

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in GT Group Holdings Limited, you should at once hand this Circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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高富集團控股有限公司
GT GROUP HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 263)

**(I) PROPOSED SHARE CONSOLIDATION;
(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED
SHARE HELD ON RECORD DATE; AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Underwriter of the Rights Issue



Win Wind Securities Limited

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



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

A letter from the Board is set out on pages 7 to 28 of this Circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 29 to 30 of this Circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 31 to 49 of this Circular.

A notice convening the EGM to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong at 3:00 p.m. on Thursday, 28 March 2019 to approve the matters referred therein is set out on pages 71 to 73 of this Circular. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar in Hong Kong, **Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong** as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire and in such event, the instrument appointing a proxy previously submitted shall be deemed to be revoked.

The Consolidated Shares will be dealt in on an ex-rights basis from 9:00 a.m. on Monday, 1 April 2019. Dealings in the Rights Shares in their nil-paid form will take place from 9:00 a.m. on Monday, 15 April 2019 to close of business on Wednesday, 24 April 2019 (both dates inclusive). It is expected that the conditions referred to in the section headed "Termination of the Underwriting Agreement" in this Circular are to be fulfilled on or before 4:00 p.m. on Tuesday, 30 April 2019. If the conditions referred to in that section are not fulfilled, the Underwriting Agreement shall terminate and the Rights Issue will not proceed. Any person contemplating buying or selling Shares or Consolidated Shares (as the case may be) from the Latest Practicable Date and up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form from 9:00 a.m. on Monday, 15 April 2019 to close of business on Wednesday, 24 April 2019 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares, the Consolidated Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her own professional adviser.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to 4:00 p.m. on the Latest Termination Date to terminate its obligations under the Underwriting Agreement 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 6 of this Circular.

Upon the delivery of the notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

8 March 2019

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	ii-v
DEFINITIONS	1-5
TERMINATION OF THE UNDERWRITING AGREEMENT	6
LETTER FROM THE BOARD	7-28
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	29-30
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	31-49
APPENDIX I — FINANCIAL AND OTHER INFORMATION OF THE GROUP	50-52
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	53-58
APPENDIX III — GENERAL INFORMATION	59-70
NOTICE OF THE EGM	71-73

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and Rights Issue is set out below:

Latest time for lodging transfers of Shares to qualify for attendance and voting at the EGM.	4:30 p.m. on Thursday, 21 March 2019
Register of members closes (both days inclusive)	Friday, 22 March 2019 to Thursday, 28 March 2019
Latest time for lodging of proxy form for the EGM	3:00 p.m. on Tuesday, 26 March 2019
Record date for attendance and voting at the EGM	Thursday, 28 March 2019
Expected time and date of the EGM to approve the proposed Share Consolidation and Rights Issue.....	3:00 p.m. on Thursday, 28 March 2019
Announcement of the result of the EGM.....	Thursday, 28 March 2019
Effective date of the Share Consolidation.....	Friday, 29 March 2019
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Friday, 29 March 2019
Commencement of dealings in the Consolidated Shares.....	9:00 a.m. on Friday, 29 March 2019
Original counter for trading in board lots of 4,000 (in form of existing share certificates) temporarily closes.....	9:00 a.m. on Friday, 29 March 2019
Temporary counter for trading in board lots of 400 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 29 March 2019
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the Rights Issue	Friday, 29 March 2019
Commencement of dealings in the Consolidated Shares on an ex-rights basis relating to the Rights Issue	Monday, 1 April 2019
Latest time for the Shareholders to lodge transfer of Consolidated Shares in order to qualify for the Rights Issue	4:30 p.m. on Tuesday, 2 April 2019

EXPECTED TIMETABLE

Closure of register of members of the Company or the Rights Issue (both dates inclusive)	Wednesday, 3 April 2019 to Wednesday, 10 April 2019
Record Date for the Rights Issue	Wednesday, 10 April 2019
Register of members of the Company re-opens	Thursday, 11 April 2019
Despatch of Prospectus Documents	Thursday, 11 April 2019
Original counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Monday, 15 April 2019
Parallel trading in the Consolidated Shares (in the form of new and existing certificates) commences	9:00 a.m. on Monday, 15 April 2019
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Monday, 15 April 2019
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Monday, 15 April 2019
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 17 April 2019
Last day of dealings in nil-paid Rights Shares	Wednesday, 24 April 2019
Latest time for acceptance and payment for Rights Shares and application for excess Rights Shares	4:00 p.m. on Monday, 29 April 2019
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 30 April 2019
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Wednesday, 8 May 2019

EXPECTED TIMETABLE

Temporary counter for trading in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes.....	4:00 p.m. on Wednesday, 8 May 2019
Parallel trading in the Consolidated Shares (in the form of new and existing certificates) ends	4:00 p.m. on Wednesday, 8 May 2019
Announcement of the allotment results	Wednesday, 8 May 2019
Refund cheques, if any, to be despatched (if the Rights Issue is terminated and in respect of unsuccessful or partially successful application for excess Rights Shares) on or before.....	Thursday, 9 May 2019
Certificates for fully paid Rights Shares to be despatched on or before.....	Thursday, 9 May 2019
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 10 May 2019
Last day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Friday, 10 May 2019

All times and dates in this Circular refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

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

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning issued by the Hong Kong Observatory:

1. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date when the Latest Time for Acceptance falls. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
2. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will

EXPECTED TIMETABLE

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 does not take place on the Latest Time for Acceptance, the dates mentioned in the above section headed “Expected Timetable” in this Circular may be affected. An announcement will be made by the Company in such event as soon as practicable.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 13 June 2018
“Announcement”	the announcement of the Company dated 15 January 2019 relating to, among other things, the proposed Share Consolidation and the proposed Rights Issue
“associate(s)”	has the meaning ascribed to this term under Listing Rules
“Australian Shareholder”	Overseas Shareholder whose registered address is in Australia
“Board”	board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal 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 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) on which licensed banks in Hong Kong are open for general business
“BVI”	British Virgin Islands
“BVI Shareholder”	Overseas Shareholder whose registered address is in the BVI
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 8 March 2019 containing, among other things, further details regarding the Share Consolidation, the Rights Issue and a notice convening the EGM despatched to the Shareholders
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	GT Group Holdings Limited (Stock Code: 263), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of Stock Exchange
“Consolidated Share(s)”	ordinary share(s) in the share capital of the Company immediately following and arising from the consolidation of every ten (10) issued Shares

DEFINITIONS

“Creditor A”	the holder of the Promissory Note
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the proposed Share Consolidation and the proposed Rights Issue
“General Mandate”	the general mandate granted by the Shareholders to the Directors at AGM to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of the Company in issue as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors formed for the purpose of giving a recommendation to Independent Shareholders as to whether the Rights Issue and the Underwriting Agreement are fair and reasonable and as to voting after taking into account the advice of the Independent Financial Adviser
“Independent Financial Adviser”	Akron Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“Independent Shareholder(s)”	any Shareholder(s) other than any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding the independent nonexecutive Directors) and the chief executive of the Company and their respective associates
“Last Trading Day”	15 January 2019, being the last trading day of the Shares on Stock Exchange before the release of the Announcement

DEFINITIONS

“Latest Practicable Date”	5 March 2019, being the latest practicable date prior to printing of this Circular for the purpose of ascertaining certain information contained therein
“Latest Termination Date”	4:00 p.m. on Tuesday, 30 April 2019 or such other date as the Underwriter may agree in writing with the Company
“Latest Time for Acceptance”	4:00 p.m. on Monday, 29 April 2019 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of the offer of and payment for, the Rights Shares and application and payment for the excess Rights Shares
“Listing Committee”	has the meaning ascribed to this term under Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4:00 p.m. on Tuesday, 30 April 2019 (or such later date as the Underwriter and the Company may agree in writing)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) 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
“Overseas Shareholder(s)”	those persons whose registered addresses (as shown in the register of members of the Company at the close of business on the Record Date) are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this Circular excludes Hong Kong, the Macau Special Administration Region and Taiwan
“Promissory Note”	the promissory note in the principal amount of HK\$196,000,000 issued by the Company in favour of Mega Ample Capital Limited, which was subsequently transferred to Creditor A
“Prospectus”	the prospectus to be despatched to the Shareholders in connection with the Rights Issue in such usual form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	Prospectus, PAL and EAF

DEFINITIONS

“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Wednesday, 10 April 2019 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date at a subscription price of HK\$0.56 per Rights Share
“Rights Share(s)”	560,766,708 Consolidated Shares to be allotted and issued pursuant to the Rights Issue
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with no par value in the share capital of the Company before the Share Consolidation becoming effective
“Share Consolidation”	the consolidation of every ten (10) issued Shares into one (1) Consolidated Share
“Shareholder(s)”	registered holder(s) of the Shares or the Consolidated Shares as the case may be
“Share Option(s)”	the options to subscribe for new Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 14 June 2016
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.56 per Rights Share
“Substantial Shareholder(s)”	has the meaning as ascribed to this term under Listing Rules

DEFINITIONS

“Underwriter”	Win Wind Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	underwriting agreement dated 15 January 2019 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	560,766,708 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“%”	per cent

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time between the date hereof and 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:

- (a) The Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, (i) any of the representations or warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached; or (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Termination Date which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations or warranties contained thereunder 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; or
- (b)
 - (i) 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, or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or
 - (vi) any change or development involving a prospective change in taxation or exchange controls in Hong Kong, or elsewhere,

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

- (1) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (2) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights 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 forthwith, in which case all obligations of the Underwriter under the Underwriting Agreement 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



高富集團控股有限公司
GT GROUP HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 263)

Executive Directors:

Mr. Li Dong (*Chairman*)
Ms. Ng Shin Kwan, Christine
Mr. Chan Ah Fei
Mr. Liang Shan

Independent non-executive Directors:

Dr. Wong Yun Kuen
Mr. Wong Shun Loy
Mr. Hu Chao

*Registered office and
principal place of business:*
Units 2502–5, 25th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

8 March 2019

To the Shareholders

Dear Sir or Madam,

**(I) PROPOSED SHARE CONSOLIDATION;
(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED
SHARE HELD ON RECORD DATE; AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the proposed Share Consolidation and the proposed Rights Issue.

The Company has established the Independent Board Committee to advise the Independent Shareholders as to, among others, (i) whether the Rights Issue (including the Underwriting Agreement) is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) voting by the Independent Shareholders, taking into account the recommendations of the Independent Financial Adviser. In connection with this, the Company has appointed, and the Independent Board Committee has approved the appointment of, Akron Corporate Finance Limited as the Independent Financial Adviser to advise the

LETTER FROM THE BOARD

Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the Rights Issue (including the Underwriting Agreement) are fair and reasonable; and (ii) voting by the Independent Shareholders.

The purpose of this Circular is to provide the Shareholders, among other things, (i) further details of the Share Consolidation; (ii) further details of the Rights Issue; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (v) a notice convening the EGM.

(I) PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued Shares into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, approval by the Shareholders by way of poll at the EGM. As none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

Effects of the Share Consolidation

As at the Latest Practicable Date, 1,401,916,770 Shares have been issued and there are no outstanding Share Options. Assuming that no further Shares are issued or repurchased between the date of this Circular and the date of the EGM, immediately after the Share Consolidation, 140,191,677 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of the Consolidated Shares will be aggregated and sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the shares of the Company regardless of the number of share certificates held by such holder.

Other than the expenses to be incurred, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Win Wind Securities Limited as a designated broker to provide matching services for sale and purchase of odd lots of Consolidated Shares at the relevant market price per Consolidated Share for Shareholders, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares from 9:00

LETTER FROM THE BOARD

a.m. on Monday, 15 April 2019 to 4:00 p.m. on Wednesday, 8 May 2019 (both days inclusive). Holders of odd lots of the Consolidated Shares may contact Ms. Jess Wong at 25/F, China United Centre, 28 Marble Road, North Point, Hong Kong (telephone: (852) 3198 0728 and facsimile: (852) 2899 0299) during office hours of such period. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers.

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may during the period from Friday, 29 March 2019 to Friday, 10 May 2019 submit share certificates for Shares to the Company's share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for Shares will continue to be good evidence of legal title and may be exchanged for certificates for Consolidated Shares at any time.

The new share certificates for the Consolidated Shares will be issued in green colour in order to distinguish them from the existing yellow colour.

