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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you have sold or otherwise transferred** all your shares in COL Capital Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**COL Capital Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 383)**

**MAJOR AND  
CONNECTED TRANSACTION  
RELATING TO PROVISION OF MUTUAL GUARANTEES**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**

 **川盟融資有限公司**  
Chanceton Capital Partners Limited

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A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 12 of this circular. A letter from Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 13 to 19 of this circular.

19 August 2013

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	12
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	13
<b>APPENDIX I – FINANCIAL INFORMATION OF THE GROUP</b> .....	20
<b>APPENDIX II – GENERAL INFORMATION</b> .....	22

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## DEFINITIONS

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*In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:*

“Agreement”	the agreement dated 18 July 2013 entered into between Tongren and Huali pursuant to which the parties thereto have agreed to grant certain guarantees with respect to each other
“Announcement”	the announcement dated 18 July 2013 issued by the Company in relation to the Agreement and the transactions contemplated thereunder
“Board”	the board of Directors
“Business Day”	means a day (other than a Saturday, Sunday and public holiday) on which banks are open for business in Hong Kong
“Company”	COL Capital Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huali”	中國華力控股集團有限公司 (China Huali Holding Group Company Limited*), a limited company established in the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the Agreement
“Independent Financial Adviser/ Chanceton”	Chanceton Capital Partners Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities as defined under SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of advising on the Agreement and the transactions contemplated thereunder

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## DEFINITIONS

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“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules
“Jiatai Tongren”	嘉泰同仁(連雲港)醫療產業投資有限公司 (Jiatai Tongren (Lianyungang) Healthcare Investment Company Limited*), a limited company established in the PRC and a direct non wholly-owned subsidiary of the Company wherein the Company holds approximately 60.52% of its registered capital
“Jiatai Tongren Group”	Jiatai Tongren and its subsidiaries
“Latest Practicable Date”	16 August 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr Ding”	丁明山 (Ding Ming Shan*)
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s) “	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Tongren”	同仁醫療產業集團有限公司 (Tongren Healthcare Industry Group Company Limited*), a limited company established in the PRC and an indirect non wholly-owned subsidiary of Jiatai Tongren wherein Jiatai Tongren effectively owns approximately 86.69% of its registered capital
“Vigor Online”	Vigor Online Offshore Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder holding 391,125,707 Shares representing approximately 72.13% of the entire issued share capital of the Company as at the Latest Practicable Date
“%”	percentage

\* *the English name is the translation of the official Chinese name for identification purpose only.*

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## LETTER FROM THE BOARD

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### **COL Capital Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 383)**

*Executive Directors:*

Ms. Chong Sok Un (*Chairman*)

Dato' Wong Peng Chong

Mr. Kong Muk Yin

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Independent Non-executive Directors:*

Mr. Lau Siu Ki

Mr. Ma Wah Yan

Mr. Zhang Jian

*Head Office and Principal Place of  
Business in Hong Kong:*

47th Floor

China Online Centre

333 Lockhart Road

Wan Chai

Hong Kong

19 August 2013

*To the shareholders of the Company*

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTION RELATING TO THE PROVISION OF MUTUAL GUARANTEES**

This circular is despatched to Shareholders for information purpose only. No general meeting will be convened for approving the Agreement and the transactions contemplated thereunder as Vigor Online, the controlling Shareholder holding 391,125,707 Shares, representing approximately 72.13% in nominal value of the issued Shares giving the right to attend and vote at general meetings of the Company as at the date of the Agreement, has already provided a written approval of the entering into of the Agreement and the transactions contemplated thereunder. Furthermore, as no Shareholder has material interest in the Agreement and the transactions contemplated thereunder which is different from other Shareholders, no Shareholder would be required to abstain from voting in respect of the Agreement if a general meeting were convened for approving the Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### INTRODUCTION

Reference is made to the Announcement whereby the Board announced that on 18 July 2013 (after trading hours), Tongren, an indirect non wholly-owned subsidiary of the Company, and Huali entered into the Agreement, pursuant to which the parties have conditionally agreed to grant certain guarantees with respect to each other.

As the relevant Percentage Ratios for the Agreement under Chapter 14A exceeds 25% but is below 75%, the Agreement constitutes a major transaction for the Company and is subject to approval of the Shareholders. Since Huali is a connected person of the Company, the Agreement constitutes a connected transaction of the Company under the Listing Rules and is subject to Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has obtained a written Shareholder's approval for the Agreement and the transactions contemplated thereunder from Vigor Online which held approximately 72.13% in nominal value of the issued Shares giving the right to attend and vote at general meetings of the Company as at the date of the Agreement.

A waiver was sought from the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules from compliance with the requirements to hold a general meeting for the purposes of approving the Agreement and the transaction contemplated thereunder. The Stock Exchange granted the waiver on 22 July 2013. Accordingly, no general meeting for the Shareholders' approval of the Agreement and the transactions contemplated thereunder will be held pursuant to Rule 14.44 and Rule 14A.43 of the Listing Rules.

This circular contains (i) details of the Agreement and the transactions contemplated thereunder; (ii) the advice of the Independent Financial Adviser regarding the terms of the Agreement (and the transactions contemplated thereunder); (iii) the advice of the Independent Board Committee regarding the terms of the aforesaid transactions; and (iv) other information as required to be disclosed under the Listing Rules.

### THE AGREEMENT

The Board announces that on 18 July 2013 (after trading hours), Tongren, an indirect non wholly-owned subsidiary of the Company, and Huali entered into the Agreement pursuant to which the parties have conditionally agreed to grant certain guarantees with respect to each other.

The principal terms of the Agreement are summarised as follows:

#### **Date**

18 July 2013 (after trading hours)

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## LETTER FROM THE BOARD

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### Parties

Tongren  
Huali

### Mutual Guarantee

Both parties agreed that should any party (inclusive of their subsidiaries) (“**Borrower**”) apply for a loan or loans (“**Loan**”) from a bank or financial institution (“**Lender**”), and if the Lender so requires, then the other party (“**Guarantor**”) shall provide a corporate guarantee (“**Guarantee**”) for the obligations of the Borrower under the Loan on the terms and conditions contained in the Agreement.

