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

If you have sold or transferred all your shares in Tse Sui Luen Jewellery (International) Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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T S L 謝瑞麟

HONG KONG

TSE SUI LUEN JEWELLERY (INTERNATIONAL) LIMITED

謝瑞麟珠寶(國際)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 417)

DISCLOSEABLE AND CONNECTED TRANSACTION

**ACQUISITION OF MINORITY INTERESTS IN
TSE SUI LUEN INVESTMENT (CHINA) LIMITED
AND
INFINITE ASSETS CORP.**

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



A letter from the Independent Board Committee containing its recommendation in respect of the proposed transaction is set out on pages 12 to 13 of this circular.

A letter from the Independent Financial Adviser containing its advice on the Share Acquisition to the Independent Board Committee and the Shareholders is set out on pages 14 to 24 of this circular.

* *For identification purposes only*

20 February 2012

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DEFINITIONS

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

“associates”	has the meaning ascribed thereto under the Listing Rules
“Best Accurate”	Best Accurate International Limited, a company incorporated in the British Virgin Islands which owns an approximate 19.54% equity interest in each of TSL China and IAC prior to completion of the Share Acquisition and is wholly-owned by Mr. Qi
“Company” or “TSL”	Tse Sui Luen Jewellery (International) Limited (stock code: 417), a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IAC”	Infinite Assets Corp., a subsidiary of TSL and which is owned as to approximately 80.46% indirectly by TSL (via Liberty Mark and TSLJ) and approximately 19.54% by Best Accurate prior to completion of the Share Acquisition
“Independent Board Committee”	an independent committee of the board of directors of the Company, comprising the independent non-executive Directors, namely, Mr. Chui Chi Yun, Robert, Mr. Heng Ching Kuen, Franklin and Mr. Chan Yue Kwong, Michael
“Independent Financial Adviser”	Quam Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO
“independent shareholder”	has the meaning ascribed to it under Rule 14A.10 of the Listing Rules
“Latest Practicable Date”	16 February 2012, being the latest practicable date prior to the date of this circular for ascertaining certain information for inclusion in this circular

DEFINITIONS

“Liberty Mark”	Liberty Mark Limited, a wholly-owned subsidiary of TSL and which owns approximately 80.46% equity interests in each of TSL China and IAC prior to completion of the Share Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mainland China”	the People’s Republic of China which, for the purpose for this circular, excludes Hong Kong, Macau and Taiwan
“Mr. Qi”	Mr. Qi Jian Hong, the controlling shareholder of Best Accurate, and a director of TSL China and IAC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share Acquisition”	the proposed acquisition by Liberty Mark of 1,341 A shares in TSL China and 54,183 A shares in IAC owned by Best Accurate
“Shareholder(s)”	the holder(s) of the shares of the Company
“SPA”	the sale and purchase agreement dated 30 January 2012 entered into by and between Liberty Mark, Best Accurate, TSLJ, Mr. Qi, TSL China and IAC setting out the terms of the Share Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TSL China”	Tse Sui Luen Investment (China) Limited, a subsidiary of TSL and which is owned as to approximately 80.46% indirectly by TSL (via Liberty Mark and TSLJ) and approximately 19.54% by Best Accurate prior to completion of the Share Acquisition
“TSL China Group”	TSL China and its subsidiaries
“TSLJ”	Tse Sui Luen Jewellery Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of TSL. It owns 1 B share in each of TSL China and IAC
“US\$”	United States dollars, the lawful currency of the United States of America

LETTER FROM THE BOARD



T S L 謝瑞麟

HONG KONG

TSE SUI LUEN JEWELLERY (INTERNATIONAL) LIMITED

謝瑞麟珠寶(國際)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 417)

Executive Directors:

Ms. Yau On Yee, Annie (*Chairman and
Chief Executive Officer*)
Mr. Erwin Steve Huang (*Deputy Chairman*)
Mr. Lai Tsz Mo, Lawrence

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent Non-executive Directors:

Mr. Chui Chi Yun, Robert
Mr. Heng Ching Kuen, Franklin
Mr. Chan Yue Kwong, Michael

Head office and Principal

Place of Business:
Ground Floor, Block B
Summit Building
30 Man Yue Street
Hung Hom
Kowloon
Hong Kong

20 February 2012

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**ACQUISITION OF MINORITY INTERESTS IN
TSE SUI LUEN INVESTMENT (CHINA) LIMITED
AND
INFINITE ASSETS CORP.**

INTRODUCTION

Reference is made to the announcement dated 30 January 2012 in which the Directors announced that, through its wholly-owned subsidiary, Liberty Mark, it had agreed to acquire, from Best Accurate, an approximate 19.54% shareholding interest in each of TSL China and

* *For identification purposes only*

LETTER FROM THE BOARD

IAC. As the Company already indirectly holds the balance of the shares in each of these companies, completion of the Share Acquisition will result in each of TSL China and IAC becoming indirect wholly-owned subsidiaries of the Company.

On 1 February 2012, Partner Logistics Limited, which owns 152,960,914 shares in the Company, representing 72.72% of the issued shares in the Company, gave the Company its written approval for the Share Acquisition. Partner Logistics Limited is a company controlled by Mr. Tse Tat Fung, Tommy, the spouse of the Company's Chairman and Chief Executive Officer, namely, Ms. Yau On Yee, Annie. Neither Partner Logistics Limited nor Mr. Tse Tat Fung, Tommy (nor their respective associates) has any relationship with Best Accurate or its controlling parties.

Under the Listing Rules, the Share Acquisition is a discloseable and connected transaction because Best Accurate is currently a substantial shareholder of both TSL China and IAC, each of which is indirect non-wholly-owned subsidiary of the Company. The Company has applied to the Stock Exchange for, and was granted, a waiver under Rule 14A.43 of the Listing Rules from the requirement to hold a shareholders' meeting to consider and approve the Share Acquisition. The waiver was granted on the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Share Acquisition; and (ii) a written approval has been obtained from Partner Logistics Limited which holds more than 50% in nominal value of the securities giving the right to attend and vote at the general meeting of the Company to approve the Share Acquisition.