Reasons for the Share Consolidation

For the past three years, the share price of the Company has been constantly below HK\$1. Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities.

Pursuant to the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 25 July 2016, the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the Latest Practicable Date, the closing price of each Share is HK\$0.063, with a board lot size of 4,000 Shares, the Company is trading under HK\$2,000 per board lot. For the purpose of reducing transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes the Share Consolidation.

LETTER FROM THE BOARD

It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Shares and may attract more investors and extend the shareholders base of the Company.

The Company has been trading at a price-to-book (PB) of around 0.2 time recently (based on the closing prices from HK\$0.063 per Share to HK\$0.081 per Share as quoted on the Stock Exchange from 17 December 2018 to 15 January 2019; and the consolidated net asset value of the Group per Share of HK\$0.384 as at 30 June 2018). The Directors believe that the Company is extremely undervalued and that the adjusted share price of the Consolidated Shares may attract more institutional investors who generally avoid to invest in securities trading in less than HK\$0.1. The Directors believe the Share Consolidation will provide greater opportunity for and more flexibility in the Company's possible equity fund raising in the future.

Therefore, the Board believes the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save for the Rights Issue, the Company does not have any other immediate plan or is not contemplating to have further fund raising for at least the next 12 months for financing its business or investments and any other potential projects or transactions of the Company.

Shareholders or potential investors should note that (i) significant number of odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

(II) PROPOSED RIGHTS ISSUE

Conditional upon the Share Consolidation becoming effective, the Board proposes to raise gross proceeds of approximately HK\$314.03 million (before expenses) on the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date by issuing 560,766,708 Rights Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date) at the Subscription Price of HK\$0.56 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

LETTER FROM THE BOARD

The estimated net proceeds from the Rights Issue will be approximately HK\$302.72 million. Details of the use of proceeds are set out in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this Circular. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date
Subscription Price	:	HK\$0.56 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	1,401,916,770 Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	140,191,677 Consolidated Shares (assuming no further issue or repurchase of Shares up to the effective date of the Share Consolidation)
Number of Rights Shares	:	560,766,708 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date)
Number of Consolidated Shares in issue upon completion of the Rights Issue	:	700,958,385 Consolidated Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date)
Amount to be raised before expenses	:	HK\$314,029,356.48
Right of excess applications	:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Based on the existing issued share capital of the Company and assuming the Share Consolidation becomes effective and no further Shares or Consolidated Shares will be issued or repurchased by the Company on or before the Record Date, a total of 560,766,708 Rights Shares to be allotted and issued pursuant to the Rights Issue represent (i) 400% of the existing issued share capital of the Company; and (ii) 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

LETTER FROM THE BOARD

The Subscription Price

The Subscription Price of HK\$0.56 per Rights Share will be payable in full when a Qualifying Shareholder accepts the relevant provisional allotments of the Rights Shares and, where applicable, applies for excess Rights Shares or when a renounce of any provisional allotment of Rights Shares or a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 27.27% to the adjusted closing price of HK\$0.77 per Consolidated Share, based on the closing price of HK\$0.077 per 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 6.98% to the theoretical ex-rights price of approximately HK\$0.602 per Consolidated Share based on the closing price of HK\$0.077 per Share as quoted on Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 85.42% to the adjusted consolidated net asset value per Consolidated Share of approximately HK\$3.84 (based on the consolidated net asset value of the Company as at 30 June 2018 of approximately HK\$538,861,000 and the number of issued Consolidated Shares after the Share Consolidation, which is 140,191,677);
- (iv) a discount of approximately 21.13% to the adjusted average closing price of approximately HK\$0.71 per Consolidated Share, based on the average closing price of HK\$0.071 per Share as quoted on the Stock Exchange for the 5 consecutive trading days prior to and excluding the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (v) a discount of approximately 11.11% to the adjusted closing price of HK\$0.63 per Consolidated Share, based on the closing price of HK\$0.063 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Board considers the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing price of the Shares with an objective of encouraging Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors are aware of the fact that the Subscription Price represents a discount of approximately 85.42% to the adjusted consolidated net asset value per Consolidated Share of approximately HK\$3.84 as at 30 June 2018. However, given that the Shares have been consistently traded at a substantial discount to the consolidated net

LETTER FROM THE BOARD

asset value per Share during the period from 17 December 2018 to 15 January 2019 (ranging from approximately 78.91% to 83.59%), the Directors consider it would be more appropriate to make reference to the prevailing market price of the Shares which reflect the fair market value of the Shares traded on the Stock Exchange, instead of making reference to the adjusted consolidated net asset value per Consolidated Share. The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.54.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information purposes only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Company's registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 2 April 2019.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 3 April 2019 to Wednesday, 10 April 2019 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Consolidated Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be four (4) Rights Shares (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date.

LETTER FROM THE BOARD

Qualifying Shareholders shall apply for all or any part of their respective provisional allotment by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of Overseas Shareholders

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

According to the register of members of the Company, as at the Latest Practicable Date, there were eight Overseas Shareholders with registered addresses outside Hong Kong. Upon the Share Consolidation becoming effective, there will only be two Overseas Shareholders, including one BVI Shareholder and one Australian Shareholder. The Directors have, in compliance with Rule 13.36(2)(a) of the Listing Rules, conducted enquiries regarding the feasibility of extending the Rights Issue to such Overseas Shareholders.

Based on the legal opinion provided by the Company's legal advisers on the laws of the BVI, (a) it would be lawful and will not contravene any securities laws or regulations of the BVI for the Company to offer the Rights Shares from the outside of the BVI to the BVI Shareholder, even though the Prospectus Documents will not be registered in the BVI (b) there are no applicable registration requirements or formalities required in the BVI in order for the Rights Issue to be extended to the BVI Shareholder; (c) there are no generally applicable restrictions under the BVI law relating to the acceptance by the BVI Shareholder in relation to the Rights Issue; and (d) there are no specific statements, disclaimers or legends which are required as a matter of the BVI law for any prospectus, information memorandum or share certificates in relation to the Rights Issue. As such, the Directors believe that the Rights Shares could be offered to the BVI Shareholder without any restrictions. The Directors have decided to extend the Rights Issue to the BVI Shareholder and the BVI Shareholder, together with the Shareholders with registered addresses in Hong Kong, are Qualifying Shareholders. The Company will send the Prospectus Documents to such Qualifying Shareholders.

However, based on the legal opinion provided by the Company's legal adviser on the laws of Australia, the offering of the Rights Shares by the Company to the Australian Shareholder pursuant to the Rights Issue is subject to regulatory requirements or procedures in Australia. The Prospectus Documents have to be lodged with the Australian Securities and Investments Commission so that they are aware of the offer to be made to the Australian Shareholder. As such, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Australian Shareholder taking into account the likely costs and time involved if overseas compliance were to be observed. Accordingly, the Australian Shareholder will be a Non-Qualifying Shareholder and the Rights Issue will not be available to the Australian Shareholder. The Company will send the Prospectus to the Non-Qualifying Shareholder for their information only, but will not send any PAL and EAF to them.

LETTER FROM THE BOARD

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under EAF(s).

Status of Rights Shares

The Rights Shares will, when issued and fully paid, rank *pari passu* in all respects with the Consolidated Shares then in issue including the right to receive future dividends and distributions which may be declared, made or paid after the completion of the Rights Issue.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on Thursday, 9 May 2019 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on Thursday, 9 May 2019 by ordinary post to the applicants, at their own risk, to their registered addresses. Each Shareholder will receive one Share certificate for all allotted Rights Shares.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholders, and (ii) any Rights Shares provisionally allotted but not accepted.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the share registrar and transfer office of the Company at Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on Monday, 29 April 2019.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis. No preference will be given to topping up odd lots to whole board lots. The Board will allocate the excess Rights Shares to the Qualifying Shareholders who have applied for excess application at its discretion, but on a pro-rata basis in proportion to the number of excess Rights Shares being applied for under each application. In determining the number of excess Rights Shares to be allocated to a

LETTER FROM THE BOARD

Qualifying Shareholder, no reference will be made to the number of Rights Shares subscribed by that Qualifying Shareholder through applications by PAL or the existing number of Shares held by such Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For investors whose Shares are held by a nominee (or CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the share registrar and transfer office of the Company at Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 2 April 2019.

Fractions of Rights Shares

On the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of Rights Shares arising from the Rights Issue, the Company will arrange odd lot matching services for the sale and purchase of odd lots of Rights Shares at the relevant market price per Rights Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holding of odd lots of the Rights Shares. Further details in respect of the odd lots arrangement will be set out in Prospectus.

Application for listing

The Company will apply to the Listing Committee of Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on Stock Exchange, 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

LETTER FROM THE BOARD

their respective commencement dates of dealings on Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of 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. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of (i) stamp duty, (ii) Stock Exchange trading fee, (iii) transaction levy and (iv) any other applicable fees and charges in Hong Kong.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

THE UNDERWRITING ARRANGEMENT

Date	:	15 January 2019
Issuer	:	The Company
Underwriter	:	Win Wind Securities Limited
Number of Rights Shares to be underwritten	:	560,766,708 Rights Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date)
Underwriting commission	:	3.0% of the aggregate Subscription Price in respect of the Underwritten Shares

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Underwriter and its associates hold 4,620,000 Shares, representing approximately 0.33% of the total issued share capital of the Company. Save as disclosed, in accordance with Rule 7.19(1)(a) of the Listing Rules, the Underwriter and its ultimate beneficial owners are independent third parties and not connected with the Company and its connected persons as defined under the Listing Rules. The Underwriter is a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

The terms of the Underwriting Agreement (including the underwriting commission) were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition.

Having considered (i) the underwriting commission offered by the Underwriter is comparable to that offered by other financial institutions; and (ii) the experience and financial resources of the Underwriter for underwriting of such securities, the Directors (including the

LETTER FROM THE BOARD

independent non-executive Directors) consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Undertaking given by the Company

Pursuant to the ordinary resolutions passed by the Shareholders at the AGM, the Directors were granted the General Mandate to allot and issue up to 280,383,354 Shares, representing 20% of the total number of issued Shares as at the date of the AGM. The Company has undertaken in the Underwriting Agreement that the Company shall not issue new Shares or Consolidated Shares under the General Mandate and shall not grant new Share Options under the Share Option Scheme from the date of the Underwriting Agreement up to and including the Record Date (both days inclusive).

Termination of the Underwriting Agreement

If at any time between the date of the Underwriting Agreement and 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:

- (a) The Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, (i) any of the representations or warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached; or (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Termination Date which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations or warranties contained thereunder 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; or
- (b)
 - (i) 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, or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or

LETTER FROM THE BOARD

(vi) any change or development involving a prospective change in taxation or exchange controls in Hong Kong, or elsewhere,

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

- (1) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (2) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights 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 forthwith, in which case all obligations of the Underwriter under the Underwriting Agreement 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.

Conditions of the Rights Issue and Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional on:

- (i) the passing of necessary resolution(s) at the EGM to approve the Rights Issue by the Independent Shareholders;
- (ii) the Share Consolidation becoming effective;
- (iii) 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 the Directors (or by their agents duly authorised in writing) on or before the posting date in compliance with the Companies (WUMP) Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;
- (iv) the posting of copies of the Prospectus Documents to the Qualifying Shareholders;
- (v) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriter, in its reasonable opinion, accepts and the subsequent satisfaction of such conditions (if any); and
- (vi) the Underwriter having not terminated the Underwriting Agreement.

LETTER FROM THE BOARD

In the event that the conditions mentioned above have not been satisfied on or before the Long Stop Date, all obligations and liabilities of the parties under the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement. All reasonable costs, fees and other out-of-pocket expenses as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall be borne by the Company.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company. The Group principally engages in the trading of goods, financing, property development and brokerage and securities investment businesses.

Past financial performance/position of the Group

Although the Group had been in a state of loss-making in the recent years, its financial performance has been improving gradually: the loss for the six months ended 30 June 2018 narrowed to approximately HK\$333.58 million as compared with the loss of approximately HK\$581.94 million for the corresponding period in 2017, representing a decrease in loss of approximately 42.68%; the loss for the year ended 31 December 2017 narrowed to approximately HK\$566.83 million as compared with the loss of approximately HK\$993.11 million for the year ended 31 December 2016, representing a decrease in loss of approximately 42.92%.