If the repayment date of the Loan is to be extended, the Borrower shall give written notice to the Guarantor 15 business days in advance. The Guarantor shall cease to be liable for the indebtedness of the Borrower under the Guarantee if the repayment date has been extended without the Guarantor’s prior written agreement.

### Conditions precedent

The mutual guarantee will be subject to the conditions precedent that:

- (i) the Company shall comply with the procedures required under the Listing Rules in respect of the transactions contemplated under the Agreement; and
- (ii) the Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders in compliance with the Listing Rules.

### Mutuality

The total loan amounts guaranteed by one party and the term of the loan corresponding to the related guarantee shall in principle be the same as for the other party, unless otherwise agreed in writing by both parties.

### Cap

The total loan amounts guaranteed by each party (“**Cap**”) shall not exceed RMB300,000,000. This Cap applies to various revolving loans and credit facilities pursuant to loan agreements between each party and a lender within the Effective Period (as defined below). The Cap was determined based on respective working capital requirement of Tongren and Huali.



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## LETTER FROM THE BOARD

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### Effective Period

The effective period (“**Effective Period**”) of the Agreement shall be approximately 18 months from 18 July 2013 to 31 December 2014.

### INFORMATION ON THE GROUP

The principal business of the Company is investment holding and through its subsidiaries engaged in securities trading and investments, provision of financial services, property investment and development, investment in and management and operation of healthcare and hospital businesses, trading of medical equipment and related supplies and strategic investment.

### INFORMATION ON TONGREN

The principal business of Tongren is property investment and development, investment in and management and operation of healthcare and hospital businesses, trading of medical equipment and related supplies and strategic investment.

### INFORMATION ON HUALI

As confirmed by Huali, the principal business of Huali is property investment and development, mining, investment in and management and operation of hotel business in the PRC.

### REASONS FOR AND BENEFITS OF THE AGREEMENT

Corporate guarantee from PRC corporations is commonly required as a security or additional security for financial transactions in the PRC to secure the obligations of the borrower and in the current Agreement would enable Tongren to obtain loans from third party lenders in order to support its ordinary and usual course of business in the PRC. The amount and form of the securities to be provided is generally determined by the lender. Prior to the actual provision of the corporate guarantee by either Tongren or Huali, both parties would consider the terms of the relevant loan and the financial capability of the other to perform such loans and/or security.

Note that under the mutual guarantee in the Agreement, Tongren will also be required, when necessary, to provide corporate guarantee to a third party lender of Huali. Shareholders should note that if the aggregate securities of both parties are insufficient to secure loans, then either the loan amount would be reduced or the financial transaction will not proceed.

As at 30 June 2013, the Group’s assets of HK\$3,169,236,000 (as disclosed on page 20 of this circular) were pledged to securities houses and banks to secure credit facilities granted to the Group. Based on the unaudited consolidated financial statement of the Group as at 31 December 2012 as per its interim report 2012, the total assets of the Group was HK\$6,163,231,000, therefore the amount of unpledged assets of the Group which could be used for the mutual guarantee of RMB300 million is HK\$2,993,995,000.

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## LETTER FROM THE BOARD

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The Company is not currently contemplating entering into any financial arrangements to enable its indirect non wholly-owned subsidiary, Tongren, to perform the Agreement.

As at 30 June 2013, the aggregate amounts of the short term and long term loans of Tongren was approximately RMB509 million. The loan period is of 1-3 years with interest rate ranging from 6.30% to 7.95% and corporate guarantees given by its group in the of amount of approximately RMB265 million.

In view of mutual guarantee(s) of equal aggregate amounts to be provided by Huali to secure loan(s) to be extended to Tongren, the Directors believe that the terms of the Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

**Shareholders should take note that there could be a potential risk exposure to Tongren in the event that it provides corporate guarantee to a third party lender of Huali prior to Tongren seeking reciprocal corporate guarantee from Huali for Tongren's borrowing obligations.**

The Company will endeavor to monitor the financial status of Huali from time to time so as to ensure it is financially capable (ie has adequate net assets backing) of providing the relevant corporate guarantees for Tongren's borrowings. Similarly, Tongren will also review the financial statement of Huali at the relevant time prior to the provision of corporate guarantee for Huali's loans in order to consider whether or not to provide the corporate guarantee as requested, or to suggest changes to the loan amount. As at the Latest Practicable Date, based on information provided by Huali, the Company has reviewed the unaudited consolidated financial statements of Huali for the period ended 30 June 2013 and the audited consolidated financial statements of Huali for the year ended 31 December 2012 and are of the view that Huali is financially capable of entering into and financially performing the Agreement.

So far as the the Company is aware having taken reasonable steps to ascertain the same, Huali has not defaulted in any of its previous financial obligations.

### **EFFECT OF THE TRANSACTION ON THE EARNINGS**

It is expected the earnings, and assets and liabilities of the Group will remain unchanged as a result of the Agreement. In the event that Huali fails to meet its obligation to repay all or any part of the relevant loans, Tongren may be required to assume the obligations and liabilities of Huali and as such, the Group's liabilities may be increased accordingly.

### **FUTURE PROSPECTS OF THE GROUP**

The second half of 2012 saw improved sentiments in the global economic environment. The pessimism over the European sovereign debt crisis was reduced by the positive measures undertaken by the European Central Bank. Further, the economic hard landing expected for the Chinese economy was avoided and instead there was robust growth evidenced in its economy. Also the threat of adverse consequences of the U.S fiscal cliff was avoided which provided some welcome relief, however brief, to the financial markets. All these contributed to a more upbeat economic and financial environment towards the end of 2012 as compared with the previous year.

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## LETTER FROM THE BOARD

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Despite the rally seen in the global financial market in the beginning of 2013, the worry over the fragile economic conditions, political in-fighting and paralysis, with the consequential social unrest in the developed world, geo-political tension and posturing and the lack of momentum in growth in the emerging markets will continue to linger and weigh on the global economy and financial markets. As such, the operating environment for the Group's businesses in securities trading and investment, provision of financial services, property investment and development is expected to be volatile and difficult in the second half of 2013.