The Independent Board Committee comprising Mr. Chui Chi Yun, Robert, Mr. Heng Ching Kuen, Franklin and Mr. Chan Yue Kwong, Michael, was formed to consider and, if appropriate, make a recommendation to the Shareholders in relation to the Share Acquisition. Quam Capital Limited was appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in this respect.

The purpose of this circular is to provide you with, among other things, information relating to the Share Acquisition and to set out the recommendation of the Independent Board Committee, based on the advice from the Independent Financial Adviser, in respect of the Share Acquisition and the letter from the Independent Financial Adviser to the Independent Board Committee and the Shareholders.

THE SHARE ACQUISITION

On 30 January 2012, TSL's wholly-owned subsidiary, Liberty Mark, entered into the SPA pursuant to which Liberty Mark agreed to purchase, and Best Accurate agreed to sell, an approximate 19.54% shareholding in each of TSL China and IAC, as owned by Best Accurate.

Details of the SPA and the Share Acquisition are set out below:

Parties: Liberty Mark, as purchaser
Best Accurate, as vendor

LETTER FROM THE BOARD

- Other parties:** TSLJ
Mr. Qi
TSL China
IAC
- Interest to be acquired:** 1,341 A shares in TSL China and 54,183 A shares in IAC representing approximately 19.54% of the issued shares in TSL China and IAC respectively.
- Completion date:** The later of:
- (a) 29 February 2012; or
 - (b) the date of satisfaction of the last of the conditions to be fulfilled under the SPA .
- Conditions Precedent:**
- (a) all consents, authorisations and similar clearances required from any government, regulatory body or authority for completion of the Share Acquisition having being obtained or granted in terms satisfactory to Liberty Mark and Best Accurate;
 - (b) approval of the board of directors of Liberty Mark;
 - (c) approval of the board of Directors of the Company;
 - (d) approval of the shareholders of Best Accurate;
 - (e) approval of the board of directors of Best Accurate;
 - (f) as necessary, the approval of the shareholders or independent shareholders of the Company in accordance with the requirements of Chapter 14 and/ or 14A of the Listing Rules;
 - (g) the declaration and payment of a dividend by TSL China in respect of the 1,341 issued A shares in TSL China, all owned by Best Accurate, in the amount of HK\$10,617.672 per A share (total dividend: HK\$14,238,299) and its application by Best Accurate in settling, in full, the debts owed by Beijing Zhong Shang Tse Sui Luen Trading Limited (a company controlled by Mr. Qi) and Mr. Qi respectively to Excellent Ford Development Limited, a member of the TSL China Group; and

LETTER FROM THE BOARD

- (h) the obtaining of signed written resignation of all directors of TSL China, IAC and their subsidiaries appointed or nominated by Best Accurate and/or Mr. Qi.

Consideration: HK\$150,000,000, attributable as to HK\$149,999,999 for the 1,341 A shares in TSL China and as to HK\$1 for the 54,183 A shares in IAC.

Terms of payment: The consideration is payable in cash in the following instalments:

- (a) HK\$20,000,000 was paid on the date of the SPA;
- (b) HK\$10,000,000 will be payable upon completion of the Share Acquisition;
- (c) HK\$30,000,000 will be payable on 29 June 2012;
- (d) HK\$30,000,000 will be payable on 28 September 2012; and
- (e) HK\$60,000,000 will be payable on 31 December 2012.

Instalments (c), (d) and (e) will carry interest from completion of the Share Acquisition until the date of payment at the prime rate of The Hongkong and Shanghai Banking Corporation Limited, as published from time to time.

Assuming that the Share Acquisition completes on 29 February 2012 and that the prime rate of The Hongkong and Shanghai Banking Corporation Limited remains unchanged at 5%, the maximum consideration amount, including the interest payments is HK\$153,872,950.82.

Miscellaneous: TSLJ agreed to waive all rights it has in relation to the transfer of shares in TSL China and IAC.

LETTER FROM THE BOARD

TSL China agreed to declare a dividend in respect of the 1,341 issued A shares in TSL China, all owned by Best Accurate, in the amount of the HK\$10,617.672 per A share (total dividend: HK\$14,238,299) and Best Accurate agreed to apply such dividend towards settling, in full, the debts owed by Beijing Zhong Shang Tse Sui Luen Trading Limited (a company controlled by Mr. Qi) and Mr. Qi respectively to Excellent Ford Development Limited, a member of the TSL China Group. This dividend will be paid out of profits of TSL China in respect of the financial year ending 29 February 2012 and will not affect any of the financial statements of TSL China in respect of the year ended 28 February 2011.

Following completion of the Share Acquisition:

- (1) Liberty Mark will hold 1,341 A shares and 5,521 B shares and TSLJ will hold 1 B share in TSL China;
- (2) Liberty Mark will hold 54,183 A shares and 223,070 B shares and TSLJ will hold 1 B share in IAC; and
- (3) TSL China and IAC will become indirect wholly-owned subsidiaries of TSL.

REASONS FOR, AND BENEFITS OF, THE SHARE ACQUISITION

The Directors believe that the jewellery retail market in Mainland China offers good growth potential. As part of its plan to expand into Mainland China, TSL believes that it is in its interest to increase its shareholding interest in TSL China and IAC by way of the Share Acquisition. TSL currently has 179 retail outlets in Mainland China and 28 in Hong Kong, Macau and Malaysia. The Directors believe that the Share Acquisition will complement TSL's plan to expand its retail business in Mainland China.

The Group continues to invest in the growing luxury retail market in Mainland China. The Group will also keep on reviewing and expanding its store portfolio to further improve the coverage and efficiency of its network in Mainland China and Hong Kong. The Share Acquisition will allow the Group to attain complete control over and ownership of its retail operations in Mainland China. After completion of the Share Acquisition, the Company will streamline the corporate structures of TSL China and IAC with a view to achieving greater synergies, higher efficiency and improved returns on investment to the Company.

The restructuring plan will include deregistering certain members of the IAC Group to simplify the group structure and reduce administrative costs and the re-deployment of product planning, human resources and financial resources within the Group. Following completion of the Share Acquisition, the Group will be able to fully control the development of the business in Mainland China at a pace that best suits the situation of the Group as a whole. The Share Acquisition is also expected to allow the Group to fully capitalise on the

LETTER FROM THE BOARD

gearing capacity of the subsidiaries in Mainland China as it is easier for the Company to guarantee the debts of such subsidiaries given that they would be wholly-owned by the Company.