However, the Group's net asset value suffered a drop of approximately HK\$544.23 million from 31 December 2016 to 31 December 2017 and a further drop of approximately HK\$338.56 million during the first half of 2018. As at 30 June 2018, the Group had loans payable of approximately HK\$966,714,000 in total (as at 31 December 2017: approximately HK\$916,714,000) with the interest rate ranging from 8% to 17.13% per annum. The Directors consider that it is necessary to conduct the Rights Issue to improve the financial position of the Group.

Use of Proceeds

The estimated gross proceeds from the Rights Issue will be approximately HK\$314.03 million (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date). The estimated net proceeds from the Rights Issue after expenses and fees, will be approximately HK\$302.72 million and are intended to be used in the following manners:

- (i) approximately HK\$221.92 million towards settlement of the Group's existing debts payable to Creditor A and Creditor B so as to reduce the burdensome interest expenses and approximately HK\$47.38 million towards the repayment of the Group's loan interests to Creditor C, Creditor D and Creditor E; and

LETTER FROM THE BOARD

- (ii) approximately HK\$33.42 million towards general working capital of the Group, which is specified as below:
- (a) approximately HK\$8 million towards the Group’s rental expenses; and
 - (b) approximately HK\$25.42 million towards the Group’s other operating expenses including utilities and maintenance expenses, salaries and remuneration, legal and professional expenses.

Repayment of loans

The Directors intend to apply approximately HK\$221.92 million towards repayment of the outstanding principal and interest of the debts as below:

Creditors	Nature of the debts	Principal amount	Maturity Date	Interest Rate <i>(p.a)</i>	Accrued interest as at the Latest Practicable Date	Outstanding amount
A (<i>Note 2</i>)	Promissory note	HK\$196,000,000	15 November 2021	8.00%	HK\$4,725,479	HK\$200,725,479
B	Loans payable	<u>HK\$18,000,000</u>	13 September 2018	12.00%	<u>HK\$3,189,698</u>	<u>HK\$21,189,698</u>
	Total	<u>HK\$214,000,000</u>			<u>HK\$7,915,177</u>	<u>HK\$221,915,177</u>

Notes:

- (1) Save as disclosed in Note 2 below, all the creditors are independent third parties.
- (2) As disclosed in the announcement and circular of the Company dated 1 September 2017 and 22 June 2018 respectively, Art Ring Limited, a wholly-owned subsidiary of the Company acquired 49% of issued share capital of Multi-Fame Group Limited for the consideration of HK\$196,000,000 (the “Acquisition”), which was settled by the issuance of the Promissory Note by the Company to the Mega Ample Capital Limited (“Mega Ample”).

In mid-December 2018, Mega Ample transferred its entire interest in the Promissory Note to Creditor A, namely, Great Panorama International Limited as the consideration to subscribe new shares of Creditor A. Mega Ample subscribed approximately 15.25% of the total issued share capital in Creditor A as at present. As at the Latest Practicable Date, Creditor A and its associates hold 36,000,000 Shares, which represents approximately 2.57% of total issued share capital of the Company.

Creditor A indicated that it would like to receive early repayment on the Promissory Note from the Company in order to satisfy its financial needs. Save and except the aforesaid, there is no more arrangement with Creditor A or Mega Ample under the agreement in respect of the Acquisition and the proposed early repayment on the Promissory Note.

The maturity date of the loan owed to Creditor B has expired and the Company has been negotiating with it for renewal of the loan. Creditor B, however, indicated to the Company it would not allow a long extension of the repayment date to the Company.

The Directors are aware that the Group has outstanding loans bearing same or higher interest rate as compared to the Promissory Note. However, the other lenders (excluding Creditor A and Creditor B) have less imminent financial needs and are willing to continue a

LETTER FROM THE BOARD

long-term business relationship with the Group. In addition, the Company has cultivated amicable business relationships with the other lenders who will refer investment opportunities and provide additional financing from time to time.

The identity of the other lenders and detailed terms of loans are set out in the table as below:

Creditors	C	D	E
Principal amount	USD35,000,000	USD50,000,000	USD40,000,000
Maturity date	20-Nov-2021	18-Mar-2019	21-Sep-2019
Proposed extended maturity	N.A.	18-Mar-2020	21-Sep-2020
Interest rate	6.8% p.a.	12.75% p.a.	8% p.a.
Loan Period	3 years	3 years	2 years
Agreement date	18-Oct-2018	16-Mar-2016	21-Sep-2017

As indicated in above table, the maturity date of the loan owed to Creditor C is 20 November 2021 and the loan bears relatively lower interest rate of 6.8% per annum. In addition, Creditor D and Creditor E verbally indicated their willingness to extend the maturity of loans to the Company.

Since mid-December 2018, the Group is in the process of negotiating with Creditor D and Creditor E to explore the possibility for loans with (i) larger size; (ii) extended maturity; and (iii) lower interest rates. Given the existing financial position of the Group, save that Creditor D and Creditor E indicated their willingness to extend the maturity of their respective loans to the Company, they were reluctant to amend the existing loan terms with larger size and/or lower interest rate. As at the Latest Practicable Date, Creditor D and Creditor E indicated that they were willing to extend the loans for 1 year. Save as disclosed above, there are no detailed terms agreed/resolved between the Company and Creditor D as well as Creditor E; and the Company has not entered into any definitive formal agreement with any of Creditor D and Creditor E in this regard.

As the Promissory Note is interest-bearing and forms part of the Group's total liabilities, the Company's interest expenses and liabilities will be reduced by early repayment of the Promissory Note through the application of the proceeds from the Rights Issue. Therefore, when Creditor A expressed its financial needs, the Directors consider it is reasonable and justifiable to exercise the Company's sole discretion to redeem the Promissory Note in full prior to the original maturity date.

The Directors believe that with more financial resources from the Rights Issue and reduction of the Group's outstanding liabilities, the Group will have stronger bargaining power to negotiate for loans with better terms in the future. Therefore, the Directors are confident of the proposed extension of maturity of the other loans and prioritize the repayment of the Promissory Note.

LETTER FROM THE BOARD

General working capital

Compared with other types of assets, working capital provides necessary liquidity guarantee for the Company to maintain daily operations such as covering rental, utilities, salaries and remuneration, and other legal and professional expenses, etc. It is crucial for the Company to have the ability and flexibility to respond to the changing market conditions in a timely manner and to have readily available cash resources at reasonable cost as assessed by the Directors from time to time. Therefore, the Directors consider it is necessary to apply certain proceeds from the Rights Issue towards general working capital.

Benefits of the Rights Issue

With reference to the above, the Board considers that the Rights Issue represents an opportunity for the Company to strengthen its financial position after having considered that:

- (i) the Rights Issue 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;
- (ii) the discount of the Subscription Price to the prevailing market price in order to enhance the attractiveness of the Rights Issue and it is the Company's objective to encourage the participation of Qualifying Shareholders in the Rights Issue;
- (iii) after considering other alternative fund-raising methods, it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments as and when such opportunities arise;
- (iv) the Rights Issue will be subject to the scrutiny of the Independent Financial Adviser and the Independent Board Committee so as to facilitate the Independent Shareholders to make an informed decision as to whether to vote in favor of the Rights Issue on the terms proposed;
- (v) the Shareholders' interests are safeguarded as the Rights Issue will be subject to the approval by the Independent Shareholders at the EGM;
- (vi) the Rights Issue allows the Shareholders to have more flexibility in dealing in the Consolidated Shares and the nil paid rights attaching thereto; and
- (vii) the Rights Issue enables the Company to raise the necessary funds with more certainty as it is fully underwritten by the Underwriter.

LETTER FROM THE BOARD

The Company also took into consideration the market precedents of the rights issue conducted by listed companies in Hong Kong. During the period from 20 October 2017 to the date of the Announcement, seven companies announced and finished rights issue with an equity dilution effect of 50% or more. The commission rate ranged from 0 to 3.0% and the discount of the subscription price to the closing price on the last trading day ranged from 7.22% to 87.91%. Accordingly, the Company considers that the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing prices of the Shares, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Other fund-raising alternatives considered by the Company

In order to reduce the level of indebtedness and improve the financial position, save for the Rights Issue, the Group has considered other fund-raising alternatives including but not limited to debt financing from banks and equity financing such as placing of new Shares and open offer.

Having considered the lengthy due diligence for bank financing, the Directors considered the debt-financing may not be appropriate.

Among different equity fund raising methods, the Directors have focused on evaluating the possibilities of carrying out fund raising through rights issue and open offer as they are relatively larger in scale as compared to placing of new shares under General Mandate and the proceeds from placing under General Mandate could barely meet the repayment needs. Moreover, unlike a rights issue or open offer which offers an opportunity for the Qualifying Shareholders to participate in the enlargement of the capital base of the Company, a placing of new Shares to third party places will result in immediate dilution to the percentage shareholding of Shareholders. A rights issue or open offer is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation into the rights issue or open offer, providing an opportunity to all Qualifying Shareholders to participate in the growth of the Group. However, under an open offer, Shareholders who do not wish to take up their entitlements will not be afforded the opportunity to sell their entitled nil-paid Rights Shares on the market as an anti-dilution protection.

Taking into account the above, the Board is of the view that a rights issue would be a preferred means for the Group to raise funds over other alternatives.

In light of the foregoing, the Board (including the independent non-executive Directors) is of the view that the implementations of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

However, those Qualifying Shareholders who do not take up Rights Shares to which they are entitled should note that their respective shareholdings in the Company will be diluted.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the possible changes in the shareholding structure of the Company arising from the Share Consolidation and Rights Issue which are for illustrative purpose only.

As at the Latest Practicable Date, the Company has 1,401,916,770 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date, (ii) immediately after the Share Consolidation becoming effective but before completion of the Rights Issue, and (iii) immediately after completion of the Rights Issue, assuming no further issue or repurchase of Shares or Consolidated Shares up to completion of the Rights Issue save for the Rights Shares:

Name of Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue						
			Immediately after the Share Consolidation but before completion of the Rights Issue		Assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Assuming no Qualifying Shareholders take up any of the Rights Shares and the Underwriter takes up the Rights Shares in full		
	Number of Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %	
Substantial Shareholder									
Mr. Lai Leong	<u>406,681,579</u>	<u>29.01</u>	<u>40,668,157</u>	<u>29.01</u>	<u>203,340,785</u>	<u>29.01</u>	<u>40,668,157</u>	<u>5.80</u>	
Independent non-executive Director									
Dr. Wong Yun Kuen	<u>1,800</u>	<u>0.00</u>	<u>180</u>	<u>0.00</u>	<u>900</u>	<u>0.00</u>	<u>180</u>	<u>0.00</u>	
The Underwriter and its associate									
The Underwriter	—	—	—	—	—	—	560,766,708	80.00	
Associate of the Underwriter	4,620,000	0.33	462,000	0.33	2,310,000	0.33	462,000	0.07	
Sub-total	<u>4,620,000</u>	<u>0.33</u>	<u>462,000</u>	<u>0.33</u>	<u>2,310,000</u>	<u>0.33</u>	<u>561,228,708</u>	<u>80.07</u>	
Public Shareholders	<u>990,613,391</u>	<u>70.66</u>	<u>99,061,340</u>	<u>70.66</u>	<u>495,306,700</u>	<u>70.66</u>	<u>99,061,340</u>	<u>14.13</u>	
Total	<u><u>1,401,916,770</u></u>	<u><u>100.00</u></u>	<u><u>140,191,677</u></u>	<u><u>100.00</u></u>	<u><u>700,958,385</u></u>	<u><u>100.00</u></u>	<u><u>700,958,385</u></u>	<u><u>100.00</u></u>	

Notes:

- (1) The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
- (2) Pursuant to the Underwriting Agreement, the Underwriter undertakes with the Company that (i) it shall use all reasonable endeavours to procure that its sub-underwriter and subscribers or purchasers of the Underwritten Shares procured by it under the Underwriting Agreement as well as subscribers or purchasers procured by its sub-underwriter shall be a third party independent of, not acting in concert with and not connected with the Directors, chief executive or Substantial Shareholders of the Company or their respective associates; (ii) it shall, and shall cause its sub-underwriter to, procure independent subscribers or purchasers take up such number of Underwritten Shares (a) as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with by the Company and (b) such that it, its sub-underwriter and the subscribers or purchasers procured by it and by its sub-

LETTER FROM THE BOARD

underwriter shall not, together with party(ies) acting in concert with each of them, become the controlling Shareholder (as defined under the Listing Rules) of the Company upon completion of the Rights Issue.