Nevertheless, the Group believes that there will always be attractive investment opportunities available as companies and businesses become grossly undervalued. Upon completion of the acquisition of Jiatai Tongren in September 2012, the Group will, through Jiatai Tongren, be also engaged in the investment in and operation of healthcare and hospital businesses, trading of medical equipment and related supplies, property investment and development, and other investment in the PRC. The Group will continue to cautiously seek and identify such opportunities in China, Hong Kong and the Asia Pacific region and to explore and capture business opportunities in the fast growing healthcare and elderly care service businesses amid the trends of urbanisation and demographic shift in the PRC to improve its financial performance and enhance value for shareholders.

By leveraging on three operating integrated hospitals, the Group aims to provide specialized chain services including high-end obstetrics, oral cavity and otorhinolaryngology services and strives to combine medical and healthcare services into elderly care real estate business to capture the business opportunity in the fast growing healthcare and elderly care services in the PRC.

Given that Jiatai Tongren Group has entered the healthcare and elderly care industry early in 2003, the Board believes that, the Group is currently one of the few PRC private enterprises with various operating integrated hospitals, healthcare resources and reserve of lands, and therefore considers that the Group is well positioned to realize its strategic objectives. However, the continued trend of increase in labour cost, especially medical and technical staff, in the PRC will continue to weigh on the Group's hospital operation.

In March 2013, Jiatai Tongren Group entered into a sale and purchase agreement to dispose of the entire registered capital of Lianyungang Chengtai Property Limited ("Lianyungang Chengtai") for a consideration of RMB250 million. The sole assets of Lianyungang Chengtai are two pieces of vacant land with aggregate site area of 276 Mu in Lianyungang Economic and Technological Development Zone the PRC. However, given the purchaser failed to pay a deposit as prescribed in the agreement, on 14 April 2013 the Group served a notice of termination on the purchaser to terminate that agreement.

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## LETTER FROM THE BOARD

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In March 2013, Jiatai Tongren Group entered into a cooperative agreement with Mr. Yu Zhen Kun (“Mr. Yu”), whereby, among other, the Target Group and Mr. Yu agreed to set up a joint venture specializing in eye, ear, nose and throat with a tentative investment amount of RMB80 million. Jiatai Tongren Group will contribute RMB60 million for a 60% interest and Mr. Yu and his professional team will contribute RMB20 million for a 40% interest. Mr. Yu is a well-known medical specialist in the PRC, specializing in ear, nose, throat, head and neck. Mr. Yu is currently the director of surgery at the ear, nose, throat, head and neck surgery department of Beijing Tongren Hospital affiliated to Capital Medical University (首都醫科大學附屬北京同仁醫院). Jiatai Tongren Group considers that cooperative agreement provides an invaluable opportunity to leverage on the medical expertise of Mr. Yu.

In May 2013, the Group entered into a sale and purchase agreement to dispose of 9% of the entire registered capital of Jiatai Tongren for a consideration of RMB100 million. The Group considers the disposal as an opportunity to realise some gain with cash inflow from partial realisation of its investment in Jiatai Tongren Group, and to broaden and strengthen the investor base of Jiatai Tongren Group. Following the disposal, the Group’s shareholding in Jiatai Tongren decreased to approximately 60.52% which continues to be a direct non wholly-owned subsidiary of the Company and its result, assets and liabilities will continue to be consolidated into that of the Company.

### LISTING RULES IMPLICATIONS

As confirmed by Huali and so far as the Directors are aware, 57.25% of the entire registered capital of Huali is beneficially and indirectly owned by Mr. Ding, a director of Jiatai Tongren (and therefore a controller as defined under the Listing Rules), a direct non wholly-owned subsidiary of the Company, and certain subsidiaries of the Jiatai Tongren Group. Therefore, Huali is a connected person of the Company. Accordingly, the Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the relevant percentage ratios under the Listing Rules exceeds 25% but are under 75%, the Agreement also constitutes a major transaction for the Company and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, to the best of the Directors’ knowledge, if a general meeting were to be convened, no Shareholder would be required to abstain from voting thereat as no Shareholder has any interest in the Agreement and the transactions contemplated thereunder which is different from other Shareholders.

The Company has received a written approval of the Agreement and the transactions contemplated thereunder from Vigor Online, an Independent Shareholder which holds approximately 72.13% in nominal value of the issued Shares giving the right to attend and vote at general meetings of the Company.

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## LETTER FROM THE BOARD

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A waiver was sought from the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules from compliance with the requirements to hold a general meeting for the purposes of approving the Agreement and the transaction contemplated thereunder. The Stock Exchange granted the waiver on 22 July 2013.

Accordingly, no general meeting for the Shareholders' approval of the Agreement and the transactions contemplated thereunder will be held pursuant to Rule 14.44 and Rule 14A.43 of the Listing Rules.

### RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account of the recommendations of the Independent Financial Adviser, if a general meeting were convened. Chanceton has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard. The respective letters from the Independent Board Committee and the Independent Financial Adviser are set out on page 12 and pages 13 to 19 of this circular respectively. You are advised to read the letters carefully.

The Directors and the Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, consider that the terms and conditions of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors and the Independent Board Committee would recommend the Independent Shareholders to vote for approving the Agreement and the transactions contemplated thereunder if a general meeting were required to be convened.

None of the Directors have a material interest in the Agreement and the transactions contemplated thereunder and none of them abstained from voting on the board resolution in respect of the Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

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

By Order of the Board  
**COL Capital Limited**  
**Chong Sok Un**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**COL Capital Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 383)**

19 August 2013

*To the Independent Shareholders*

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO PROVISION OF MUTUAL GUARANTEES**

We refer to the circular from the Company to the Shareholders dated 19 August 2013 (the “Circular”) of which this letter forms part. Terms defined in the circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Chanceton has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard.

Having considered the advice and recommendations of Chanceton as set out from pages 13 to 19 of the Circular, the reasons and benefits of the Agreement as set out in the Letter from the Board and the fact that the Group will from time to time review the financial information of Huali pursuant to the terms and condition of the Agreement so as to monitor and assess the risk that may arise from the provision of guarantee by Tongren, we are of the opinion that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders to vote for approving the Agreement and the transactions contemplated thereunder if a general meeting were required to be convened.