For the year ended 28 February 2011, TSL China and IAC posted a combined audited profit after taxation attributable to equity holders of HK\$141 million. The combined net assets attributable to equity holders of TSL China and IAC as at that date amounted to HK\$606 million. The consideration of HK\$150 million for a 19.54% stake in each of TSL China and IAC represents a combined price to earnings multiple of 5.4 times, or a combined price to book ratio of 1.27 times.

The consideration for the Share Acquisition was determined after (i) an arm's length negotiation and with reference to the operating performance and net assets of TSL China and IAC; (ii) the assessment of the future prospects of TSL China and IAC; and (iii) the operational and financial efficiencies that will be derived by TSL from attaining complete control over its retail operations in Mainland China. TSL will settle the consideration of the Share Acquisition by using internal resources.

In view of above, the Company consider the Share Acquisition will benefit the Company from complementing its plan to expand the retail business in Mainland China.

INFORMATION ON TSL, BEST ACCURATE AND OTHERS

The Group is principally engaged in manufacturing, design, export and retailing of jewellery products. The TSL China Group is the operating unit of TSL through which TSL conducts its retail business in Mainland China. The TSL China Group is engaged in the sale of platinum, gold and gemstone jewellery via retail outlets in Mainland China under license from TSL. In addition, the TSL China Group also processes platinum, gold and gemstone jewellery for sale in Mainland China. IAC was previously used by TSL to conduct its retail business in Mainland China. It is now essentially dormant.

TSL China was formed as a joint venture in 2002 between the Company (through Liberty Mark and TSLJ), The China Retail Fund, LDC, and Mr. Qi (through Best Accurate). Upon formation of the joint venture, the Company, through Liberty Mark and TSLJ, held 3,875 B shares, representing approximately 56.46% of the issued shares in TSL China. In 2006, the Company through Liberty Mark and TSLJ, acquired 1,647 B shares held by The China Retail Fund, LDC, representing 24% of the issued shares in TSL China and as such the Company increased its interest in TSL China to approximately 80.46%.

TSL China currently has an issued share capital of US\$6,863 divided into 1,341 A shares and 5,522 B shares. Prior to completion of the Share Acquisition, TSL, through Liberty Mark and TSLJ, holds in aggregate 5,522 B shares, representing approximately 80.46% of the issued shares in TSL China. Best Accurate owns 1,341 A shares, representing approximately 19.54% of the issued shares in TSL China.

IAC was formed as a joint venture in 2002 between the Company (through Liberty Mark and TSLJ), The China Retail Fund, LDC, and Mr. Qi (through Best Accurate). Upon formation of the joint venture, the Company, through Liberty Mark and TSLJ, held 156,550

LETTER FROM THE BOARD

B shares, representing approximately 56.46% of the issued shares in IAC. In 2006, the Company through Liberty Mark and TSLJ, acquired 66,521 B shares held by The China Retail Fund, LDC, representing 24% of the issued shares in IAC and as such the Company increased its interest in IAC to approximately 80.46%.

IAC currently has an issued share capital of HK\$277,254 divided into 54,183 A shares and 223,071 B shares. Prior to completion of the Share Acquisition, TSL, through Liberty Mark and TSLJ, holds in aggregate 223,071 B shares, representing approximately 80.46% of the issued shares in IAC. Best Accurate owns 54,183 A shares, representing approximately 19.54% of the issued shares in IAC.

Best Accurate is a private company wholly-owned by Mr. Qi, and was used by Mr. Qi to invest in TSL China and IAC. Its principal activity is investment holding. Mr. Qi has over 15 years' experience in wholesale and retail management of luxury goods in Mainland China.

On completion of the Share Acquisition, Mr. Qi (as well as another director nominated by him) will resign as directors of each of TSL China, IAC and their subsidiaries, as applicable. However, the Group will continue to have an ongoing business relationship with Mr. Qi and companies controlled by him as regards a licence to operate stores in Beijing under the name of "Tse Sui Luen" (details of which are set out in the circular dated 6 November 2003).

Mr. Qi is a director of TSL China and IAC and his associate Best Accurate is currently a substantial shareholder of both TSL China and IAC, each of which is indirect non-wholly-owned subsidiary of TSL, meaning that both Mr. Qi and Best Accurate are connected persons of TSL. Neither Best Accurate nor Mr. Qi holds any shares in the Company.

FINANCIAL INFORMATION ON TSL CHINA AND IAC

	For the year ended	
	28 February	
	2010	2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
TSL China		
Net assets attributable to equity holders	477	614
Net profit before taxation and extraordinary items	168	166
Net profit after taxation and extraordinary items	129	119
IAC		
Net deficits attributable to equity holders	(32)	(8)
Net profit before taxation and extraordinary items	0.7	16
Net profit after taxation and extraordinary items	0.5	22

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

Under the Listing Rules, the Share Acquisition is a discloseable and connected transaction because Best Accurate is currently a substantial shareholder of both TSL China and IAC, each of which is indirect non-wholly-owned subsidiary of the Company. The Company has applied to the Stock Exchange for, and was granted, a waiver under Rule 14A.43 of the Listing Rules from the requirement to hold a shareholders' meeting to consider and approve the Share Acquisition. The waiver was granted on the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Share Acquisition; and (ii) a written approval has been obtained from Partner Logistics Limited which holds more than 50% in nominal value of the securities giving the right to attend and vote at the general meeting of the Company to approve the Share Acquisition. Partner Logistics Limited and its ultimate beneficial owners do not have any relationship with Best Accurate, Mr. Qi and their associates, nor do they have any interest in the Share Acquisition.

So far as the Directors are aware, none of the Shareholders has any interest in the Share Acquisition that is different from other Shareholders and no Shareholder is required to abstain from voting in respect of the Share Acquisition. Accordingly, no connected person nor any Shareholder would have been required to abstain from voting at a general meeting of the Company to consider the Share Acquisition, in either case by virtue of that person having a material interest in Share Acquisition.