FUND-RAISING ACTIVITIES OF THE COMPANY FOR THE PAST TWELVE MONTHS

The Company has not conducted any fund-raising activities for the past twelve months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19(A) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the minority Shareholders at the EGM by way of poll. Pursuant to Rule 7.27(A)(1) of the Listing Rules, where minority Shareholders' approval is required for a rights issue under rule 7.19A, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour.

As at the Latest Practicable Date, the Company has no controlling Shareholder, and none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company or their respective associates hold any Shares in the Company. As at the Latest Practicable Date, Dr. Wong Yun Kuen, an independent non-executive Director of the Company, holds 1,800 Shares of the Company and is entitled to vote at the EGM. The Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A(1) of the Listing Rules.

As at the Latest Practicable Date, the Underwriter and its associates are interested in, control and are entitled to exercise control over the voting rights in respect of 4,620,000 Shares, which represents approximately 0.33% of the total issued share capital of the Company. Accordingly, the Underwriter and its associates are required to abstain from voting at the EGM in favour of the Rights Issue.

As at the Latest Practicable Date, Creditor A and its associates are interested in, control and are entitled to exercise control over the voting rights in respect of 36,000,000 Shares, which represents approximately 2.57% of total issued share capital of the Company. Since Creditor A has material interest in the proposed Rights Issue, Creditor A and its associates are required to abstain from voting at the EGM in favour of the Rights Issue.

As informed by the Underwriter and the Creditor A, they and their associates have no intention to vote against the resolution to approve the Rights Issue.

Prospectus Documents or Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

LETTER FROM THE BOARD

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder.

A notice convening the EGM of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong at 3:00 p.m. on Thursday, 28 March 2019 is set out on pages 71 to 73 of this Circular. A form of proxy for use by the Shareholders at the EGM is enclosed.

Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, **Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong**, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjournment thereof should you so wish.

Subject to the approval of the Share Consolidation and the Rights Issue by the Independent Shareholders at the EGM and upon the Share Consolidation becoming effective, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on or before Thursday, 11 April 2019. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Non-Qualifying Shareholders for their information only.

RECOMMENDATION

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) believe that the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM.

Independent Shareholders are advised to read carefully the letter from the Independent Board Committee regarding the Rights Issue on pages 29 to 30 of this Circular and the advice of the independent financial adviser, the text of which is set out on pages 31 to 49 of this circular regarding the Rights Issue.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE CONSOLIDATED SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” below). Accordingly, the Rights Issue may or may not proceed.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares, the Consolidated Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares or the Consolidated Shares.

By order of the Board
GT GROUP HOLDINGS LIMITED
Li Dong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



高富集團控股有限公司
GT GROUP HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 263)

8 March 2019

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON RECORD DATE**

We refer to the circular of the Company to the Shareholders dated 8 March 2019 (the “**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Company as members to constitute the Independent Board Committee and to advise the Independent Shareholders in respect of the Rights Issue.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 31 to 49 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 7 to 28 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 31 to 49 of this Circular, we are of the opinion that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,

For and on behalf of the Independent Board Committee

GT Group Holdings Limited

Dr. Wong Yun Kuen

Mr. Wong Shun Loy

Mr. Hu Chao

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue.



8 March 2019

*To the Independent Board Committee and the Independent Shareholders of
GT Group Holdings Limited*

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON RECORD DATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular issued by the Company to its Shareholders dated 8 March 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As stated in the Board Letter, the Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued Shares into one (1) Consolidated Share. Conditional upon the Share Consolidation becoming effective, the Board proposes to raise gross proceeds of approximately HK\$314.03 million (before expenses) on the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date by issuing 560,766,708 Rights Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date) at the Subscription Price of HK\$0.56 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

The estimated net proceeds from the Rights Issue after expenses and fees, will be approximately HK\$302.72 million and are intended to be applied (i) approximately HK\$221.92 million towards settlement of the Group’s existing debts payable to Creditor A and Creditor B so as to reduce the burdensome interest expenses and approximately HK\$47.38 million towards the repayment of the Group’s loan interests to Creditor C, Creditor D and Creditor E; and (ii) approximately HK\$33.42 million towards general working capital of the Group, which are intended to be applied as to (a) approximately HK\$8.0 million towards the Group’s rental

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

expenses; and (b) approximately HK\$25.42 million towards the Group's other operating expenses including utilities and maintenance expenses, salaries and remuneration, legal and professional expenses.

In accordance with Rule 7.19A of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the minority Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A(1) of the Listing Rules, where minority Shareholders' approval is required for a rights issue under Rule 7.19A, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour.

As at the Latest Practicable Date, the Company has no controlling Shareholder, and none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company or their respective associates hold any Shares. As at the Latest Practicable Date, Dr. Wong Yun Kuen, an independent non-executive Director, holds 1,800 Shares and is entitled to vote at the EGM. The Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A(1) of the Listing Rules.

As at the Latest Practicable Date, the Underwriter and its associates are interested in, control and are entitled to exercise control over the voting rights in respect of 4,620,000 Shares, which represents approximately 0.33% of the total issued share capital of the Company. Accordingly, the Underwriter and its associates are required to abstain from voting at the EGM in favour of the Rights Issue.

As at the Latest Practicable Date, Creditor A and its associates are interested in, control and are entitled to exercise control over the voting rights in respect of 36,000,000 Shares, which represents approximately 2.57% of total issued share capital of the Company. Since Creditor A has material interest in the proposed Rights Issue, Creditor A and its associates are required to abstain from voting at the EGM in favour of the Rights Issue.

As stated in the Board Letter, the Underwriter, the Creditor A and their associates have no intention to vote against the resolution to approve Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao all being independent non-executive Directors, has been established to advise the Independent Shareholders of the Rights Issue. We, Akron Corporate Finance Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and Akron Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to the Listing Rules.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinion and representations contained or referred to in the Circular and the statements, information, opinion and representations provided to us by the management of the Company (the “**Management**”) and the Directors. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Management and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors as set out in the Circular were reasonably made after due and careful inquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations contained in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular as a whole misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is our sole responsibility to ensure that such information has been correctly and fairly extracted, reproduced or presented from relevant sources and not be used out of context.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information

The Group principally engages in the trading of goods, financing, property development and brokerage and securities investment businesses.

Set out below are the key financial results of the Group (i) for the years ended 31 December 2016 (“**FY2016**”) and 31 December 2017 (“**FY2017**”) as extracted from the annual report of the Company for FY2017 (the “**2017 Annual Report**”); and (ii) for the six months ended 30 June 2017 (“**Interim 2017**”) and 30 June 2018 (“**Interim 2018**”) as extracted from the interim report of the Company for Interim 2018 (the “**2018 Interim Report**”):

	For the six months ended		For the year ended	
	30 June		31 December	
	2018	2017	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Turnover	(120,344)	(324,468)	(274,849)	(248,754)
Loss before taxation	(333,582)	(581,939)	(565,568)	(991,053)
Loss for the year/period	(333,582)	(581,939)	(566,826)	(993,106)
		As at		
		30 June	As at 31 December	
		2018	2017	2016
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)	(audited)
Current assets		1,051,938	1,303,600	1,653,011
Total Assets		1,577,767	1,897,258	2,172,926
Current liabilities		726,310	121,119	170,101
Total liabilities		1,038,906	1,019,833	751,276
Net current assets		325,628	1,182,481	1,482,910
Net assets		538,861	877,425	1,421,650
Cash and cash equivalents		246,618	60,733	118,901

For FY2017

The negative turnover of the Group increased from approximately HK\$248.8 million for FY2016 to approximately HK\$274.8 million for FY2017, representing an increase of approximately 10.5%. The net loss of the Group for FY2017 was approximately HK\$566.8 million, representing decrease of loss of approximately 42.9% as compared to net loss of approximately HK\$993.1 million for FY2016. As

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

revealed in the 2017 Annual Report, the decrease of the loss was mainly attributed to (i) the absence of the impairment loss on available-for-sale financial assets of approximately HK\$256.9 million; and (ii) the decrease of unrealised loss on financial assets at fair value through profit or loss from approximately HK\$423.9 million for FY2016 to approximately HK\$160.4 million for FY2017, representing a decrease of approximately 62.2%.

The Group recorded decrease in net current assets from approximately HK\$1,482.9 million as at 31 December 2016 to approximately HK\$1,182.5 million as at 31 December 2017 (with cash and cash equivalents of approximately HK\$60.7 million). Net assets of the Group also decreased from approximately HK\$1,421.7 million as at 31 December 2016 to approximately HK\$877.4 million as at 31 December 2017. As at 31 December 2017, total liabilities of the Group amounted to approximately HK\$1,019.8 million, of which total loans and notes payable amounted to approximately HK\$916.7 million. Gearing ratio (being total liabilities divided by total equity) was approximately 116.2% as at 31 December 2017 as compared with approximately 52.8% as at 31 December 2016. Current ratio of the Group increased slightly from approximately 9.7 as at 31 December 2016 to approximately 10.8 as at 31 December 2017.

For Interim 2018

With reference to the 2018 Interim Report, the Group recorded an unaudited negative turnover of approximately HK\$120.3 million for Interim 2018, representing a decrease of approximately 62.9% as compared to approximately HK\$324.5 million in Interim 2017. The loss for the period reduced from approximately HK\$581.9 million for Interim 2017 to approximately HK\$333.6 million for Interim 2018. Such decrease in negative turnover and loss reduction were mainly due to the decrease in net realised loss on investment in securities of approximately HK\$143.6 million from the securities investment operation of the Group.

The Group recorded decrease in net current assets from approximately HK\$1,182.5 million as at 31 December 2017 to approximately HK\$325.6 million as at 30 June 2018 (with cash and cash equivalents of approximately HK\$246.6 million). Net assets also decreased from approximately HK\$877.4 million as at 31 December 2017 to approximately HK\$538.9 million as at 30 June 2018. As at 30 June 2018, total liabilities of the Group amounted to approximately HK\$1,038.9 million, of which total loans and notes payable amounted to approximately HK\$966.7 million. Gearing ratio of the Group further increased from approximately 116.2% as at 31 December 2017 to approximately 192.8% as at 30 June 2018. The finance costs increased from approximately HK\$36.3 million for the Interim 2017 to approximately HK\$58.3 million for the Interim 2018, representing an increase of approximately 60.6%. Current ratio of the Group decreased significantly from approximately 10.8 as at 31 December 2017 to approximately 1.4 as at 30 June 2018. The decrease of current ratio was mainly attributable to the total outstanding amount of the loan payables of approximately HK\$586.1 million as at 31 December 2017 was reclassified from non-current liabilities to current liabilities as at 30 June 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for and benefits of the Rights Issue and the use of proceeds

As stated in the Board Letter, the estimated net proceeds from the Rights Issue after expenses and fees, will be approximately HK\$302.72 million and are intended to be used as follows:

- (i) approximately HK\$221.92 million towards settlement of the Group's existing debts payable to Creditor A and Creditor B so as to reduce the burdensome interest expenses and approximately HK\$47.38 million towards the repayment of the Group's loan interests to Creditor C, Creditor D and Creditor E; and
- (ii) approximately HK\$33.42 million towards general working capital of the Group, which is specified as below:
 - (a) approximately HK\$8.0 million towards the Group's rental expenses; and
 - (b) approximately HK\$25.42 million towards the Group's other operating expenses including utilities and maintenance expenses, salaries and remuneration, legal and professional expenses.

As advised by the Management, as at 31 December 2018, we note that the outstanding indebtedness of the Group comprised of (i) overdue loan owed to Creditor B with outstanding principal of HK\$18 million which was matured on 13 September 2018 (the "**Overdue Loan B**"); (ii) loans owed to Creditor D and Creditor E with the principal amount of USD50,000,000 (the "**Loan D**") and USD40,000,000 (the "**Loan E**") respectively which will become mature prior to 30 September 2019 (collectively, the "**Maturing Indebtedness**"); (iii) long term loan owed to Creditor C with principal amount of USD35,000,000 which will become in November 2021; and (iv) the Promissory Note with maturity in November 2021.

In respect of the Overdue Loan B, we are made known that the Company has been negotiating with Creditor B for renewal of the Overdue Loan B, yet Creditor B indicated that it would not allow a long extension of the repayment date of the Overdue Loan B.