Yours faithfully,

**Mr. Lau Siu Ki**

**Mr. Ma Wah Yan**

**Mr. Zhang Jian**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Chanceton Capital to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition which has been prepared for the purpose of inclusion in this circular.*

 川盟融資有限公司  
Chanceton Capital Partners Limited

Unit A, 23/F, CMA Building  
64-66 Connaught Road Central  
Hong Kong

19 August 2013

*To the Independent Board Committee and the Independent Shareholders of COL Capital Limited*

Dear Sir/Madam,

### **MAJOR AND CONNECTED TRANSACTION RELATING TO PROVISION OF MUTUAL GUARANTEES**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the connected transaction in relation to provision of mutual guarantees contemplated under Agreement. Details of the provision of mutual guarantees contemplated under Agreement are set out in the letter from the Board (the “**Letter from the Board**”) as contained in the circular of the Company dated 19 August 2013 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 18 July 2013 (after trading hours), Tongren, an indirect non wholly-owned subsidiary of the Company, and Huali entered into the Agreement pursuant to which the parties have conditionally agreed to grant certain guarantees with respect to each other.

As confirmed by Huali and so far as the Directors are aware, 57.25% of the entire registered capital of Huali is beneficially and indirectly owned by a director of Jiatai Tongren, a direct non wholly-owned subsidiary of the Company, and certain subsidiaries of the Jiatai Tongren Group. Therefore, Huali is a connected person of the Company. Accordingly, the Agreement constitutes a connected transaction of the Company under the Listing Rules. As the relevant percentage ratios under the Listing Rules exceeds 25% but are under 75%, the Agreement also constitutes a major transaction for the Company and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, to the best of the Directors’ knowledge, if a general meeting were to be convened, no Shareholder would be required to abstain from voting thereat as no Shareholder has any interest in the Agreement and the transactions contemplated thereunder which is different from other Shareholders.

As stated in the Letter from the Board, so far as the Company is aware, as at the Latest Practicable Date, none of the Shareholders was materially interested in the Agreement and, as such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Agreement and the transactions contemplated thereunder. Pursuant to Rules



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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14A.43 and 14A.53 of the Listing Rules, the Company has applied for, and the Stock Exchange has granted, a waiver from compliance with the requirement to hold a general meeting of the Company provided that a written independent shareholders' approval has been obtained from a Shareholder or closely allied group of Shareholders who (together) hold more than 50% in nominal value of the securities giving the right to attend and vote at the general meeting of the Company. The Company has obtained the written approval for the Agreement and the transactions contemplated thereunder from Vigor Online, an Independent Shareholder which holds approximately 72.13% in nominal value of the issued Shares giving the right to attend and vote at general meetings of the Company. The Stock Exchange granted the waiver on 22 July 2013. Accordingly, no general meeting for the Shareholders' approval of the Agreement and the transactions contemplated thereunder will be held pursuant to Rule 14.44 of the Listing Rules.

In formulating our opinion, we have relied on the statements, information, opinion and representations expressed to us by the executive Directors and management of the Company. 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 Directors and the management of the Company are true and accurate at the time they were made and will continue to be accurate as at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any such statement contained in the Circular, including this letter, misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation in relation to Agreement pursuant to which Tongren and Huali have conditionally agreed to grant certain guarantees with respect to each other and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders in this regard, we have taken into account the following principal factors and reasons:

#### **1. Background information**

##### ***a. Information of the Group***

The principal business of the Company is investment holding and through its subsidiaries engaged in securities trading and investments, provision of financial services, property investment and development, investment in and management and operation of healthcare and hospital businesses, trading of medical equipment and related supplies, and strategic investment.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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***b. Information of Tongren and Huali***

The principal business of Tongren is property investment and development, investment in and management and operation of healthcare and hospital businesses, trading of medical equipment and related supplies and strategic investment. As confirmed by Huali, the principal business of Huali is property investment and development, mining, investment in and management and operation of hotel business in the PRC.

***c. Background of the Agreement***

On 18 July 2013 (after trading hours), Tongren, an indirect non wholly-owned subsidiary of the Company, and Huali entered into the Agreement pursuant to which should any party (inclusive of their subsidiaries) (“Borrower”) apply for loan from a bank or financial institution (“Lender”), if the Lender so requires, then the Guarantor shall provide a Guarantee for the obligations of the Borrower under the loan on the terms and conditions contained in the Agreement subject to a cap of RMB300,000,000. The Effective Period of the Agreement shall be approximately 18 months from 18 July 2013 to 31 December 2014.

**2. Analysis of the Agreement and the Guarantees**

***a. Future development and prospect of the Group***

As stated in the Letter from the Board, the purpose of the Guarantees is to enable Tongren to obtain loan from a lender in support of its ordinary and usual course of business, which is property investment and development, investment in and management and operation of healthcare and hospital businesses, trading of medical equipment and related supplies, and strategic investment.

As stated in the Letter from the Board, given that Jiatai Tongren Group has entered the healthcare and elderly care industry since 2003, it is currently one of the few PRC private enterprises with various operating integrated hospitals. By leveraging on the three operating integrated hospitals, the Group aims to provide specialized chain services including high-end obstetrics, oral cavity and otorhinolaryngology services and strives to combine medical and healthcare services into elderly care real estate business to capture the business opportunity in the fast growing healthcare and elderly care services in the PRC.

Also, as stated in the circulars respectively dated 10 May 2013 in relation to the major acquisition of shares of Extra Earn Holdings Limited and the subscription of equity interest in Jiatai Tongren, following the completion of the acquisition and the subscription, Jiatai Tongren became a direct non wholly-owned subsidiary of the Company. As advised by the Directors, the acquisition of shares of Extra Earn Holdings Limited and the subscription of equity interest in Jiatai Tongren represented a valuable opportunity to further participate in the investment in and management and operation of healthcare and hospital businesses, trading of medical equipment

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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and related supplies, property investment and development and other investments in the PRC and to explore and capture business opportunities in the fast growing healthcare and elderly care services business amid the trends of urbanisation and demographic shift in the PRC and secure its footing in healthcare and elderly care servicing industry in the PRC, which was also in conformity with the Group's strategy to seek and identify grossly undervalued investment and business opportunities in the PRC. As a result, there is a financing need for Tongren for future capital commitment and expenditure requirements.