None of the Directors has any material interest in the Share Acquisition and, as such, no Director was required to abstain from voting at the board meeting of the Company at which the Share Acquisition was approved by the board of the Company.

VIEWS OF THE BOARD

In order to assess the fairness and reasonableness of the consideration of the Share Acquisition, in addition to the matters set out in the section headed "Reasons for, and Benefits of, the Share Acquisition" above, the Directors also considered the price to earnings ratio and price to book ratio of the Share Acquisition by comparing them to those of other Hong Kong listed companies which are engaged in the jewellery business only in Mainland China. However, as the Directors were unable to identify any comparable companies based on the aforesaid criteria, as an alternative, they extended the scope to five companies listed on the Stock Exchange (including the Company) which are principally engaged in the manufacture and sale of jewellery products and with Mainland China as one of their major markets, namely, Chow Sang Sang Holdings International Limited, Chow Tai Fook Jewellery Group Limited, Hong Kong Resources Holdings Company Limited, Luk Fook Holdings (International) Limited and the Company (the "Comparable Companies").

LETTER FROM THE BOARD

Based on the combined net asset value of HK\$606 million and a combined audited profit after taxation attributable to equity holders of HK\$141 million of TSL China and IAC as at 28 February 2011, the consideration under the Share Acquisition represents:

1. a combined price to earnings ratio of 5.4 times which represents an approximate 75.4% discount to the average price to earnings ratios of the Comparable Companies of 21.96 times (calculated based on the 5 days average share price of each of the comparable companies between 18 January and 27 January 2012 and their respective latest published annual reports or prospectus) or a small discount to the price to earnings ratio of the Company of 6.92 times; and
2. a combined price to book ratio of 1.27 times which represents an approximate 72.9% discount to the average price to book ratios of the Comparable Companies of 4.7 times (calculated based on the 5 days average share price of each of the comparable companies between 18 January and 27 January 2012 and their respective latest published annual reports or prospectus) or a similar price to book ratio to the Company of 1.5 times.

Taking into account the above and the benefits of the Share Acquisition, namely, (1) that the Group would be able to attain full control over and ownership of its retail operations in Mainland China; (2) the higher operational and financial efficiencies that will be derived by TSL following the Share Acquisition; and (3) the significant discount of the combined price to earnings ratio and the combined price to book ratio of the Share Acquisition compared with the Comparable Companies, the Directors consider that the terms of the Share Acquisition, including the consideration, premium of the consideration over the combined net asset value of TSL China and IAC of 27% and the payment method, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

Your attention is drawn to: (a) the letter from the Independent Board Committee set out on pages 12 to 13 of this circular which contains its views in relation to the Share Acquisition, based on the advice from the Independent Financial Adviser; and (b) the letter from the Independent Financial Adviser on pages 14 to 24 of this circular which contains its views in relation to the Share Acquisition as well as the principal factors and reasons considered by the Independent Financial Adviser in arriving at its conclusion.

Your attention is also drawn to the general information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
Tse Sui Luen Jewellery (International) Limited
Yau On Yee, Annie
Chairman



T S L 謝瑞麟

HONG KONG

TSE SUI LUEN JEWELLERY (INTERNATIONAL) LIMITED

謝瑞麟珠寶(國際)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 417)

20 February 2012

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**ACQUISITION OF MINORITY INTERESTS IN
TSE SUI LUEN INVESTMENT (CHINA) LIMITED
AND
INFINITE ASSETS CORP.**

We refer to the circular dated 20 February 2012 issued by the Company to the Shareholders (the “Circular”) of which this letter forms part of. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As we have no interest in the Share Acquisition, we have been appointed by the board of Directors as the Independent Board Committee to consider the terms of the Share Acquisition.

Quam Capital Limited has been appointed by the Company to advise the Independent Board Committee and the Shareholders as to whether the terms of the Share Acquisition are fair and reasonable so far as the Shareholders are concerned. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 14 to 24 of the Circular.

Your attention is also drawn to the letter from the board of Directors set out on pages 3 to 11 of the Circular and the general information set out in the appendix to the Circular.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Share Acquisition and the advice of Quam Capital Limited, we consider the terms of the Share Acquisition to be fair and reasonable as far as the Shareholders are concerned and that the Share Acquisition is in the interests of the Company and the Shareholders.

We have noted that, on 1 February 2012, Partner Logistics Limited gave its written approval in relation to the Share Acquisition. As the Stock Exchange has granted to the Company a waiver from the requirement to hold a shareholders' general meeting to consider and approve the Share Acquisition, it will not be necessary for the Shareholders to vote on the Share Acquisition at a general meeting. Had such a general meeting been required to have been convened to consider and, if thought fit, approve the Share Acquisition, we would have recommended independent shareholders of the Company to vote in favour of the resolution(s) to approve the Share Acquisition.

Yours faithfully,

Independent Board Committee of

Tse Sui Luen Jewellery (International) Limited

**Mr. Chui Chi Yun,
Robert**

*Independent Non-Executive
Director*

**Mr. Heng Ching Kuen,
Franklin**

*Independent Non-Executive
Director*

**Mr. Chan Yue Kwong,
Michael**

*Independent Non-Executive
Director*

LETTER FROM QUAM CAPITAL LIMITED

The following is the text of a letter of advice from Quam Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Shareholders in respect of the Share Acquisition.



華富嘉洛
企業融資

Quam Capital Limited

A Member of The Quam Group

20 February 2012

The Independent Board Committee and the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF MINORITY INTERESTS IN TSE SUI LUEN INVESTMENT (CHINA) LIMITED AND INFINITE ASSETS CORP.

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Shareholders in connection with the Share Acquisition. Details of the Share Acquisition are set out in the “Letter from the Board” contained in the circular dated 20 February 2012 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part of. Terms used in this letter shall have the same meanings as defined in the Circular, unless the context otherwise requires.

Messrs. Chui Chi Yun, Robert, Heng Ching Kuen, Franklin and Chan Yue Kwong, Michael, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Shareholders as to whether the Share Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Shareholders in this regard.

Quam Capital Limited is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Share Acquisition.