Upon our enquiry, we are given to understand that the Management intends to extend the maturity dates of the Maturing Indebtedness (the "**Extension**"), as such, the Group has actively negotiated with Creditor D and Creditor E since mid-December 2018. As at the Latest Practicable Date, both Creditor D and Creditor E indicated that they were willing to extend the maturity dates of Loan D and Loan E by one year from March 2019 to March 2020 and from September 2019 to September 2020 respectively. We have further discussed with the Management and are advised that the negotiation with Creditor D for the Extension was on the basis that the entire Loan D would be repaid in one lump sum on the extended maturity date. In view of (i) the Management's intention and negotiation in process for the Extension; and (ii) willingness of both Creditor D and Creditor E to extend the maturity dates of the loans by one year, the Management does not anticipate any immediate funding needs of the Group for repayment of the Maturing Indebtedness and does not intend to repay Loan D partially prior to the extended maturity date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Board Letter, Creditor A indicated that it would like to receive early repayment on the Promissory Note from the Company in order to satisfy its financial needs. As the Promissory Note is interest-bearing and forms part of the Group's total liabilities, the Company's interest expenses and liabilities will be reduced by early repayment of the Promissory Note. Early repayment of the Promissory Note will result in annual interest saving of approximately HK\$15.7 million and up to approximately HK\$38.6 million in aggregate (assuming that repayment of the Promissory Note will take place by end of May 2019 based on the proposed timetable of the Rights Issue), representing approximately 19.7% of the principal amount of the Promissory Notes.

The Company has approached other underwriters, in addition to the Underwriter, to provide underwriting service for the Rights Issue. However, no positive feedback was received from the other underwriters. The Underwriter is the only available securities house who agreed to provide underwriting service for the Rights Issue at current fund raising size after considering the Company's business scale, financial performance of the Group and recent market sentiment.

It should be noted that (i) there is no urgency for the Group to settle the Maturing Indebtedness given the creditors' willingness to extend maturity of loans by one year; (ii) the funding size of the Rights Issue cannot cover the entire outstanding amount of Loan D; (iii) the Group has imminent needs for settlement of the Overdue Loan B; and (iv) early redemption of the Promissory Notes will result in future interest saving and reduction in gearing level of the Group. Therefore, the Company intends to repay the aggregate outstanding loan principal and interest expenses of approximately HK\$221.9 million (the "**Immediate Debts**") which consist of (i) the Promissory Note with outstanding amount of approximately HK\$200.7 million which was requested by Creditor A for early repayment; and (ii) the outstanding amount of the Overdue Loan B of approximately HK\$21.2 million which has already expired on 13 September 2018.

As disclosed in the 2018 Interim Report, (i) the cash and cash equivalents of the Group as at 30 June 2018 was approximately HK\$246.6 million; (ii) the Group recorded a negative cash flow from operation of approximately HK\$139.5 million for the six months ended 30 June 2018 which reflects that the Group has to utilize the cash on hand to support the operation of the Group's business; and (iii) the gearing ratio of the Group (based on the total liabilities and the total equity of the Company as at 30 June 2018) was approximately 192.8%.

The Rights Issue will provide sufficient capital for settlement of the Immediate Debts and thereby, improving the cash and liquidity position and the gearing ratio of the Group. The Directors also believe that with more financial resources from the Rights Issue and reduction of the Group's outstanding liabilities, the Group will have stronger bargaining power to negotiate for loans with better terms in the future.

In consideration of the Rights Issue would enable the Group (i) to repay the Immediate Debts; and (ii) to increase its working capital by approximately HK\$33.42 million and that the gearing ratio will be improved, as a consequence, the Directors are of the view that such improvement in the financial position and working capital would allow

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Group to have more resources and flexibility for utilizing the resources in its existing business operations as well as for any potential developments. As such, it would be in the best interests of the Company and the Shareholders as a whole to raise long-term equity capital through Rights Issue.

Upon our enquiry with the Management, we are given to understand that the Company has considered other financing alternatives to raise funds before resolving to the Rights Issue, including but not limited to debt financing/bank borrowings and equity financing.

In respect of debt financing, the Group's major purpose of the fund raising activity is to repay the Immediate Loans so as to reduce its finance costs and to release the resources for better utilization. However, further debt financing/bank borrowing would increase the gearing ratio of the Group and subject to possible lengthy due diligence review. In addition, given that the Group recorded consecutive losses for the years ended 31 December 2016 and 2017, it is unlikely for the Group to obtain bank borrowings at favourable terms. As such, we are of the view that debt financing and bank borrowings are not the best options among the financing alternatives.

In respect of equity financing, the Management considers that (i) placing/issue of new Shares under a general mandate would barely meet the repayment needs of the Group; (ii) placing/issue of new Shares under general/specific mandate would immediately dilute the shareholding of the existing Shareholders without giving them a chance to participate in the fund raising exercise and maintain their respective pro-rata shareholding as in the case of the Rights Issue; and (iii) an open offer would not provide the Qualifying Shareholders the option to sell their provisionally allotted nil-paid Rights Shares in the market, which in contrast, the Rights Issue allows those Qualifying Shareholders who wish to increase/decrease their shareholding interests in the Company by acquiring/disposing of nil-paid Rights Shares in the market.

Based on the above, we concur with the view of the Directors that the Rights Issue is a suitable source of financing over the aforementioned financing alternatives, in particular, to trim down the debt level, improve the Group's liquidity and strengthen the capital base of the Group and therefore is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. The major terms of the Rights Issue

Principal terms of the Rights Issue

The key terms of the Rights Issue are summarized below:

Basis of the Rights Issue	:	four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date
Subscription Price	:	HK\$0.56 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	1,401,916,770 Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	140,191,677 Consolidated Shares (assuming no further issue or repurchase of Shares up to the effective date of the Share Consolidation)
Number of Rights Shares	:	560,766,708 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date)
Number of Consolidated Shares in issue upon completion of the Rights Issue	:	700,958,385 Consolidated Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date)
Amount to be raised before expenses	:	HK\$314,029,356.48
Right of excess applications	:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment
Underwriting commission	:	3%

Analysis on the Subscription Price

The Subscription Price of HK\$0.56 per Rights Share will be payable in full when a Qualifying Shareholder accepts the relevant provisional allotments of the Rights Shares and, where applicable, applies for excess Rights Shares or when a renouncee of any provisional allotment of Rights Shares or a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Subscription Price represents:

- (a) a discount of approximately 27.27% to the adjusted closing price of HK\$0.77 per Consolidated Share, based on the closing price of HK\$0.077 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (b) a discount of approximately 6.98% to the theoretical ex-rights price of approximately HK\$0.602 per Consolidated Share based on the closing price of HK\$0.077 per Share as quoted on Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (c) a discount of approximately 85.42% to the adjusted consolidated net asset value per Consolidated Share of approximately HK\$3.84 (based on the consolidated net asset value of the Company as at 30 June 2018 of approximately HK\$538,861,000 and the number of issued Consolidated Shares after the Share Consolidation, which is 140,191,677);
- (d) a discount of approximately 21.13% to the adjusted average closing price of approximately HK\$0.71 per Consolidated Share, based on the average closing price of HK\$0.071 per Share as quoted on the Stock Exchange for the 5 consecutive trading days prior to and excluding the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (e) a discount of approximately 11.11% to the adjusted closing price of HK\$0.63 per Consolidated Share, based on the closing price of HK\$0.063 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation.

Comparison with adjusted historical closing prices of the Consolidated Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily adjusted closing prices and trading volume of the Consolidated Shares from 1 January 2018 to the Last Trading Day (the “**Review Period**”) (being a period of approximately 12 months prior to and including the Last Trading Day) and compared with the Subscription Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical daily adjusted closing price per Consolidated Share



Source: website of the Stock Exchange (www.hkex.com.hk)

As shown in the chart above, during the Review Period, the average adjusted closing price was approximately HK\$1.68 per Consolidated Share (the “**Average Adjusted Closing Price**”). The daily adjusted closing price ranged from HK\$0.63 per Consolidated Share recorded on 24 December 2018 (the “**Lowest Adjusted Closing Price**”) to HK\$2.43 per Consolidated Share (the “**Highest Adjusted Closing Price**”) recorded on 22 January 2018 during the Review Period. As shown in the chart above, during the Review Period, a general downward trend was observed for the adjusted closing price of the Consolidated Shares.

The Consolidated Shares were traded above the Subscription Price throughout the Review Period. The Subscription Price of HK\$0.56 represents (i) a discount of approximately 11.1% to the Lowest Adjusted Closing Price of HK\$0.63 per Consolidated Share; (ii) a discount of approximately 77.0% to the Highest Adjusted Closing Price of HK\$2.43 per Consolidated Share; and (iii) a discount of approximately 66.7% to the Average Adjusted Closing Price of approximately HK\$1.68 per Consolidated Share for the Review Period. During the period from 1 December 2018 to the Last Trading Day (being a period of approximately one month prior to and including the Last Trading Day), the average adjusted closing price was approximately HK\$0.72 per Consolidated Share (the “**Recent Average**”). The Subscription Price represents a discount of approximately 22.2% to the Recent Average.

As discussed in the section headed “Comparison with recent rights issue exercises” below, we note that it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares in order to increase the attractiveness and encouraging shareholders to participate in the rights issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical trading liquidity of the Consolidated Shares

We have also reviewed the trading volume of the Consolidated Shares during the Review Period. We note that during the Review Period, the average daily trading volume per month of the Consolidated Shares as compared with the total issued Consolidated Shares at the end of the respective month/period (the “**Trading Liquidity Ratio**”) ranged from approximately 0.02% to approximately 0.20% with the mean of merely 0.07%. Upon our review of the “HKEx Monthly Market Highlights” for the period from January 2018 to January 2019 (the “**Relevant Period**”) available on the website of the Stock Exchange, we note that the average daily trading turnover to total market capitalisation of listed securities (including Main Board and GEM listed issuers) (the “**Market Trading Turnover Ratio**”) during such period ranged from approximately 0.24% to approximately 0.43% with the mean of approximately 0.32%. In view of this, we consider the trading liquidity of the Consolidated Shares are generally thin during the Review Period, given that the Trading Liquidity Ratio has been below the low end of the Market Trading Turnover Ratio (i.e. 0.24%) throughout the Relevant Period. In light of the relatively thin trading liquidity of the Consolidated Shares, we consider that it is reasonable for the Subscription Price to be set at a discount to the prevailing adjusted closing prices of the Consolidated Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholding interests in the Company.