***b. Liquidity position on Tongren***

Based on the unaudited consolidated management accounts provided by Tongren as at 30 June 2013, the aggregate amounts of the cash and cash equivalents amounted approximately RMB147 million. The liquidity ratio (being the equivalent to current assets divided by current liabilities) is approximately 0.34.

As disclosed in page 20 of this circular, as at 30 June 2013, the Group's assets of HK\$3,169,236,000 were pledged to securities houses and banks to secure credit facilities granted to the Group. Based on the unaudited consolidated financial statement of the Group as at 31 December 2012 as per its interim report 2012, the total assets of the Group was HK\$6,163,231,000, therefore the amount of unpledged assets of the Group which could be used for the mutual guarantee of RMB300 million is HK\$2,993,995,000.

As advised by the Company, the Company is not currently contemplating entering into any financial arrangements to enable Tongren to perform the Agreement and it is on normal commercial terms and is a common banking practice for loan transactions that the security amount is greater than the borrowed amount. Should the aggregate securities of both parties are insufficient, either the loan amount would be reduced and the loan transaction will not proceed. The Company is not contemplating to enter into other financial arrangements to increase the amount of security required.

In 2013, the Company entered into a sale and purchase agreement to dispose of 9% of the entire registered capital of Jiatia Tongren for a consideration of RMB100 million which was intended to realize gains with cash inflow from partial realisation of its investment with a view to broaden and strengthen the investor base of Jatai Tongren Group. As advised by the Company, it is the intention of the Jatai Tongren Group is to improve its liquidity position. As such, the availability of the Guarantees would be important for Tongren to secure its existing and future loan and credit facilities so as to continue its business operation and development.

***c. Cap***

According to the unaudited consolidated management accounts provided by Tongren as at 30 June 2013, the aggregate amounts of the short term debt and long term amounted approximately RMB509 million. Given the total equity of Tongren amounting to approximately RMB103 million, the net gearing ratio (i.e. net debt (being the equivalent to the total borrowings minus cash and cash equivalents) divided by total equity and net debt) was approximately 0.83.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In the event that Huali fails to meet its obligation to repay part or all of the relevant bank loans and credit facilities, Tongren, by virtue of the provision of guarantee, is required to assume full obligation thereof. Based on the information provided by Huali, when comparing the financial position of Tongren and Huali, Huali has a relatively low debt ratio and better financial status with cash reserve, indicating Huali is able to act as a guarantor for the loan and credit facilities of Tongren. As advised by the Company, the management of Tongren, from time to time, will review the financial information of Huali, as pursuant to the terms and conditions of the Agreement, so as to monitor and assess the risk that may arise from the provision of guarantee by Tongren. In addition, the Company will endeavor to monitor the financial status of Huali from time to time so as to ensure it is financially capable (i.e. with adequate net assets backing) of providing the relevant corporate guarantees for Tongren's borrowings. Similarly, Tongren will also review the financial statement of Huali at the relevant time prior to the provision of corporate guarantee for Huali's loans in order to consider whether or not to provide the corporate guarantee as requested, or to suggest changes to the loan amount. As at the Latest Practicable Date, based on information provided by Huali, the Company has reviewed the unaudited consolidated financial statements of Huali for the period ended 30 June 2013 and the audited consolidated financial statements of Huali for the year ended 31 December 2012 and are of the view that Huali is financially capable of entering into and financially performing the Agreement. Also, as advised by the Company, the Company is aware having taken reasonable steps to ascertain the same, Huali has not defaulted in any of its previous financial obligations. After having considered (i) the financial position and liquidity of Huali; (ii) that Huali has not defaulted in previous financial obligation, we concur with the view of the Directors that Huali is financially capable of performing the Agreement with the Cap of RMB300,000,000.

We have also examined the loan facilities currently obtained by Tongren. For the loans currently owed by Tongren, the aggregate amounts of the short term and long term loans of Tongren was approximately RMB509 million as at 30 June 2013 and the period of the loans is of 1-3 years with the interest rates ranging from 6.30% to 7.95% and corporate guarantees from group companies of Tongren in the amount of approximately RMB265 million. With reference to the official website of the People's Bank of China ("PBOC"), the benchmark lending rate of 6.4% and 6.65% for the period of 1-3 years and 3-5 years respectively. We are of the view that the loan currently obtained by Tongren is comparable to the market rates, with some of them guaranteed by the subsidiaries of the Tongren Group. With regards to the current financial position and funding needs, the source of funds and availability of financing channels are vital for Tongren to facilitate its expansion plan. In other words, in view of the current loans amounts and guarantees amount of Tongren, guarantees would become crucial in obtaining debt financing from lender while maintaining terms and conditions of future borrowings comparable to the market rate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the Letter from the Board, in respect of the Cap, it applies to various revolving loans and credit facilities pursuant to loan agreements between each party and a Lender within the Effective Period was determined by reference to the respective working capital requirements of Tongren and on past transactions and business requirements. The amount of guarantee/security is determined by the lender but the Company would consider the usage of the loan and the financial position of the relevant borrower at the time. Securities may generally be provided by Tongren and, if required by the lender, by Huali. In assessment of the fairness and reasonableness of the Cap, having considered the abovementioned factors, we concur with the management of the Company that the Cap of RMB300,000,000 is fair and reasonable.

### **3. Unfavourable macro factors affecting the global credit market**

As stated in the Letter from the Board, despite the rally seen in the global financial market in the beginning of 2013, the worry over the fragile economic conditions, political in-fighting and paralysis, with the consequential social unrest in the developed world, geo-political tension and posturing and the lack of momentum in growth in the emerging markets will continue to linger and weigh on the global economy and financial markets.