In formulating our opinion, we have relied on the information and facts supplied by the Company, and the opinions expressed by and the representations of the directors and the management of the Company. We have assumed that all the information and representations contained or referred to in the Circular were true and accurate in all respects at the date

LETTER FROM QUAM CAPITAL LIMITED

thereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and facts supplied by the Company, and the opinions expressed by and the representations of the directors and the management of the Company, and the Directors have confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, Best Accurate, TSL China, IAC or any of their respective subsidiaries or associates.

THE SHARE ACQUISITION

A. The SPA

On 30 January 2012, Liberty Mark, a wholly-owned subsidiary of the Company, entered into the SPA with, among others, Best Accurate. Pursuant to the SPA, Liberty Mark conditionally agreed to purchase and Best Accurate conditionally agreed to sell 1,341 A shares in TSL China and 54,183 A shares in IAC, representing approximately 19.54% of the issued shares in each of TSL China and IAC, for a total consideration of HK\$150,000,000 (the “Consideration”), attributable as to HK\$149,999,999 for the 1,341 A shares in TSL China (the “TSL China Consideration”) and as to HK\$1 for the 54,183 A shares in IAC (the “IAC Consideration”).

As at the Latest Practicable Date, the Group held approximately 80.46% of the issued shares in each of TSL China and IAC. Upon completion of the Share Acquisition, TSL China and IAC will become indirect wholly-owned subsidiaries of the Company.

B. Implications under the Listing Rules

The Share Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. In addition, Best Accurate is a connected person of the Company within the meaning of the Listing Rules as it is a substantial shareholder of both TSL China and IAC, each of which is an indirect non-wholly owned subsidiary of the Company. Accordingly, the Share Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the independent shareholders of the Company.

On 1 February 2012, Partner Logistics Limited, which owns 152,960,914 shares in the Company, representing approximately 72.72% of the issued shares of the Company, gave the Company its written approval for the Share Acquisition. The Company has applied to the Stock Exchange for, and was granted, a waiver under Rule 14A.43 of the Listing Rules from the requirement to hold a shareholders’ meeting to consider and approve the Share Acquisition. The waiver was granted on the basis that (i) no Shareholder is required to

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abstain from voting if the Company were to convene a general meeting to approve the Share Acquisition; and (ii) a written approval has been obtained from Partner Logistics Limited which holds more than 50% in nominal value of the securities giving the right to attend and vote at the general meeting of the Company to approve the Share Acquisition. As such, no shareholders' meeting will be convened in respect of the Share Acquisition.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion, we have taken into consideration the following principal factors and reasons:

A. Information of the TSL China Group and IAC

(i) Background of the TSL China Group and IAC

The TSL China Group is the operating unit of the Group through which the Group conducts its retail business in Mainland China. The TSL China Group is engaged in the sale of platinum, gold and gemstone jewellery via retail outlets in Mainland China under license from the Company. In addition, the TSL China Group also processes platinum, gold and gemstone jewellery for sale in Mainland China.

IAC was previously used by the Company to conduct its retail business in Mainland China but is now essentially dormant.

(ii) Financial position of the TSL China Group and IAC

(a) The TSL China Group

We have reviewed the audited consolidated financial statements of the TSL China Group for the two financial years ended 28 February 2010 and 2011, details of which are set out as follows:

	For the year ended	
	28 February	
	2010	2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
Turnover	950	1,105
Profit before taxation and extraordinary items	168	166
Profit after taxation and extraordinary items	129	119
	As at 28 February	
	2010	2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net assets attributable to equity holders	477	614

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Turnover of the TSL China Group increased by approximately 16.3% from approximately HK\$950 million for the financial year ended 28 February 2010 to approximately HK\$1,105 million for the financial year ended 28 February 2011, mainly attributable to greater demand for jewellery and luxury goods in an increasingly affluent Mainland China. However, due to increased competition in Mainland China jewellery and luxury market, there has been pressure on the gross profit margin of the TSL China Group. In addition, increased competition for human resources and good locations in department stores also led to increase in staff costs, commission to department stores and advertising and promotion expenses. Consequently, profit after taxation of the TSL China Group decreased by approximately 7.8% from approximately HK\$129 million for the financial year ended 28 February 2010 to approximately HK\$119 million for the financial year ended 28 February 2011.

As at 28 February 2011, the TSL China Group recorded net asset value of approximately HK\$614 million, which mainly comprised inventories of approximately HK\$572 million. Pursuant to the SPA, TSL China shall prior to completion of the Share Acquisition, declare and pay a dividend of HK\$14,238,299 to Best Accurate which will be applied by Best Accurate in settling debts owed by Mr. Qi and his associate to the TSL China Group.

The management of the Group has confirmed to us that there was no material adverse change to the TSL China Group's business and financial position since 28 February 2011, being the date to which its audited consolidated financial statements were made up, up to the Latest Practicable Date. We have also reviewed the management accounts of the TSL China Group for the 10 months ended 31 December 2011 and did not note any material adverse change to the TSL China Group's financial position.

(b) IAC

We have reviewed the audited consolidated financial statements of IAC and its subsidiaries (the "IAC Group") for the two financial years ended 28 February 2010 and 2011, details of which are set out as follows:

	For the year ended	
	28 February	
	2010	2011
	<i>HK\$ million</i>	<i>HK\$ million</i>
Turnover	–	–
Profit before taxation and extraordinary items	0.7	16
Profit after taxation and extraordinary items	0.5	22

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As at 28 February
2010 **2011**
HK\$ million *HK\$ million*

Net deficit attributable to equity holders (32) (8)

The IAC Group was essentially dormant during the two financial years ended 28 February 2010 and 2011 and accordingly, no turnover was recorded. Profit of the IAC Group mainly comprised consultancy fees received from TSL China to cover overheads and exchange gains on the amounts due from the TSL China Group. The increase in profit after taxation of the IAC Group for the financial year ended 28 February 2011 was mainly attributable to a write back of tax and a surcharge provision for taxation in prior years.

The IAC Group recorded a net deficit of approximately HK\$8 million as at 28 February 2011, which mainly comprised intercompany balances with fellow subsidiaries.

