjustments) <i>HK\$</i>	Number of Adjusted 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	4.822	180,000
	8/1/2013	1/7/2015–31/12/2017	2.528	180,000
	8/1/2013	1/7/2016–31/12/2017	2.528	180,000
	18/2/2014	18/2/2015–31/12/2017	1.95	<u>400,000</u>
				940,000
Mr. Wong Yat Fai	18/7/2011	1/1/2012–31/12/2016	4.822	64,285
	18/7/2011	1/1/2013–31/12/2016	4.822	64,285
	18/7/2011	1/1/2014–31/12/2016	4.822	64,285
	18/7/2011	1/1/2015–31/12/2016	4.822	64,285
	8/1/2013	1/7/2013–31/12/2017	2.528	115,714
	8/1/2013	1/7/2014–31/12/2017	2.528	115,714
	8/1/2013	1/7/2015–31/12/2017	2.528	115,714
	8/1/2013	1/7/2016–31/12/2017	2.528	115,714
	18/2/2014	18/2/2014–31/12/2017	1.95	150,000
	18/2/2014	18/2/2015–31/12/2017	1.95	<u>150,000</u>
				1,019,996

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, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in ten per cent. 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 and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such Adjusted Shares.

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. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice, which is contained in this Prospectus:

Name	Qualification
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, Ernst & Young does not have any 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.

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus 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 Latest Practicable Date and are or may be material:

- (i) 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;
- (ii) 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);
- (iii) 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;
- (iv) 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;

- (v) 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;
- (vi) 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;
- (vii) 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;
- (viii) 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;
- (ix) 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;

- (x) 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;
- (xi) a conditional agreement dated 28 November 2014 (“**Conditional Agreement**”) 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. As announced by the Company in form of an announcement dated 27 February 2015, at the request of Sino Green Holdings Limited (as purchaser), both parties to the Conditional Agreement have agreed to postpone completion to 30 April 2015 (or such other date as the parties may further agree in writing) so as to allow the Company to settle the balance of the consideration payable under the Conditional Agreement after completion of the Rights Issue;
- (xii) 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
- (xiii) 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

11. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Name and address of Directors

Name	Address
Executive Directors	
Mr. Wong Howard (<i>Chairman</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

(b) Profiles of Directors and Senior Management

Executive Directors:

Mr. Wong Howard (“Mr. Wong”), aged 59, is an executive Director, the Chairman of the Board 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 is also a director of certain

subsidiaries 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 48, 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 51, 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.

Senior Management

Mr. Szeto Pui Tong, Patrick (“**Mr. Szeto**”), aged 55, joined the Group in March 2000, is the Financial Controller and the Company Secretary of the Group. Before joining the Group, Mr. Szeto has over 13 years of experience in finance and accounting field. Mr. Szeto holds a master degree of business in accounting from Monash University in Australia and is an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Company Secretaries, the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators.

12. GENERAL

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

13. 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 3,592,111,050 Rights Shares to be issued, and will be payable by the Company.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to under the paragraph headed “Expert and Consent” in this Appendix, have been delivered to the Registrar of Companies in Hong Kong for registration as required by section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance.

15. 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 Prospectus up to and including 2 April 2015:

- (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 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 Prospectus;
- (d) the written consent referred to in the paragraph under the heading “Expert and Consent” in this Appendix;

- (e) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix;
- (f) copy of circulars of the Company dated 23 January 2015, 24 October 2014, 16 October 2014, 1 August 2014, and 18 July 2014; and
- (g) this Prospectus.