Also, the tight credit market is evidenced by various regulations imposed on the banking sector in the PRC. According to the announcement published by China Regulatory Commission (the “CBRC”) on 7 December 2012 in relation to “The CBRC Released Notification on Implementation of Rules Governing Capital Management of Commercial Banks (Provisional) in Transitional Period”, it requires commercial banks to meet the higher capital adequacy ratio requirement by the end of 2018. Given the difficulties in obtaining financing amid the tightening of the credit atmosphere in the PRC, guarantee from a scaled corporation would assist Tongren to operate in more adverse and competitive business environment.

### **RECOMMENDATION**

Based on the above reasonings and taking into account the facts that (i) the mutual Guarantees would enable Tongren to continue to obtain loans and credit facilities to meet its funding needs for the future development; (ii) the financial position of Tongren may affect its ability to continue to obtain loans and credit facilities with the previous terms which was comparable to the market rate; (iii) the unfavourable macro environment and stringent credit availability in the PRC and the globe; and (iv) the enhanced ability of financing, through the assistance of the Guarantees, would enable to develop in the healthcare and hospital businesses, trading of medical equipment and related supplies, property investment and development and other investments in the PRC after acquisition of Jiatai Tongren Group, we concur with the view of the Directors that the terms and condition of the Guarantees, including the Cap, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the Letter of the Board, corporate guarantees from the PRC corporations are commonly required as a security or additional security in the PRC and in the Agreement would enable Tongren to obtain loans from third party lenders in order to support its ordinary and usual course of business in the PRC. It is common commercial practice for the PRC lenders to require the provision of corporate guarantees from the PRC corporations as security or additional security for provision of loans to a borrower and the amount and form of the security to be provided is generally determined by the lender. Prior to the actual provision of the corporate guarantee by either Tongren or Huali, both parties would consider the terms of the relevant loan and the financial capability of the other to perform such loans and/or security. Under the mutual guarantee in the Agreement, Tongren will also be required, when necessary, to provide corporate guarantee to a third party lender of Huali. In case the aggregate securities of both parties are insufficient to secure loans, either the loan amount would be reduced or the financial transaction will not proceed.

Having considered (i) fairness and reasonableness of the Cap and Guarantees as aforementioned; (ii) the mutual guarantee(s) of equal aggregate amounts to be provided by Huali to secure loan(s) to be extended to Tongren; (iii) the common commercial practice of corporate guarantees as security for loan provision from third party lenders; and (iv) the corporate guarantees currently provided for the loans obtained by Tongren, we concur with the view of the Directors that the Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Also, the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

Having considered the above, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder if a physical general meeting of the Company were to be held.

Yours faithfully,  
For and on behalf of  
**Chanceton Capital Partners Limited**  
**Wong Kam Wah**  
*Managing Director*

**1. FINANCIAL INFORMATION**

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

- (a) the 6-month period ended 31 December 2012 (unaudited) is disclosed in the Company's 2012/2013 interim report published on 25 March 2013 from pages 1 to 47. Please also see below hyperlink to the Interim Report 2012:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0325/LTN20130325003.pdf>

- (b) the year ended 30 June 2012 is disclosed in the Company's 2011/2012 annual report published on 20 September 2012 from pages 29 to 104. Please also see below hyperlink to the Annual Report 2011/2012:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/1029/LTN20121029390.pdf>

- (c) the 18-month period ended 30 June 2011 is disclosed in the Company's 2010/2011 annual report published on 22 September 2011 from pages 26 to 110. Please also see below hyperlink to the Annual Report 2010/2011:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2011/1031/LTN20111031009.pdf>

- (d) the year ended 31 December 2009 is disclosed in the Company's 2009 annual report published on 29 April 2010 from pages 25 to 102. Please also see below hyperlink to the Annual Report 2009:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2010/0429/LTN201004291401.pdf>

**2. STATEMENT OF INDEBTEDNESS**

At the close of business on 30 June 2013, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding securities margin loans of approximately HK\$1,128,582,000, unsecured term loan of HK\$70,000,000, promissory note of HK\$91,987,000, secured bank borrowings of HK\$302,790,000, unsecured bank borrowings of HK\$384,129,000, obligation under finance lease of HK\$114,312,000 and bonds of HK\$247,000,000. As at 30 June 2013, the Group's investments held for trading, interest in associates, available-for-sale investments, pledged bank deposits, buildings (included in the property, plant and equipment), properties under development for sale and prepaid lease payments with respective carrying values of approximately HK\$916,835,000, HK\$927,703,000, HK\$285,232,000, HK\$268,348,000, HK\$668,977,000, HK\$7,365,000, HK\$94,776,000 were pledged to securities houses and banks to secure credit facilities granted to the Group.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 June 2013 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments charges, guarantees or other material contingent liabilities.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, in the absence of unforeseen circumstances and taking into account the effect of the Agreement and the transactions contemplated thereunder, the Group's existing cash and bank balances, the present available credit facilities and margin loan facilities and the expected internally generated funds, the Group has sufficient working capital for its present requirement for the next twelve months from the date of this circular.

### **4. LITIGATION**

The material litigations/claims of the Group as at the Latest Practicable Date are disclosed in the paragraph headed "Litigation" in Appendix II. Save as aforesaid, the Group had no other material litigation as at the Latest Practicable Date.

### **5. MATERIAL ADVERSE CHANGE**

Save as disclosed in the Company's interim result announcement dated 27 February 2013 and inside information announcement in relation to provision for impairment on the Group's interest in associates dated 8 July 2013, the Directors are not aware, as at the Latest Practicable Date, of any material adverse change in the financial or trading position or prospect of the Group since 30 June 2012, the date to which the latest published audited financial statements of the Group were made up.

## 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. DISCLOSURE OF INTERESTS

### (a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of 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 the interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in such provisions of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange:

#### Long position in the Shares

Name of Director	Number of ordinary shares of HK\$0.01 each				Total	Percentage of issued ordinary shares
	Personal interests	Family interests	Corporate interests	Other interests		
Ms. Chong Sok Un ("Ms. Chong")	-	-	391,125,707 (Note)	-	391,125,707	72.13%

*Note:*

Vigor Online Offshore Limited, a wholly-owned subsidiary of China Spirit Limited ("China Spirit"), owns 391,125,707 ordinary shares of the Company. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 391,125,707 ordinary shares of the Company.



Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(b) Substantial Shareholders' interests**

Save as disclosed below, the Directors and the chief executive of the Company were not aware that there was any person who, as at the Latest Practicable Date, had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Group.

**Long positions in the Shares**

<b>Name</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Percentage of issued ordinary shares</b>
Ms. Chong Sok Un ("Ms. Chong")	Held by controlled corporation ( <i>Note</i> )	391,125,707	72.13%
China Spirit Limited ("China Spirit")	Held by controlled corporation ( <i>Note</i> )	391,125,707	72.13%
Vigor Online Offshore Limited ("Vigor Online")	Beneficial owner ( <i>Note</i> )	391,125,707	72.13%

*Note:*

Vigor Online, a wholly-owned subsidiary of China Spirit, owns 391,125,707 ordinary shares of the Company. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 391,125,707 ordinary shares of the Company.

**3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

**4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 30 June 2012 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

**5. DIRECTORS' SERVICE CONTRACTS**

- (a) 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 terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).
- (b) There are no service contracts in force between any Director and the Company or any of its subsidiaries or associated companies which are continuous contracts with a notice period of 12 months or more.
- (c) There are no service contracts in force between any Director and the Company or any of its subsidiaries or associated companies which are fixed term contracts with more than 12 months to run irrespective of the notice period.

**6. LITIGATION**

- (a) In November 1998, a writ was issued against the Company's subsidiaries, Hongkong Digital Television Limited ("Digital TV", formerly known as Star Interactive Television Limited) and Star Telecom Services Limited ("STSL", formerly known as Hong Kong Star Internet Limited) by nCube Corporation ("nCube"), claiming the sum of approximately US\$1,980,000 (equivalent to approximately HK\$15,305,000) plus interest in relation to the alleged purchase of two MediaCube 3000 systems by Digital TV from nCube. The claim of nCube against STSL was on the basis of a chop of STSL on the contract between Digital TV and nCube. STSL had taken legal advice and had been advised that it was very unlikely that STSL would be held liable to the claim of nCube. Digital TV was also opposing the claim of nCube and had taken legal advice.

As advised by its lawyers, Digital TV had reasonable grounds in defending the claim and, accordingly, had not made any provision in the consolidated financial statements in connection with the claim. Digital TV filed a defence in this section on 14 December 1998 and nCube had failed to take further action since that date. There was no progress since then in respect of the litigation.

- (b) Stellar One Corporation (“Stellar One”) served a statutory demand under Section 178 of the Companies Ordinance for the sum of approximately US\$1,152,000 (equivalent to approximately HK\$8,983,000) upon Digital TV in November 1998. Stellar One filed a winding up petition against Digital TV in December 1998 which was vigorously opposed by Digital TV. Digital TV applied for an order for security for the costs against Stellar One. On 4 May 1999, the Court ordered Stellar One to pay HK\$200,000 to the court as security for the costs of Digital TV on or before 7 May 1999. Stellar One failed to pay that amount to the court. The petition was dismissed in November 1999 and Stellar One was to pay Digital TV its cost of the petition, which amounted to HK\$254,000. Stellar One had indicated that it would proceed to arbitration in Honolulu to recover the alleged amount. Digital TV took legal advice and was advised that the arbitration proceedings had not commenced as of the date of this document.

As advised by its lawyers, Digital TV had reasonable grounds in defending the claims and, accordingly, had not made any provision in the consolidated financial statements in connection with the claims.

Save and except for the matters specified above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

## 7. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular and ending on the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group which are or may be material:

- (a) a supplemental agreement dated 10 January 2012 entered into between Join Capital Limited (“Join Capital”), an indirect wholly-owned subsidiary of the Company, Mabuhay Holdings Corporation (“Mabuhay”) and T & M Holdings, Inc. (“T&M”), a wholly-owned subsidiary of Mabuhay, relating to the extension of the repayment date under the loan agreement dated 4 January 2011 entered into between Join Capital and Mabuhay in relation to a loan facility of HK\$20 million granted by Join Capital to Mabuhay (the “Loan Agreement with Mabuhay”) to 10 January 2013;
- (b) the sale and purchase agreement dated 16 March 2012 entered into between Yu Ming Investment Management Limited (“Yu Ming”), an Independent Third Party, as purchaser and Action Best Limited (“Action Best”), an indirect wholly-owned subsidiary of the Company as vendor in relation to the disposal of the 8% senior, unsecured convertible notes issued by FKP Limited (“FKP”) due 2016 in a principal sum of A\$4 million (the “Convertible Notes I”) (the “S&P Agreement I”);

- (c) the sale and purchase agreement dated 16 March 2012 entered into between Attractive Gain Limited, an Independent Third Party as purchaser and Action Best as vendor in relation to the disposal of the 8% senior, unsecured convertible notes issued by FKP due 2016 in a principal amount of A\$21 million;
- (d) a loan agreement dated 13 April 2012 entered into between Join Capital as lender and Extra Earn Holdings Limited (“Extra Earn”) as borrower relating to a loan facility of up to HK\$56,000,000 granted by Join Capital to Extra Earn;
- (e) a deed of variation dated 17 April 2012 entered into between Yu Ming and Action Best pursuant to which, inter alia, the parties mutually agreed to extend the long stop date of S&P Agreement I to 15 May 2012;
- (f) a supplemental agreement dated 25 May 2012 entered into between Join Capital, Mabuhay and T&M in relation to extension of the repayment date under the Loan Agreement with Mabuhay to 25 May 2013;
- (g) a loan agreement dated 27 June 2012 entered into between Join Capital as lender, Lucky Full Investment Limited (“Lucky Full”) and Union Profit International Limited (“Union Profit”) as borrowers and Think Future Investments Limited (“Think Future”), TIDE HOLDINGS (CHINA) LIMITED (formerly known as Tide Holdings (H.K.) Limited) (“Tide Holdings”) and Sunshine City (China) Limited (“Sunshine City”) as security parties relating to the granting of a short term loan of aggregate amount in the limit of up to HK\$400,000,000 (the “Loan”);
  - (i) a share mortgage dated 27 June 2012 entered into between Sunshine City and Join Capital in respect of one issued share of HK\$1.00 each of Lucky Full;
  - (ii) a share mortgage dated 27 June 2012 entered into between Sunshine City and Join Capital in respect of one issued share of HK\$1.00 each of Union Profit;
  - (iii) a share mortgage dated 27 June 2012 entered into between Tide Holdings and Join Capital in respect of one issued share of HK\$1.00 each of Sunshine City;
  - (iv) a share mortgage dated 27 June 2012 entered into between Think Future and Join Capital in respect of one issued share of HK\$1.00 each of Tide Holdings;
  - (v) a share mortgage dated 27 June 2012 entered into between Jian Xiang Limited (“Jian Xiang”) and Join Capital in respect of 200 issued shares of US\$1.00 each of Think Future;