Comparison with recent rights issue exercises

As part of our analysis, we have further reviewed the rights issue exercises initially announced by companies listed on the Stock Exchange from 1 January 2018 up to Last Trading Day (being around 12 months period prior to the Last Trading Day) which (i) have subscription ratios above 1-for-2 that the rights issue would be subject to shareholders’ approval; and (ii) do not offer bonus shares or bonus warrant in the rights issue transactions (the “**Comparables**”). Besides, we have excluded the comparable companies which are H-share companies whose share capital structure is different from that of the Company as not all the issued shares of a H-share company can be traded on the Stock Exchange such as its A-shares or domestic shares. To the best of our knowledge, we have found 10 transactions which met the said criteria. We consider that the aforesaid review period is appropriate to capture the recent market practice because the Comparables are considered for the purpose of taking a general reference for the recent market practice in relation to rights issue exercise under the recent market conditions and sentiment. We consider that the Comparables are fair and representative samples for comparison purpose, which represent an exhaustive list based on the said criteria, and are sufficient for assessing the fairness and reasonableness of the Rights Issue. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the Comparables.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Item no.	Date of announcement	Name of listed issuer	Stock code	Basis of entitlement	Premium/ (discount) of the subscription price over/to the closing price on the last trading day prior to/on the date of the relevant announcements %	Premium/ (discount) of the subscription price over/to the theoretical ex-rights price based on the closing price on the last trading day prior to/on the date of the relevant announcements %	Premium/ (discount) of the subscription price to net assets value per share % (Note 2)	Underwriting commission %	Maximum dilution on shareholding % (Note 1)	Excess application
1	3 January 2018	DeTai New Energy Group Limited	559	2 for 1	(29.7)	(11.9)	(63.9)	2.5	66.7	Y
2	25 January 2018	China Agroforestry Low-Carbon Holdings Limited	1069	3 for 2	(29.7)	(14.8)	(35.8)	1 and 2.5 (Note 3)	60	Y
3	8 February 2018	Century Ginwa Retail Holdings Limited	162	1 for 1	26.7	15.2	(91.4)	5	50	Y
4	28 March 2018	Enerchina Holdings Limited	622	1 for 1	(7.2)	(3.7)	(78.5)	3	50	Y
5	11 April 2018	PPS International (Holdings) Limited	8201	1 for 1	(32.1)	(19.3)	(67.5)	Nil and 3 (Note 4)	50	Y
6	19 April 2018	China Star Entertainment Limited	326	2 for 1	(36.7)	(16.1)	(93.1)	Nil (Note 5)	66.7	Y
7	21 June 2018	Munsun Capital Group Limited	1194	6 for 1	(26.7)	(4.8)	(97.5)	2.5	85.7	Y
8	4 September 2018	Master Glory Group Limited	275	3 for 1	1.2	0.3	(92.7)	Non-underwritten basis	75	Y
9	8 November 2018	TSC Group Holdings Limited	206	1 for 1	(6.3)	(4.3)	55.2	0.8	50	Y
10	9 November 2018	i-CABLE Communications Limited	1097	1 for 1	(38.4)	(23.8)	(40.1)	1.75	50	N
		Maximum			26.7	15.2	55.2	5	85.7	
		Minimum			(38.4)	(23.8)	(97.5)	Nil	50	
		Average			(17.9)	(8.3)	(60.5)	2.0	60.4	
		The Company		4 for 1	(27.3)	(7.0)	(85.4)	3	80.0	Y

Source: Website of the Stock Exchange (www.hkex.com.hk)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. Maximum dilution effect of each of the Comparables is calculated as: (number of new shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the new shares under the basis of entitlement + number of new shares to be issued under the basis of entitlement) x 100%)
2. The net assets value per share was extracted from the relevant announcement or circular of the Comparables, where such information is not available from the above published sources, computed based on the reported net assets value as shown in the relevant interim results or annual results of the Comparables and the number of issued shares as at the date of the relevant announcement of the Comparables.
3. 1% to the underwriter who is a connected person of the company and 2.5% to the underwriter who is an independent third party.
4. 3% to the underwriter who is an independent third party and nil to the underwriter who is a connected person of the company.
5. Nil to the underwriter who is a connected person of the company.

The subscription prices of the Comparables:

- (i) ranged from a discount of 38.4% to a premium of approximately 26.7% (the “**LTD Range**”), with an average discount of approximately 17.9% (the “**LTD Average Discount**”) for their respective closing prices per share on the last trading day prior to/on the dates of the relevant announcements of the Comparables;
- (ii) ranged from a discount of approximately 23.8% to a premium of approximately 15.2% (the “**TERP Range**”), with an average discount of approximately 8.3% (the “**TERP Average Discount**”) for their respective average theoretical ex-rights prices per share based on the closing prices on the last trading day prior to/on the dates of the relevant announcements of the Comparables; and
- (iii) ranged from a discount of approximately 97.5% to a premium of approximately 55.2% (the “**NAV Range**”), with an average discount of approximately 60.5% (the “**NAV Average Discount**”) for their respective subscription price to the net assets value per share of the Comparables.

The Subscription Price of HK\$0.56 per Rights Share represents (i) a discount of approximately 27.3% to the adjusted closing price per Consolidated Share on the Last Trading Day (the “**LTD Discount**”); (ii) a discount of approximately 7.0% to the theoretical ex-rights price per Consolidated Share (the “**TERP Discount**”); and (iii) a discount of approximately 85.4% to the adjusted consolidated net asset value per Consolidated Share (the “**NAV Discount**”). Each of the LTD Discount, the TERP Discount and the NAV Discount is within the LTD Range, TERP Range and NAV Range respectively. We note that the LTD Discount and NAV Discount are below the LTD Average Discount and NAV Average Discount respectively. Taking into consideration that (i) the trading volume of the Consolidated Shares during the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Review Period was generally thin as discussed under the sub-section headed “Historical trading liquidity of the Consolidated Shares”; (ii) the general downward trend of the adjusted closing price of the Consolidated Shares as discussed under the sub-section headed “Comparison with adjusted historical closing prices of the Consolidated Shares”; (iii) the relatively substantial discount on the Subscription Price could enhance the attractiveness of the Rights Issue for encouraging Qualifying Shareholders to participate in the Rights Issue; and (iv) each of the LTD Discount, TERP Discount and NAV Discount falls within the corresponding ranges of discounts represented by the Comparables, we are of the view that the Subscription Price is on normal commercial term and is fair and reasonable so far as the Independent Shareholders are concerned.

4. Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholders, and (ii) any Rights Shares provisionally allotted but not accepted. Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker’s cashier order for the sum payable for the excess Rights Shares being applied for.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis. No preference will be given to topping up odd lots to whole board lots. The Board will allocate the excess Rights Shares to the Qualifying Shareholders who have applied for excess application at its discretion, but on a pro-rata basis in proportion to the number of excess Rights Shares being applied for under each application. In determining the number of excess Rights Shares to be allocated to a Qualifying Shareholder, no reference will be made to the number of Rights Shares subscribed by that Qualifying Shareholder through applications by PAL or the existing number of Shares held by such Qualifying Shareholder.

Among the Comparables, 9 out of 10 of the Comparables allow application for excess rights shares (the “**Relevant Comparables**”). In addition, we note that the allocation arrangement of excess application of the Rights Issue, which includes allocating the excess Rights Shares on a pro-rata basis and no preference will be given to topping up odd lots to whole board lots, are the same as the relevant allocation arrangement of the majority (i.e. 5 out of 9) of the Relevant Comparables. As such, we consider that the Rights Issue allowing application for excess Rights Shares and the allocation mechanism for excess Rights Shares are in line with the market practice.

5. Underwriting commission

With reference to the Board Letter, the terms of the Underwriting Agreement, including the underwriting commission, were determined after arm’s length negotiation between the Company and the Underwriter, among others, (i) the underwriting commission offered by the Underwriter is comparable to that offered by other financial institutions; and (ii) the experience and financial resources of the Underwriter for underwriting of such securities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It was stated in the Board Letter that the Directors (including the independent non-executive Directors) consider the terms of the Underwriting Agreement including the underwriting commission to be fair and reasonable so far as the Company and the Shareholders are concerned.

From the comparison with recent rights issue exercises under the sub-section headed “Comparison with recent rights issue exercises”, we note that the commission rate of 3% under the Rights Issue falls within the range of commission rate of nil to 5% received by underwriters in the Comparables. In this connection, we are of the opinion that the commission rate is in line with common market practice.

Taking into account the above principal terms of the Rights Issue and the Underwriting Agreement, we consider that the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

6. Financial Impact of the Rights Issue

(a) Net tangible assets

Based on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the equity shareholders of the Company set out in Appendix II to this Circular, the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2018 was approximately HK\$538.9 million. Upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company would become approximately HK\$841.6 million, representing an increase of approximately 56.2%.

(b) Liquidity

As part of the net proceeds of not less than approximately HK\$33.42 million from the Rights Issue will be used as the general working capital of the Group, the working capital position of the Group would be improved upon completion of the Rights Issue.

(c) Gearing ratio

The gearing ratio (as measured by total liabilities divided by total equity) of the Group as at 30 June 2018 was approximately 192.8%. If part of the net proceeds of approximately HK\$221.92 million from the Rights Issue were applied to repay the existing debt, total debt of the Group would be reduced whilst the capital base of the Group would be enlarged accordingly. As such, the Group’s gearing ratio would decrease immediately after the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

After taking into consideration of the above, particularly, the improvement in liquidity position, the reduction in gearing ratio of the Group, and positive impact on the earnings of the Group, we are of the view that the Rights Issue is in the interest of the Company and the Shareholders as a whole.

7. Possible dilution effect on the shareholding interests of the existing public Shareholders

The table which demonstrates the possible shareholding structures of the Company immediately after completion of the Rights Issue are contained under the section headed “Changes in Shareholding Structure” in the Board Letter.

The Rights Issue 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 to participate in the future business development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of approximately 80%.

In justifying the fairness and reasonableness of the Rights Issue in terms of its maximum dilution effect, we have compared the maximum dilution effect of the Rights Issue with that of the Comparables. The maximum dilution effect of the Rights Issue of 80% falls within range of the Comparables (ranged from 50% to approximately 85.7%) and is above the average maximum dilution effect of the Comparables of approximately 60.4% as set out in the section headed “The major terms of the Rights Issue — Comparison with recent rights issue exercises”.

We are aware of the potential maximum dilution effect as a result of the Rights Issue. However, having taken into account that (i) the maximum dilution effect of the Rights Issue falls within range of the maximum dilution effect of the Comparables; (ii) the Rights Issue would reduce the debt position and gearing ratio of the Group by repayment of the Immediate Loans; (iii) the Rights Issue would strengthen the capital base and financial flexibility and therefore enhancing the Group’s financial position; (iv) all Qualifying Shareholders are offered an equal opportunity to maintain their shareholding interests in the Company and allowed to participate in the business growth of the Company; (v) the inherent dilutive nature of rights issues in general if the existing shareholders do not take up their entitlements thereunder in full; and (vi) the Rights Issue is considered to be a relatively more appropriate means as compared to other financing alternatives as previously discussed, we consider that the potential dilution effect of the Rights Issue is justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Recommendation

Having considered the principal factors and reasons described above, we are of the opinion that (i) the Company is in need to raise funds to relieve its debt position; (ii) the Subscription Price set at a discount would attract the Shareholders to participate in the Rights Issue and accordingly maintain their shareholding interests in the Company; (iii) the dilution effect is not prejudicial to the Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Rights Shares under the Rights Issue; (iv) Qualifying Shareholders who do not intend to accept the Rights Shares provisionally allotted to them can sell their nil-paid Rights Shares; and (v) the positive potential financial effects of the Rights Issue on the Group, including the expected improvement in the liquidity position of the Group, we consider that the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders and we recommend the Independent Shareholders to vote in favour of the relevant resolutions to approve the Rights Issue at the EGM.

Yours faithfully,
For and on behalf of
Akron Corporate Finance Limited
Ross Cheung
Managing Director

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 have been published in the annual reports and interim report of the Company per below:

- (i) the financial information of the Group for the year ended 31 December 2015 is disclosed in the annual report of the Company for the year ended 31 December 2015 published on 21 April 2016, from pages 30 to 99 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0421/LTN20160421841.pdf>);
- (ii) the financial information of the Group for the year ended 31 December 2016 is disclosed in the annual report of the Company for the year ended 31 December 2016 published on 27 April 2017, from pages 33 to 109 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0427/LTN20170427448.pdf>);
- (iii) the financial information of the Group for the year ended 31 December 2017 is disclosed in the annual report of the Company for the year ended 31 December 2017 published on 13 April 2018, from pages 34 to 111 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0413/LTN20180413492.pdf>); and
- (iv) the financial information of the Group for the six months ended 30 June 2018 is disclosed in the interim report of the Company for the six months ended 30 June 2018 published on 24 September 2018, from pages 10 to 44 (<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0924/LTN20180924257.pdf>).

The management discussion and analysis of the Company for the three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 are disclosed in the published annual reports and interim report of the Company for the relevant years.

2. INDEBTEDNESS

Borrowings

As at the close of business on 31 January 2019, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness:

- (1) Loan from a financial institution with principal amount of US\$50,000,000 (equivalent to approximately HK\$392,328,000) which is interest-bearing at 12.75% per annum, guaranteed, secured by equity interest in a subsidiary of the Company and an associate of the Group, and repayable in March 2019.
- (2) Loan from a financial institution with principal amount of US\$35,000,000 (equivalent to approximately HK\$274,630,000) which is interest-bearing at 6.8% per annum, guaranteed and secured. US\$5,000,000 (equivalent to approximately HK\$39,233,000) and US\$30,000,000 (equivalent to approximately HK\$235,397,000) are repayable in November 2019 and November 2021 respectively.