The management of the Group has confirmed to us that there was no material adverse change to the IAC Group's business and financial position since 28 February 2011, being the date to which its audited consolidated financial statements were made up, up to the Latest Practicable Date. We have also reviewed the management accounts of the IAC Group for the 10 months ended 31 December 2011 and did not note any material adverse change to the IAC Group's financial position.

B. Reasons for and benefits of the Share Acquisition

The Group is principally engaged in manufacturing, design, export and retailing of jewellery products. The Group currently has 179 retail outlets in Mainland China and 28 in Hong Kong, Macau and Malaysia. For the two financial years ended 28 February 2010 and 2011, the Group recorded turnover of approximately HK\$2,017.6 million and HK\$2,517.5 million respectively. Sales derived from the TSL China Group, the Group's Mainland China business arm, have been one of the major revenue contributors, representing approximately 47.1% and 43.9% of the Group's turnover for the respective financial years ended 28 February 2010 and 2011. For the respective financial years ended 28 February 2010 and 2011, the TSL China Group and the IAC Group recorded a combined audited profit after taxation of approximately HK\$129.5 million and HK\$141 million. Turnover of the Group's Mainland China business grew by approximately 26% in the six months ended 31 August 2011 compared to the same period in the previous year and its profit remained stable.

Mainland China has been experiencing strong economic growth with its gross domestic product increased from approximately RMB21,631 billion in 2006 to approximately RMB47,156 billion in 2011, representing a compound annual growth rate of approximately 16.9%. Benefiting from the economic growth, the per capita disposable income of urban households of Mainland China increased by a compound annual growth rate of approximately 13.2% between 2006 and 2011 to reach approximately RMB21,810 in 2011. In line with the growing affluence and increasing disposable income, spending on jewellery

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in Mainland China has increased. In 2011, retail sales of jewellery in Mainland China reached approximately RMB183.7 billion, representing a compound annual growth rate of approximately 50.8% since 2009. In view of the rapid growth in the disposable income and the consumer spending on jewellery in Mainland China, we concur with the Director's view that the jewellery retail market in Mainland China offers good growth potential.

As stated in the interim report of the Company for the six months ended 31 August 2011, the Group continues to invest in the growing luxury retailing market in Mainland China. The Group will also keep on reviewing and expanding its store portfolio to further improve the coverage and efficiency of its network in Mainland China and Hong Kong. The Share Acquisition allows the Group to attain complete control over its retail operations in Mainland China.

As stated in the "Letter from the Board" in the Circular, after completion of the Share Acquisition, the Company will streamline the corporate structures of TSL China and IAC with a view to achieving greater synergies, higher efficiency and improved returns on investment to the Company. We have discussed with the management of the Group and were advised that it is intended that the restructuring plan will include deregistering certain members of the IAC Group to simplify the group structure and reduce administrative costs and re-deployment of product planning, human resources and financial resources within the Group. Further, the Company advised that following completion of the Share Acquisition, the Group can fully control the development of its business in Mainland China at a pace that best suits the situation of the Group as a whole. The Share Acquisition is also expected to allow the Group to fully capitalise on the gearing capacity of its subsidiaries in Mainland China as it is easier for the Company to guarantee the debts of such subsidiaries given that they are wholly-owned by the Company.

Given that (i) the TSL China Group has a profit-making track record; (ii) the Mainland China jewellery business has been one of the major revenue contributors to the Group; (iii) the rapid growth of the jewellery retail market in Mainland China in the past few years; and (iv) the operational and financial efficiencies that will be derived by the Group from attaining complete control over its retail operations in Mainland China, we consider that the Share Acquisition is in the interests of the Company and the Shareholders as a whole.

As the Group is principally engaged in manufacturing, design, export and retailing of jewellery products, the Share Acquisition is conducted in the Group's ordinary and usual course of business.

In consideration of the aforesaid, we consider that the Share Acquisition is conducted in the Group's ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

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C. Principal terms of the SPA

(i) The Consideration and its basis of determination

Pursuant to the SPA, Liberty Mark conditionally agreed to purchase and Best Accurate conditionally agreed to sell 1,341 A shares in TSL China and 54,183 A shares in IAC, representing approximately 19.54% of the issued shares of TSL China and IAC respectively, for a total consideration of HK\$150,000,000, attributable as to HK\$149,999,999 for the 1,341 A shares in TSL China and as to HK\$1 for the 54,183 A shares in IAC. The Consideration is payable in cash in the following manner:

- (a) HK\$20,000,000 was paid on the date of the SPA;
- (b) HK\$10,000,000 will be payable upon completion of the Share Acquisition;
- (c) HK\$30,000,000 will be payable on 29 June 2012;
- (d) HK\$30,000,000 will be payable on 28 September 2012; and
- (e) HK\$60,000,000 will be payable on 31 December 2012.

Instalments (c), (d) and (e) will carry interest from completion of the Share Acquisition until the date of payment at the prime rate of The Hongkong and Shanghai Banking Corporation Limited, as published from time to time.

As stated in the “Letter from the Board” in the Circular, the Consideration was determined after (i) an arm’s length negotiation and with reference to the operating performance and the combined net assets of TSL China and IAC; (ii) the assessment of the future prospects of TSL China and IAC; and (iii) the operational and financial efficiencies that will be derived by the Company from attaining complete control over its retail operations in Mainland China.

(ii) Comparable analysis

(a) The IAC Consideration

The IAC Group was dormant and accordingly, no turnover was recorded for the two financial years ended 28 February 2010 and 2011. The IAC Group recorded a net deficit of approximately HK\$8 million as at 28 February 2011, which mainly comprised amount due from fellow subsidiaries of approximately HK\$167 million and amount due to fellow subsidiaries of approximately HK\$153 million. Given that the IAC Group has been dormant and recorded a net deficit as at 28 February 2011, we consider it is reasonable to determine the IAC Consideration at a nominal value of HK\$1.

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(b) The TSL China Consideration

The audited net profit after taxation of the TSL China Group for the financial year ended 28 February 2011 was approximately HK\$119 million. Therefore, the net profit attributable to 19.54% equity interest of TSL China amounted to approximately HK\$23.3 million. The TSL China Consideration represents a price to earnings ratio (“PER”) of approximately 6.44 times.

The audited net assets attributable to equity holders of TSL China as at 28 February 2011 was approximately HK\$614 million. Therefore, the net asset value attributable to 19.54% equity interest of TSL China amounted to approximately HK\$120.0 million. The TSL China Consideration represents a price to net asset value ratio (“PBR”) of approximately 1.25 times or a premium of approximately 25% over the net asset value attributable to 19.54% equity interest of TSL China as at 28 February 2011.

In order to assess the fairness and reasonableness of the TSL China Consideration, we have attempted to compare the implied PER with those of Hong Kong listed companies which are engaged in the jewellery business in Mainland China. However, we are unable to identify any comparable companies based on the aforesaid criteria. As an alternative, we have extended our scope of comparables to those companies listed on the Stock Exchange which are principally engaged in the manufacture and sale of jewellery products and with Mainland China as one of their major markets (the “Comparable Companies”).

Based on the aforesaid criteria, we have, to the best of our knowledge, identified five Comparable Companies (including the Company), and have reviewed their respective PERs as at the Latest Practicable Date and made a comparison on this basis with the TSL China Consideration in our analysis as detailed in the table below. As a supplemental reference, we have also considered the respective PBRs of the Comparable Companies as at the Latest Practicable Date.

Comparable Companies (Stock code)	Principal activities	Market capitalisation (Note 1) (HK\$ million)	PER (Note 2) (times)	PBR (Note 3) (times)
Chow Sang Sang Holdings International Limited (116)	Manufacture and retail of jewellery products in Mainland China, Hong Kong and Macau, wholesale of precious metals and securities and commodity broking.	13,606.09	17.30	2.26

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Comparable Companies (Stock code)	Principal activities	Market capitalisation <i>(Note 1)</i> <i>(HK\$ million)</i>	PER <i>(Note 2)</i> <i>(times)</i>	PBR <i>(Note 3)</i> <i>(times)</i>
Chow Tai Fook Jewellery Group Limited (1929)	Raw material procurement, design, production and marketing to sale of luxury and high-end luxury jewellery products, including gem-set jewellery, platinum/karat gold products, gold products and watches in Mainland China, Hong Kong, Macau and other Asian markets.	135,000.00	34.18	10.58
Hong Kong Resources Holdings Company Limited (2882) <i>(Note 4)</i>	Retailing and franchising operations for selling gold and jewellery products in Mainland China, Hong Kong and Macau.	1,004.23	25.50	1.65
Luk Fook Holdings (International) Limited (590)	Retailing and wholesaling of gold jewellery and gold ornaments, gem-set jewellery and gemstones, and other accessory items in Mainland China, Hong Kong, Macau and overseas.	16,966.31	16.84	3.93
The Company	Manufacturing, design, export and retailing of jewellery products in Mainland China, Hong Kong, Macau and Malaysia.	1,314.60	7.44	1.29
Average			20.25	3.94
Maximum			34.18	10.58
Minimum			7.44	1.29

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

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Notes:

1. The market capitalisation of each of the Comparable Companies is calculated by multiplying the total outstanding number of issued shares listed on the Stock Exchange with the closing share price as quoted on the Stock Exchange as at the Latest Practicable Date.
2. The PER of each of the Comparable Companies is calculated as the closing share price as quoted on the Stock Exchange as at the Latest Practicable Date divided by the respective earnings per share based on the respective latest published annual report or prospectus.
3. The PBR of each of the Comparable Companies is calculated as the closing share price as quoted on the Stock Exchange as at the Latest Practicable Date divided by the respective net asset value per share based on the respective latest published annual report, interim report or prospectus.
4. The PER of Hong Kong Resources Holdings Company Limited is calculated based on the earnings per share for the 15 months ended 30 June 2011 as stated in its latest published annual report. Trading in the shares of Hong Kong Resources Holdings Company Limited has been suspended since 15 February 2012. Therefore, its market capitalisation, PER and PBR are calculated based on its closing share price as at 14 February 2012.

As noted from the table above, the implied historical PER represented by the TSL China Consideration of approximately 6.44 times is lower than the lowest PER of the Comparable Companies.

It is also noted that the implied PBR represented by the TSL China Consideration of approximately 1.25 times is lower than the lowest PBR of the Comparable Companies.

We wish to highlight that the above comparisons with the Comparable Companies are for illustrative purposes only as each of the Comparable Companies may not be identical to the TSL China Group in terms of the geographical spread of activities, scale of operations, asset base, risk profile, track record, composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company.

Considering the foregoing and in particular, (i) the IAC Consideration represents a nominal value; and (ii) the implied PER and PBR of the TSL China Consideration is lower than the lowest PER and PBR of the Comparable Companies respectively, we are of the opinion that the Consideration (including its basis of determination) is fair and reasonable.

(iii) Settlement of the Consideration

Pursuant to the SPA, the Consideration will be satisfied by cash in five instalments. The management of the Group advised that the Consideration will be settled by the Group's internal resources including its existing credit facilities. The last three instalments in the aggregate amount of HK\$120,000,000 will carry interest from completion of the Share Acquisition until the date of payment at the prime rate of The Hongkong and Shanghai Banking Corporation Limited, as published from time to time.

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For illustrative purposes only, assuming that the Share Acquisition completes on 29 February 2012 and based on the prime rate of The Hongkong and Shanghai Banking Corporation Limited of 5% per annum on the Latest Practicable Date, the total interest expenses for the last three instalments of the Consideration will be approximately HK\$3.9 million. As stated in the annual report of the Company for the financial year ended 28 February 2011, the interests of all borrowings of the Group are calculated on the inter-bank interest rate or prime rate. In view of the interest to be charged on the deferred payments of the Consideration is in line with the interest rate relating to the existing third-party borrowings of the Group, we are of the view that such interest payment term is on normal commercial term and fair and reasonable.

It is noted that the Group had cash at bank and in hand of approximately HK\$100.4 million as at 31 August 2011. The Directors have confirmed that the payment of the Consideration and the interest expenses relating thereto will have no material adverse impact on the Group's working capital position. The Directors have also confirmed that taking into account the present available financial resources, the existing banking facilities available, the Group has sufficient working capital for its present requirements and for at least the twelve months following completion of the Share Acquisition in the absence of unforeseen circumstances.

In light of the foregoing, we are of the opinion that the terms of the Share Acquisition are on normal commercial terms and are fair and reasonable.

OPINION

Having taking into account the principal factors and reasons as discussed above, we consider that the Share Acquisition is conducted in the Group's ordinary and usual course of business, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Noelle Hung
Director

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

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive and/or their respective associates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required 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 they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

(i) Interests and short positions in issued shares of the Company

Name of director	Ordinary shares of HK\$0.25 each						Approximate percentage of total issued share capital
	Personal Interest	Family Interest	Corporate Interest	Derivative interest (share option)	Short position	Other Interest	
Yau On Yee, Annie	100,000	152,960,914 (Note)	-	-	-	-	72.77%
Erwin Steve Huang	100,000	-	-	-	-	-	0.05%
Lai Tsz Mo, Lawrence	200,000	-	-	-	-	-	0.10%

Note: These ordinary shares are held by Partner Logistics Limited, a company which is owned and controlled by Blink Technology Limited. Blink Technology Limited is wholly and beneficially owned by Mr. Tse Tat Fung, Tommy, the spouse of Ms. Yau On Yee, Annie, a Director of the Company. By virtue of the SFO, Ms. Yau On Yee, Annie is deemed to be interested in all the shares held by Partner Logistics Limited.

(ii) Interests in underlying shares

As at the Latest Practicable Date, no Director had any interest in options to subscribe for shares of the Company.

Other than as disclosed above and certain nominee shares in subsidiaries held by the Directors in trust for the Company or its subsidiaries, none of the Directors, chief executive and their respective associates, had any other interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required notification 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 any such director or chief executive is taken or deemed to have taken under such provisions of the SFO); or which were required pursuant to section 352 of the SFO to be entered into the register maintained by the Company; or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company or the Stock Exchange.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as is known to the Directors, as at the Latest Practicable Date, the interests and short positions of any substantial shareholders (not being Directors or chief executive of the Company) in the shares and/or underlying shares of the Company which have been disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and have been recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Capacity	Direct Interest	Ordinary shares of HK\$0.25 each		Other Interest	Approximate percentage of total issued share capital
			Approximate percentage of total issued share capital	Short position		
Partner Logistics Limited (<i>Note 1</i>)	Beneficial owner	152,960,914	72.72%	-	-	-
Blink Technology Limited (<i>Note 1</i>)	Deemed interest	-	-	-	152,960,914	72.72%
Tse Tat Fung, Tommy (<i>Note 1</i>)	Deemed interest	-	-	-	152,960,914	72.72%
Prime Investments S.A. (<i>Note 2</i>)	Deemed interest	-	-	-	152,960,914	72.72%
Rosy Blue Investments S.à.r.l. (<i>Note 2</i>)	Deemed interest	-	-	-	152,960,914	72.72%
Osiya Trust Co. Pte. Limited (<i>Note 2</i>)	Deemed interest	-	-	-	152,960,914	72.72%
Viraj Russell Mehta (<i>Note 2</i>)	Deemed interest	-	-	-	152,960,914	72.72%

Notes:

1. These ordinary shares are held by Partner Logistics Limited, a company which is owned and controlled by Blink Technology Limited. Blink Technology Limited is wholly and beneficially owned by Mr. Tse Tat Fung, Tommy, the spouse of Ms. Yau On Yee, Annie, a Director of the Company. By virtue of the SFO, Blink Technology Limited, Ms. Yau On Yee, Annie and Mr. Tse Tat Fung, Tommy are deemed to be interested in all the shares held by Partner Logistics Limited.
2. These ordinary shares are held by Partner Logistics Limited, a company which is owned and controlled by Blink Technology Limited. Prime Investments S.A. is the preference shareholder of Partner Logistics Limited. Prime Investments S.A. is owned as to 99.83% by Rosy Blue Investments S.à.r.l., which in turn is wholly owned by Osiya Trust Co. Pte. Limited, which in turn is wholly and beneficially owned by Mr. Viraj Russell Mehta. By virtue of the SFO, each of Prime Investments S.A., Rosy Blue Investments S.à.r.l., Osiya Trust Co. Pte. Limited and Mr. Viraj Russell Mehta, is deemed to be interested in all the shares held by Partner Logistics Limited.

Other than as disclosed above, the Company had not been notified of any persons who had interests or short positions in the shares and/or underlying shares of the Company, which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

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

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or, any other conflicts of interest within the Group.

5. DIRECTORS' INTERESTS IN ASSETS

None of the Directors has any direct or indirect interest in any assets which they have, since 28 February 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired, disposed of by or leased to, any members of the Group, or are proposed to be acquired, disposed of by, or leased to, any member of the Group.

6. EXPERT'S QUALIFICATION, CONSENT AND INTERESTS

- (a) The following is the qualification of the expert who has given an advice for the inclusion in this circular:

Name	Qualifications	Nature of advice	Date of advice
Quam Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO	Letter to the Independent Board Committee and the Shareholders	20 February 2012

- (b) As at the Latest Practicable Date, Quam Capital Limited did not have any shareholding interest 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 of any member of the Group.
- (c) As at the Latest Practicable Date, Quam Capital Limited did not have a direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 28 February 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.
- (d) Quam Capital Limited 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 it is included.

7. LITIGATION

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

8. MATERIAL CHANGES

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 28 February 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company is at Ground Floor, Block B, Summit Building, 30 Man Yue Street, Hunghom, Kowloon, Hong Kong. The Hong Kong branch share registrar of the Company is Tricor Secretaries Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (b) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the head office and principal place of business of the Company at Ground Floor, Block B, Summit Building, 30 Man Yue Street, Hunghom, Kowloon, Hong Kong from the date of this circular up to 4 March 2012:

- (a) the memorandum of association and Bye-Laws of the Company;
- (b) the SPA;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 12 to 13 in this circular;
- (d) the letter of advice from Quam Capital Limited dated 20 February 2012, the text of which is set out on pages 14 to 24 in this circular; and
- (e) the letter of consent from the Independent Financial Adviser referred to in the paragraph headed "Expert's Qualification, Consent and Interest" in this appendix.