- (vi) a share mortgage dated 27 June 2012 entered into between Great Kingdom Holdings Limited (“Great Kingdom”) and Join Capital in respect of 400 issued shares of US\$1.00 each of Think Future;
- (vii) a debenture dated 27 June 2012 entered into between Union Profit and Join Capital in connection with the provision of security of the Loan;
- (viii) a debenture dated 27 June 2012 entered into between Lucky Full and Join Capital in connection with the provision of security of the Loan;
- (ix) a deed of assignment and subordination dated 27 June 2012 in respect of an amount of HK\$20,632,772 due from Think Future to Jian Xiang;
- (x) a deed of assignment and subordination dated 27 June 2012 in respect of an amount of HK\$40,000,000 due from Think Future to Great Kingdom;
- (h) a supplemental agreement dated 3 August 2012 entered into between Join Capital and Mr. Yuen Hoi Po (“Mr. Yuen”), an Independent Third Party relating to the extension of the repayment date under a loan agreement dated 4 August 2011 entered into between Join Capital as lender and Mr. Yuen, as borrower, relating to a short term loan of up to HK\$53,000,000 granted by Join Capital to Mr. Yuen (the “Loan Agreement with Mr. Yuen”) to 3 September 2012;
- (i) the second supplemental agreement dated 3 September 2012 entered into between Join Capital and Mr. Yuen relating to the extension of the repayment date under the Loan Agreement with Mr. Yuen to 3 October 2012;
- (j) the third supplemental agreement dated 3 October 2012 entered into between Join Capital and Mr. Yuen relating to the extension of the repayment date under the Loan Agreement with Mr. Yuen to 5 November 2012;
- (k) the fourth supplemental agreement dated 5 November 2012 entered into between Join Capital and Mr. Yuen relating to the extension of the repayment date under the Loan Agreement with Mr. Yuen to 6 May 2013;
- (l) the subscription agreement dated 6 December 2012 entered into between the Company and Jiatai Tongren in relation to the subscription of the equity interest in the registered capital of Jiatai Tongren at an aggregate consideration of US\$32,000,000;

- (m) the sale and purchase agreement dated 6 March 2013 entered into between Jiatai Tongren and Mr. Liu Guang Qing, an Independent Third Party, for the sale and purchase of the entire registered capital of 連雲港成泰置業有限公司 Lianyungang Chengtai Property Limited\* at a consideration of RMB250 million;
- (n) the cooperative agreement dated 25 March 2013 entered into between Jiatai Tongren and Mr. Yu Zhen Kun (“Mr. Yu”) in relation to inter alia, a joint venture hospital specializing in eye, ear, nose and throat with a tentative registered capital amount of RMB80,000,000 (the “Joint Venture”), in which Jiatai Tongren will contribute RMB60,000,000 for a 60% interest, and Mr. Yu and his professional team will contribute RMB20,000,000 for a 40% interest in the registered capital of the Joint Venture;
- (o) the capital contribution transfer agreement dated 16 May 2013 entered into between the Company and an independent third party for the sale and purchase of US\$10,511,100 of the contributed capital of Jiatai Tongren;
- (p) the fifth supplemental agreement dated 30 May 2013 entered into between Join Capital and Mr. Yuen relating to the extension of the repayment date under the Loan Agreement with Mr. Yuen to 6 May 2014;
- (q) the second supplemental agreement dated 22 June 2013 entered into between Join Capital, Mabuhay and T & M relating to the extension of the repayment date under the Loan Agreement with Mabuhay to 25 November 2013; and
- (r) the Agreement.

Save as disclosed above, there are no other contracts (not being contracts in the ordinary course of business) being entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date, which are or may be material.

## 8. QUALIFICATIONS OF EXPERTS

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu (“Deloitte”)	Certified Public Accountants
Chanceton Capital Partners Limited (“Chanceton”)	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under SFO

**9. CONSENTS OF EXPERTS**

Each of Deloitte and Chanceton has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

**10. INTERESTS OF EXPERTS**

As at the Latest Practicable Date, Deloitte and Chanceton:

- (a) did not have any shareholding in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) were not interested, directly or indirectly, in any assets which had been acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group since 30 June 2012, being the date to which the latest published audited consolidated accounts of the Group were made up.

**11. GENERAL**

- (a) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (b) The head office and principal place of business in Hong Kong of the Company is 47th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.
- (c) The secretary of the Company is Ms. Fung Ching Man, Ada. She is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (d) The principal share registrar and transfer office of the Company is Butterfield Fulcrum Group (Bermuda) Limited, 26 Burnaby Street, Hamilton HM 11, Bermuda.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (f) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays and public holidays) at the head office and principal place of business in Hong Kong of the Company at 47/F., China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong from the date of this circular up to and including 2 September 2013:–

- (a) the Memorandum of Association and Bye-laws of the Company;
- (b) the material contracts referred to under the paragraph headed “Material Contracts” in this Appendix;
- (c) The Independent Financial Adviser’s letter included in this circular;
- (d) the annual reports of the Company for the period of eighteen months ended 30 June 2011 and for the year ended 30 June 2012 and the interim reports of the Company for the six months ended 31 December 2011 and 31 December 2012;
- (e) the circulars of the Company dated 20 April 2012, 31 July 2012 and 10 May 2013;
- (f) the written consents referred to under “Consents of Expert” in this Appendix;
- (g) the comfort letter dated 19 August 2013 issued by Deloitte to the Board;
- (h) the Agreement; and
- (i) this circular.