- (3) Loan from an individual who is an independent third party of the Group, with principal amount of HK\$18,000,000 which is interest-bearing at 12% per annum, unguaranteed, unsecured and became overdue since 13 September 2018.
- (4) Notes to a noteholder with principal amount of US\$40,000,000 (equivalent to approximately HK\$313,863,000), which are interest-bearing at 8% per annum, guaranteed, secured by the security interest provided by a substantial shareholder of the Company, and repayable in September 2019 (extendable to September 2020 subject to mutual consent).
- (5) Note to a noteholder with principal amount of HK\$196,000,000, which are interest-bearing at 8% per annum, unguaranteed, unsecured and repayable in November 2021.

Lease liabilities

As at the close of business on 31 January 2019, the Group had non-cancellable operating lease commitments of approximately HK\$27,083,000. Upon application of HKFRS 16 “Leases”, the Group recognised a corresponding liability in respect of all these leases of approximately HK\$24,624,000.

Contingent liabilities

As at the close of business on 31 January 2019, the Group had contingent liabilities as follows:

A subsidiary of the Company, which is principally engaged in securities brokerage business, may be subject to a maximum penalty of HK\$10,000,000 payable to the enforcement agency in relation to certain allegedly irregular transactions conducted by a former employee of the subsidiary. The matter is currently under investigation by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, it is reasonable for the Group to assume that the contingent liability of this case will be the maximum penalty of HK\$10,000,000.

In addition, the subsidiary of the Company may also be found liable to certain third parties for an aggregate amount of approximately HK\$8,000,000. In 2016, the Group obtained legal opinion from law firms in Hong Kong and the PRC which considered that the causes of action of the individuals in the above matter are timebarred and the time limitation had lapsed by 31 December 2016. In the opinion of the Directors, it is not probable that the individuals will issue claims against the Group.

As explained above, the Group is subject to possible claims of HK\$8,000,000 and a possible maximum penalty of HK\$10,000,000 in respect of the allegedly irregular transactions conducted by the former employee in prior years.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised

or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding as at the close of business on 31 January 2019.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account the existing cash and bank balances and, the internal financial resources available, the existing available facilities of the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

Save as disclosed in the profit warning announcements of the Company dated 7 January 2019 and 11 July 2018, 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 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company. The Group principally engages in the trading of goods, financing, property development and brokerage and securities investment businesses.

The Group expects that global economic outlook of the year 2019 will remain to be volatile and subject to increasing downside risks, in particular, trade protectionism is the most worrying threat. Further tightening of financial conditions across advanced economies, particularly in the US, is another risk factor that warrants attention. On the local front, the external environment facing the Hong Kong economy in 2019 is expected to be challenging, and the economic outlook is subject to considerable uncertainties, among which, the inflation outlook of Hong Kong will hinge on a host of factors, including the overall economic growth, local cost pressures, inflation of major import supply sources, international commodity prices, etc.

Taking these views into consideration, the Group will adopt a prudent approach in identifying and considering its investment opportunities in the year of 2019. The Company's strategy will continue to identify suitable and/or attractive investment opportunities for further expansion of its existing businesses, such as money-lending, securities investment and enhancement of margin loans for its securities brokerage business and property development.

For illustrative purpose only, set out below is the unaudited pro forma adjusted consolidated net tangible assets of the Group (“Unaudited Pro Forma Financial Information”) as if the Share Consolidation and the Rights Issue has been completed on 30 June 2018. Although reasonable care has been exercised in preparing the Unaudited Pro Forma Financial Information, Shareholders who read the information below should bear in mind that these figures are inherently subject to adjustments and, because of its hypothetical nature, may not give a true picture of the Group’s financial position had the Share Consolidation and the Rights Issue been completed as at 30 June 2018 or any future dates.

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group (the “Unaudited Pro Forma Financial Information”) has been prepared in accordance with Rule 4.29 of the Listing Rules set out below to illustrate the effect of the Share Consolidation and the Rights Issue on the unaudited consolidated net tangible assets of the Group as if it had taken place on 30 June 2018.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the net consolidated tangible assets of the Group attributable to owners of the Company had the Share Consolidation and the Rights Issue been completed as at 30 June 2018 or at any future date.

The following Unaudited Pro Forma Financial Information of the adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2018 as extracted from the published condensed consolidated financial statements of the Group for the six months ended 30 June 2018, with pro forma adjustments described below:

	Unaudited consolidated net tangible assets attributable to owners of the Company as at 30 June 2018 HK\$'000 (Note 1)	Unaudited estimated net proceeds from the Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company after completion of the Rights Issue HK\$'000	Unaudited consolidated net tangible assets attributable to owners per Share before the completion of the Share Consolidation and the Rights Issue HK\$ (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after completion of the Share Consolidation and the Rights Issue HK\$ (Note 4)
Based on 560,766,708 Rights Shares at subscription price of HK\$0.56 per Rights Share	<u>538,861</u>	<u>302,720</u>	<u>841,581</u>	<u>0.38</u>	<u>1.20</u>

Notes:

- (1) The unaudited consolidated net tangible assets attributable to owners of the Company of approximately HK\$538,861,000 as at 30 June 2018 has been extracted from the published unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018.
- (2) The estimated net proceeds from the Rights Issue of approximately HK\$302,720,000 are based on the number of 560,766,708 Rights Shares to be issued at the Subscription Price of HK\$0.56 per Rights Share (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date) and after deducting estimated expenses of approximately HK\$11,309,000 attributable to the Rights Issue.
- (3) The unaudited consolidated net tangible assets of the Group per share attributable to the owners of the Company before the completion the Share Consolidation and the Rights Issue is determined based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2018 of approximately HK\$538,861,000 as disclosed in note 1 above, divided by 1,401,916,770 Shares in issue before the completion of the Share Consolidation and the Rights Issue.

- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group after the completion of the Share Consolidation and the Rights Issue per share is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2018 for the Rights Issue of approximately HK\$841,581,000 divided by 700,958,385 shares which comprise 1,401,916,770 shares in issue before the completion of the Share Consolidation and the Rights Issue and 560,766,708 Rights Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date) to be issued after the completion of the Rights Issue.
- (5) No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 30 June 2018.

II. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA INFORMATION OF THE GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this Circular from the independent reporting accountants of the Company, Pan-China (H.K.) CPA Limited, Certified Public Accountants, Hong Kong.



PAN-CHINA (H.K.) CPA LIMITED Certified Public Accountants

天健(香港)會計師事務所有限公司

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of GT Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of GT Group Holdings Limited (the "Company") and its subsidiaries (collectively 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 consolidated net tangible assets statement as at 30 June 2018, and related notes as set out in Appendix II of the Circular issued by the Company dated 8 March 2019 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed share consolidation and the proposed rights issue on the Group's consolidated net tangible assets attributable to owners of the Company as at 30 June 2018 as if the transaction had taken place at 30 June 2018. As part of this process, information about the Group's unaudited consolidated net tangible assets has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2018, on which a review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on Mainboard of 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* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by Rule 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 (HKSAE) 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 Rule 4.29 of the Listing Rules and with reference to AG 7 issued by the 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 unaudited pro forma financial information included in this Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction 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 event or transaction at 30 June 2018 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 accountants' judgement, having regard to the reporting accountants' 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.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as under "Reasons for the Rights Issue and use of proceeds" set out on pages 20 to 24 of the Circular.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors 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 Rule 4.29(1) of the Listing Rules.

Your faithfully,

PAN-CHINA (H.K.) CPA LIMITED

Certified Public Accountants

Hong Kong, 8 March 2019

Lee Ping Kai

Practising Certificate Number: P02976

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL OF THE COMPANY

The issued and fully paid share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Share Consolidation and the Rights Issue (assuming no further issue or repurchase of Shares or Consolidated Shares up to completion of the Rights Issue save for the Rights Shares) were as follows:

(i) As at the Latest Practicable Date

Issued and fully paid:

1,401,916,770 Shares

(ii) Immediately following the completion of the Share Consolidation and the Rights Issue (assuming no further issue or repurchase of Shares or Consolidated Shares up to completion of the Rights Issue save for the Rights Shares)

Issued and fully paid:

140,191,677 Consolidated Shares in issue as at the Record Date

560,766,708 Rights Shares to be allotted and issued under the Rights Issue

700,958,385

All of the Shares or Consolidated Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank pari passu with each other in all respects, including, in particular, as to dividends, voting rights and return of capital. The Shares or Consolidated Shares and the Rights Shares are or will be listed on the main board of the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights 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, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Rights Shares or Shares or Consolidated Shares.

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. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company or their respective associates in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules relating to securities transactions by directors (the “Model Code”) were as follows:

Name of Director	Capacity	Number of Shares	Number of underlying Shares	Total interests	Approximate percentage of the total issued share capital of the Company
Dr. Wong Yun Kuen	Beneficial owner	1,800	0	1,800	0.00%

Save as disclosed above, as at the Latest Practicable date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

4. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the register of Substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed in the section headed “INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY” above, the following Shareholders had notified the Company of its relevant interests in the issued share capital of the Company.

Name of the Shareholder	Capacity	Number of Shares	Approximate Percentage of issued Shares
Wealth Success Limited (Note 1,2)	Beneficial owner	406,681,579	29.01%
Lai Leong	Interest in controlled corporation	406,681,579	29.01%

Notes:

- (1) By virtue of the SFO, Mr. Lai Leong is deemed to be interested in 406,681,579 Shares being held by Wealth Success Limited as Wealth Success Limited is wholly-owned by Mr. Lai Leong.
- (2) Wealth Success Limited has provided an interest in the Shares as security to a person other than a qualified lender.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING BUSINESS INTEREST OF DIRECTORS

To the best knowledge of the Directors, none of the Directors or their respective close associates (within the meaning of the Listing Rules) had any interests in any business which competed or might compete with the business of the Group as at the Latest Practicable Date.

7. INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors 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 any member of the Group since 31 December 2017, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this Circular which is significant in relation to the business of the Group.

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this Circular:

- (1) the deed of indemnity dated 23 March 2017 entered into by the Company in favour of the guarantors who provided guarantees to Singularity Advisory (Cayman) Ltd to facilitate the financing for the acquisition of the convertible bond issued by XinRen Aluminum Holdings Limited in the principle amount of USD60,000,000;
- (2) the acquisition agreement dated 7 August 2017 (as amended on 17 October 2017, 1 March 2018, 29 March 2018, 15 August 2018, 7 November 2018 and 1 February 2019) entered into between an indirect wholly-owned subsidiary of the Company and Mr. Chen Jianjun in relation to the acquisition of the entire issued share capital of Well City Enterprises Limited and the attached indebtedness at a consideration of HK\$130,000,000;
- (3) the sale and purchase agreement dated 1 September 2017 (as amended on 1 March 2018 and 31 August 2018) entered into between an indirect wholly-owned subsidiary of the Company and Mega Ample Capital Limited (太裕資本有限公司) in relation to the acquisition of 49% of the entire issued share capital of Multi-Fame Group Limited at a consideration of HK\$ 196,000,000;
- (4) the supplemental agreement dated 17 October 2017 entered into between an indirectly wholly-owned subsidiary of the Company and Mr. Chen Jianjun to amend the terms of the acquisition agreement stated in (2);
- (5) the second supplemental agreement dated 1 March 2018 entered into between an indirectly wholly-owned subsidiary of the Company and Mr. Chen Jianjun to extend the long stop date;
- (6) the supplement agreement dated 1 March 2018 entered into between an indirect wholly-owned subsidiary of the Company and Mega Ample Capital Limited (太裕資本有限公司) to extend the long stop date;

- (7) the third supplemental agreement dated 29 March 2018 entered into between an indirectly wholly-owned subsidiary of the Company and Mr. Chen Jianjun to amend the manner to satisfy the consideration;
- (8) the fourth supplemental agreement dated 15 August 2018 entered into between an indirect wholly-owned subsidiary of the Company and Mr. Chen Jianjun to extend the long stop date;
- (9) the second supplemental agreement dated 31 August 2018 entered into between an indirect wholly-owned subsidiary of the Company and Mega Ample Capital Limited (太裕資本有限公司) to extend the long stop date;
- (10) the fifth supplemental agreement dated 7 November 2018 entered into between an indirect wholly-owned subsidiary of the Company and Mr. Chen Jianjun to extend the long stop date;
- (11) the Underwriting Agreement; and
- (12) the sixth supplemental agreement dated 1 February 2019 entered into between an indirect wholly-owned subsidiary of the Company and Mr. Chen Jianjun to extend the long stop date.

10. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this Circular:

Name	Qualification
Pan-China (H.K.) CPA Limited	Certified Public Accountants
Akron Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its report, letter and/or reference to its name or opinion in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not, directly or indirectly, have any interest in any assets which had since 31 December 2017 (being the date to which the latest published audited consolidated results of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

11. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, Independent Financial Adviser fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$11.31 million, which are payable by the Company.

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office & head office and principal place of business in Hong Kong	Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
Authorised representatives	Ms. Ng Shin Kwan, Christine Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
	Mr. Leung Ka Wai Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
Company secretary	Mr. Leung Ka Wai Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
Share registrar and transfer office of the Company in Hong Kong	Tricor Secretaries Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong

Principal bankers	Bank of China (Hong Kong) Limited Shop 4, G/F Causeway Centre 28 Harbour Road Wanchai Hong Kong
	Bank of Communication Co. Ltd G/F., 32–34 Johnston Road Wanchai Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen’s Road Central Hong Kong
	Industrial Bank Company Limited Hong Kong Branch 39/F, ICBC Tower, Citibank Plaza 3 Garden Road Central Hong Kong
Auditors and reporting accountants	Pan-China (H.K.) CPA Limited 11/F, Hong Kong Trade Centre 161–167 Des Voeux Road Central Hong Kong
Legal adviser to the Company	Y. F. Lam & Co Suite 2001, 20/F China United Centre 28 Marble Road North Point Hong Kong
Independent Financial Adviser	Akron Corporate Finance Limited 17/F, Times Media Centre 133 Wanchai Road Wanchai Hong Kong
Underwriter	Win Wind Securities Limited 25/F, China United Centre 28 Marble Road North Point Hong Kong

13. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

(a) Name and address of the Directors and senior management

Executive Directors

Name	Address
Li Dong (<i>Chairman</i>)	Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
Ng Shin Kwan, Christine	Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
Chan Ah Fei	Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
Liang Shan	Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong

Independent non-executive Directors

Name	Address
Wong Yun Kuen	Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
Wong Shun Loy	Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
Hu Chao	Units 2502–5, 25th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong

(b) Profiles of the Directors and senior management*Executive Directors*

Mr. Li Dong (“Mr. Li”), aged 58, has been Executive Director and Chairman of the Company since July 2015. Mr. Li also holds directorships in various subsidiaries of the Company. He graduated from the faculty of electric automation (電氣自動化系) of the Yuzhou University (渝州大學) in Chongqing. Mr. Li has worked as senior management for various banks in the PRC. He has extensive experience in banking, finance, risk management and treasury planning for over 20 years. Mr. Li was the governor of both Haikou Branch and Chengdu Branch of Shenzhen Development Bank, the deputy governor of Chongqing Branch of Industrial Bank, the deputy governor of Chongqing Branch of Evergrowing Bank and the governor of Chongqing Branch of Harbin Bank.

Ms. Ng Shin Kwan, Christine (“Ms. Ng”), aged 50, has been Executive Director of the Company since August 2007. Ms. Ng also holds directorships in various subsidiaries of the Company. She holds a Bachelor of Economics degree from University of Sydney in Australia and has over 20 years of experience in business development, corporate management and investment fields and held executive positions in various investment and securities companies.

Mr. Chan Ah Fei (“Mr. Chan”), aged 56, has been Executive Director of the Company since November 2010. Mr. Chan also holds directorships in various subsidiaries and an associate of the Company. He has more than 20 years of experience as key management in electric power supply, telecommunications, geological surveying and mining businesses. Mr. Chan received a geological surveying qualification from 甘肅蘭州礦業學院 (literally translated as Gansu Lanzhou Mining Academy). He has founded 青海創綠投資管理有限公司 (literally translated as Qinghai Chuanglu Investment Management Limited) since 2000, which is principally engaged in provision of consultancy service in relation to mining rights, including the mineral exploitation, extraction, processing and production at mines primarily located in the northwestern and southwestern regions of the PRC. Mr. Chan was a director of Great Wall Hong Kong Investment Co. Limited, which provides advisory services in relation to geological surveying and mining (a company dissolved on deregistration on 9 December 2016).

Mr. Liang Shan (“Mr. Liang”), aged 55, has been Executive Director of the Company since January 2014. Mr. Liang also holds directorships in various subsidiaries and an associate of the Company. He graduated from the Graduate School of Chinese Academy of Social Sciences with a master degree in monetary and banking studies (貨幣銀行學專業學習) of the Faculty of Finance and Economics (財貿經濟系). Mr. Liang has extensive experience in banking industry, iron ore trading and property development and has worked for various companies as director and general manager in the past.

Independent non-executive Directors

Dr. Wong Yun Kuen (“**Dr. Wong**”), aged 61, has been Independent Non-executive Director of the Company since September 2004. Dr. Wong received a Ph.D. Degree from Harvard University, and was “Distinguished Visiting Scholar” at Wharton School of the University of Pennsylvania. He has worked in financial industries in the United States and Hong Kong for more than 10 years, and has considerable experience in corporate finance, investment and derivative products. Dr. Wong is a member of Hong Kong Securities Institute. He is an executive director and chairman of Far East Holdings International Limited (Stock Code: 36), an executive director and a chairman of UBA Investments Limited (Stock Code: 768), an non-executive director of China Sandia Holdings Limited (Stock Code: 910), and an independent non-executive director of Asia Coal Limited (Stock Code: 835), DeTai New Energy Group Limited (Stock Code: 559), Kaisun Holdings Limited (Stock Code: 8203), Kingston Financial Group Limited (Stock Code: 1031), Synergis Holdings Limited (Stock Code: 2340) and Tech Pro Technology Development Limited (Stock Code: 3823). Dr. Wong was an executive director of Boill Healthcare Holdings Limited (Stock Code: 1246) from July 2016 to December 2018; and was also an independent non-executive director of Bauhaus International (Holdings) Limited (Stock Code: 483) from October 2004 to December 2016 and Sincere Watch (Hong Kong) Limited (Stock Code: 444) from September 2012 to December 2017.

Mr. Wong Shun Loy (“**Mr. Wong**”), aged 54, has been Independent Non-executive Director of the Company since March 2012. Mr. Wong is a Certified Public Accountant (Practising) in Hong Kong and a fellow member of the Hong Kong Institute of Certified Public Accountants. He obtained an Executive Master of Business Administration from Colorado University of Commerce in USA. Mr. Wong has extensive experience in banking, finance and accounting. He is the proprietor of S.L. Wong & Co.. Mr. Wong is an executive director of Chengdu Taihe Health Technology Group Inc., Ltd. (formerly known as Chengdu Huasun Group Inc., Ltd and a company whose shares are listed on Shenzhen Stock Exchange). He was an independent director of Dazhou City Commercial Bank from July 2015 to June 2018 and Nanchong City Commercial Bank from 2006 to April 2015.

Mr. Hu Chao (“**Mr. Hu**”), aged 35, has been Independent Non-executive Director of the Company since March 2012. Mr. Hu obtained a Bachelor Degree in Law from the Hunnan University of Technology (formerly known as Zhuzhou Institute of Technology). He has extensive experience in legal consultation and had been providing consultancy services for various businesses in the PRC. Mr. Hu is an executive director of Code Agriculture (Holdings) Limited (Stock Code: 8153).

Senior Management

Mr. Leung Ka Wai (“**Mr. Leung**”), aged 38, has joined the Group since June 2012 and currently holds the position of Financial Controller and the Company Secretary of the Company. Mr. Leung is a Certified Public Accountant of the Hong

Kong Institute of Certified Public Accountants and holds a bachelor's degree in Economics and a postgraduate diploma in professional accountancy from the Chinese University of Hong Kong. Mr. Leung has over 10 years of experience in auditing, finance and accounting and corporate secretarial functions.

14. GENERAL

- (a) The company secretary of the Company is Mr. Leung Ka Wai. Mr. Leung Ka Wai is a member of Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is Units 2502–5, 25th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.
- (c) The head office and principal place of business of the Company in Hong Kong is at Units 2502–5, 25th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.
- (d) The share registrar of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (f) The English text of this Circular and the accompanying form of proxy shall prevail over the respective Chinese text in the case of inconsistency.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Units 2502–5, 25th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong from the date of this Circular up to and including the date of the EGM:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2015, 2016 and 2017 and the interim report of the Company for the six months ended 30 June 2018;
- (c) the written consents referred to in the paragraph headed "Experts and Consents" to this Appendix;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" to this Appendix;
- (e) the unaudited pro forma financial information of the Group as set out in Appendix II to this Circular;

- (f) the letter from the Board, the text of which is set out on pages 7 to 28 of this Circular;
- (g) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 29 to 30 of this Circular;
- (h) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 31 to 49 of this Circular;
- (i) the letter from Pan-China (H.K.) CPA Limited, the reporting accountants, in respect of the unaudited pro forma statement of the adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II of this Circular; and
- (j) this Circular.

NOTICE OF THE EGM



高富集團控股有限公司
GT GROUP HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 263)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of GT Group Holdings Limited (the “**Company**”) will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 28 March 2019 at 3:00 p.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing (with or without amendment) the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon the granting by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the issued shares of the Company (the “**Shares**”) consolidated in the manner as set out in paragraph (a) of this resolution below:
 - (a) with effect from the date of passing of this resolution by the shareholders of the Company (“**Shareholders**”), every ten (10) existing Shares in the issued share capital of the Company be consolidated into one (1) consolidated share (the “**Consolidated Share(s)**”) in the issued share capital of the Company (the “**Share Consolidation**”);
 - (b) all of the Consolidated Shares resulting from the Share Consolidation shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the articles of association of the Company;
 - (c) all fractional Consolidated Shares shall be disregarded and not be issued to the Shareholders of the Company and any fractional entitlements to the issued Consolidated Shares will be aggregated and, if possible, sold and the net proceeds shall be retained for the benefit of the Company by an agent appointed by the Company’s board of directors for that purpose; and
 - (d) any one director of the Company (the “**Directors**”) be and is authorised to approve, sign and execute such documents and take any and all steps, and to do and/or procure to be done any and all acts and things which in his/her opinion may be necessary, desirable or expedient to implement and carry into effect this resolution.”

NOTICE OF THE EGM

2. “THAT

- (a) subject to and conditional upon the passing of the resolution numbered 1 and conditional upon fulfillment of the conditions of the Underwriting Agreement (as defined below), the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved;
- (b) the underwriting agreement in respect of the Rights Issue (as defined hereinbelow) dated 15 January 2019 and made between the Company and Win Wind Securities Limited (the “**Underwriting Agreement**”) (a copy of which has been produced to the Meeting marked “A” and signed by the Chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) subject to the fulfillment of the conditions set out in the Underwriting Agreement, the allotment and issue of 560,766,708 rights shares (the “**Rights Shares**”) in the share capital of the Company pursuant to an offer by way of rights to the Shareholders at the subscription price of HK\$0.56 per Rights Share on the basis of four (4) Rights Shares for every one (1) Consolidated Share held by the Shareholders whose names appear on the register of members of the Company on 10 April 2019 (the “**Record Date**”) as described in further details in a circular issued by the Company dated 8 March 2019 and on and subject to such terms and conditions as may be determined by the Directors of the Company (the “**Rights Issue**”), be and is hereby approved, confirmed and ratified;
- (d) the Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to any Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (e) the Directors be and hereby authorised to do all acts and things in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue and the Underwriting Agreement, the exercise or enforcement of any of the Company’s rights under the Underwriting Agreement.”

By order of the Board of
GT GROUP HOLDINGS LIMITED
Li Dong
Chairman

Hong Kong, 8 March 2019

NOTICE OF THE EGM

Notes:

1. Any shareholder entitled to attend and vote at the extraordinary general meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not to be a shareholder of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the extraordinary general meeting (or any adjournment thereof).
3. Completion and delivery of a form of proxy shall not preclude a shareholder from attending and voting in person at the extraordinary general meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy in respect of such shares as if he/she were solely entitled hereto; but if more than one of such joint holders be present at the extraordinary general meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.
5. A form of proxy for use at the extraordinary general meeting is attached herewith.
6. Any voting at the extraordinary general meeting shall be taken by poll.
7. The form of proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

As at the date of this notice, the Board comprises four executive Directors, namely Mr. Li Dong (Chairman), Ms. Ng Shin Kwan, Christine, Mr. Chan Ah Fei and Mr. Liang Shan and three Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao.