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

If you have sold or transferred all your shares in Lamtex Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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林達控股有限公司
LAMTEX HOLDINGS LTD.

STOCK CODE 股份代號1041

(Formerly known as China New Energy Power Group Limited 中國新能源動力集團有限公司)
(Incorporated in Bermuda with limited liability)
(Stock code: 1041)

**(1) CONNECTED TRANSACTION IN RELATION TO ISSUE OF
CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
(2) PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

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



普頓資本有限公司
PROTON CAPITAL LIMITED

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

A letter from the Board is set out on pages 4 to 19 of this circular. A letter from the Independent Board Committee is set out on pages 20 to 21 of this circular. A letter from Proton Capital, being the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 22 to 40 of this circular.

A notice convening the SGM to be held at 11:00 a.m. on Monday, 9 January 2017 at 2/F, 100QRC, 100 Queen's Road Central, Central, Hong Kong is set out on pages III-1 to III-3 of this circular.

Whether or not you are able to attend and vote at the SGM in person, you are requested to read the notice and to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	20
Letter from the Proton Capital	22
Appendix I – General Information	I-1
Appendix II – Particulars of Directors subject to re-election	II-1
Appendix III – Notice of SGM	III-1

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 21 November 2016 relating to, among others, the Subscription
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Company”	Lamtex Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1041)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the conversion price of the Convertible Bonds, being initially HK\$0.285 per Conversion Share, which is subject to adjustment pursuant to the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	the Share(s) to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the two-year 2% coupon convertible bonds in the principal amount of HK\$200 million to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company from time to time
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors who are not interested in the Subscription, formed for the purpose of advising the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated under thereunder (including the Subscription)
“Independent Shareholders”	Shareholders, other than the Subscriber, Ms. Shen Jing and their respective associates and/or concert parties and those parties who are involved or interested in the Subscription
“Latest Practicable Date”	15 December 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein
“Listing Committee”	has the same meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date immediately following two years after the date of issue of the Convertible Bonds (or, if that is not a Business Day, the first Business Day thereafter)
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan (Republic of China) for the purposes of this circular
“Proton Capital” or “Independent Financial Adviser”	Proton Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the Subscription)
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented and modified from time to time

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held at 2/F, 100QRC, 100 Queen’s Road Central, Central, Hong Kong on Monday, 9 January 2017 at 11:00 a.m. to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, including (among other matters) the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares falling to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of US\$0.005 in the share capital of the Company
“Specific Mandate”	the special mandate to be granted by the Independent Shareholders to the Board at the SGM for the allotment and issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	China Force Enterprises Inc., a substantial Shareholder holding 152,130,000 Shares, representing approximately 18.18% of the existing issued share capital of the Company as at the Latest Practicable Date
“Subscription”	the proposed issue and subscription of the Convertible Bonds pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscriber on 21 November 2016 in respect of the Subscription
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers
“US\$”	United States dollars, the lawful currency of United States of America
“%”	per cent.

If there is any inconsistency in this circular between the Chinese and English versions, then English version shall prevail.

LETTER FROM THE BOARD



林達控股有限公司
LAMTEX HOLDINGS LTD.

STOCK CODE 股份代號1041

(Formerly known as China New Energy Power Group Limited 中國新能源動力集團有限公司)
(Incorporated in Bermuda with limited liability)
(Stock code: 1041)

Executive Directors:

Mr. WU Xiaolin (*Chief Executive Officer*)
Mr. WEN Wenfeng
Ms. Shen Jing

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. LUNG Chee Ming George
Mr. Ye WeiMing

*Head office and Principal place of
business in Hong Kong:*

Room 1814 -1815, 18/F
Star House, 3 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

Independent non-executive Directors:

Dr. LOKE Yu (alias Loke Hoi Lam)
Mr. TSE Long
Mr. ZENG Zhaolin

19 December 2016

To the Shareholders,

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO ISSUE OF
CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
(2) PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
AND
(3) NOTICE OF SGM**

INTRODUCTION

Reference is made to the Announcement in relation to, among others, the Subscription involving the issue of the Convertible Bonds, which constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board proposes to seek the approval of the Independent Shareholders for the Subscription Agreement and the transactions contemplated thereunder, including the issue of Convertible Bonds and the allotment and issue of the Conversion Shares falling to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds under the Specific Mandate.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others:

- (a) details of the Subscription Agreement and the transactions contemplated thereunder;
- (b) the recommendations of the Independent Board Committee in relation to the Subscription Agreement and the transactions contemplated thereunder;
- (c) the recommendations of Proton Capital in relation to the Subscription Agreement and the transactions contemplated thereunder;
- (d) details of the Directors proposed to be re-elected at the SGM; and
- (e) the notice of the SGM.

ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Subscription Agreement

On 21 November 2016 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, details of which are set out below.

Date

21 November 2016

Issuer

The Company

Subscriber

China Force Enterprises Inc.

As at the Latest Practicable Date, the Subscriber, being a substantial shareholder of the Company, held 152,130,000 Shares, representing approximately 18.18% of the existing issued share capital of the Company. Ms. Shen Jing, an executive Director, is the ultimate beneficial owner of the Subscriber. As such, the Subscriber is regarded as a connected person of the Company under the Listing Rules.

Issue of the Convertible Bonds

Pursuant to the Subscription Agreement, the Convertible Bonds in the principal amount of HK\$200 million will be issued on their face value to the Subscriber.

LETTER FROM THE BOARD

Assuming that the conversion rights attaching to the Convertible Bonds in the principal amount of HK\$200 million are exercised in full at the initial Conversion Price of HK\$0.285 per Conversion Share, a maximum of 701,754,385 Conversion Shares will be allotted and issued, representing:

- (i) approximately 83.85% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 45.61% of the issued share capital of the Company as enlarged by the allotment and issue of the 701,754,385 Conversion Shares.

The aggregate nominal value of the 701,754,385 Conversion Shares will be approximately US\$3,508,772.

The allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds will be made under the Specific Mandate to be sought from the Independent Shareholders at the SGM.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

Conditions precedent to completion of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions precedent:

- (a) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares;
- (b) the passing by the Independent Shareholders at the SGM of all necessary resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares;
- (c) all necessary consents and approvals to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained; and
- (d) all necessary consents and approvals to be obtained on the part of the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained.

None of the above conditions precedent may be waived. If any of the conditions precedent has not been fulfilled on or before 24 February 2017 or such other date as may be agreed in writing by the Company and the Subscriber, all rights, obligations and liabilities of

LETTER FROM THE BOARD

the parties under the Subscription Agreement shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the terms thereof.

Completion

Subject to all the conditions precedent having been fulfilled, completion of the Subscription will take place on a date falling within five (5) Business Days after satisfaction of all the conditions precedent as may be agreed by the Company (or such other date as may be agreed by the Company and the Subscriber in writing).

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are summarised below:

Principal amount	HK\$200 million
Maturity Date	The date immediately following two years after the date of issue of the Convertible Bonds (or, if that is not a Business Day, the first Business Day thereafter).
Interest	The Convertible Bonds will bear interest on the outstanding principal amount thereof from the date of issue of the Convertible Bonds at a rate of 2.0% per annum. Interest will be payable by the Company quarterly in arrears every three (3) months after the date of issue of the Convertible Bonds.

The interest rate of the Convertible Bonds was determined after arm's length negotiations with reference to the terms of other convertible bonds/notes announced by other Hong Kong listed companies in the past three months. It was noted that interest rate of the convertible bonds/notes issued by other listed companies during the said period were ranging from 2% to 8% per annum. Accordingly, the Directors consider that the interest rate of the Convertible Bonds of 2% per annum is comparable to that of convertible debt securities of similar type in the market.

LETTER FROM THE BOARD

Early redemption

The Company may at any time prior to the Maturity Date and from time to time redeem the Convertible Bonds at 100% of the outstanding principal amount (in whole or in part) in cash by serving at least 30 Business Days' prior written notice (the "**Early Redemption Notice**") on the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein. If a Bondholder issues a conversion notice on the same date as the Company issues an Early Redemption Notice, the Company shall have the right to elect whether the Early Redemption Notice or the conversion notice prevails. Upon the expiry of 30 Business Days after the date of the Early Redemption Notice, the Company shall redeem the outstanding principal amount of the Convertible Bonds as set out in the Early Redemption Notice, together with any interest or other payment that has accrued thereon in accordance with the relevant Convertible Bonds up to and excluding the early redemption date but has not been paid, unless previously redeemed.

Conversion rights

Subject to, and upon compliance with, the provisions of the terms and conditions of the Convertible Bonds, the Bondholder(s) will have the rights to convert the whole or part of the outstanding principal amount of the Convertible Bonds at the Conversion Price during the period commencing from the date of issue of the Convertible Bonds (or, if that is not a Business Day, the first Business Day thereafter) up to 4:00 p.m. (Hong Kong time) on the trading day immediately before the Maturity Date in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion, save that if at any time the outstanding principal amount of the Convertible Bonds held by a Bondholder is less than HK\$1,000,000, or if a Bondholder intends to exercise the conversion rights attached to the entire principal amount of all the Convertible Bonds held by him, the Bondholder may convert the whole (but not part only) of the such outstanding principal amount of the Convertible Bonds,

LETTER FROM THE BOARD

provided that any conversion of the Convertible Bonds (a) shall not render such Bondholder (together with its associates and the parties acting in concert with it) to hold or control 30% or more of the entire issued share capital of the Company immediately after the allotment and issue of the relevant Conversion Shares; (b) will not cause the public float of the Company becoming unable to meet the requirement under the Listing Rules; and (c) shall not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder which exercised the conversion right and party(ies) acting in concert (as defined under the Takeovers Code) with it.

Conversion Price

The initial Conversion Price, being HK\$0.285 per Conversion Share represents:

- (i) the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 0.35% to the average of the closing prices of approximately HK\$0.286 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iii) a premium of approximately 1.42% over the average of the closing prices of approximately HK\$0.281 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iv) a discount of approximately 1.72% to the average of the closing prices of approximately HK\$0.290 per Share as quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to the date of the Subscription Agreement;

LETTER FROM THE BOARD

- (v) a premium of approximately 5.17% over the average of the closing prices of approximately HK\$0.271 per Share as quoted on the Stock Exchange for the sixty consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (vi) the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the closing price of the Shares on the date of the Subscription Agreement and historical market prices of the Shares.

Adjustment to the Conversion Price

The Conversion Price will from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon occurrence of, among other things, the following events except where any such event is specifically exempted under the terms and conditions of the Convertible Bonds:

- (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

LETTER FROM THE BOARD

- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders in their capacity as such, other than issue of Shares in lieu of a cash dividend and paid out of the aggregate of the net profits (less losses) accrued and attributable to the Shareholders for all financial periods after 31 December 2015 as shown in the audited consolidated profit and loss account of the Group for each financial period ended 31 December;
- (iv) an offer of new Shares for subscription by way of rights, or grant any options or warrants to subscribe for new Shares, being made by the Company to the Shareholders at a price which is less than 80% of the then market price of the Share;
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than 80% of the then market price of the Shares, or such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80% of the then market price of the Shares;
- (vi) an issue being made by the Company wholly for cash of Shares (other than Shares issued on the exercise of conversion rights attaching to the Convertible Bonds or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) at a price per Share less than 80% of the then market price of the Shares; and
- (vii) an issue being made by the Company of Shares for the acquisition of asset at the total effective consideration per Share which is less than 80% of the then market price of the Shares.

LETTER FROM THE BOARD

- Conversion Shares
- A maximum of 701,754,385 Conversion Shares may be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full at the initial Conversion Price of HK\$0.285 per Conversion Share (assuming that there is no change in the issued share capital of the Company), representing:
- (i) approximately 83.85% of the existing issued share capital of the Company as at the Latest Practicable Date; and
 - (ii) approximately 45.61% of the existing issued share capital of the Company as enlarged by the allotment and issue of the 701,754,385 Conversion Shares.
- Ranking of the Conversion Shares
- The Conversion Shares, when allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds, shall rank *pari passu* in all respects with the fully paid Shares in issue on the Business Day immediately following the date of the surrender of the Convertible Bonds and delivery of the relevant conversion notice therefor (the “**Conversion Date**”) (or where the date of surrender and delivery as aforesaid is the record date for any distribution or other right exercisable in respect of the Shares, the Conversion Date shall be deemed to be such date of surrender and delivery) and shall entitle the Bondholders thereof to participate in full in all dividends or other distributions paid or made on the Shares after such date other than any dividend or other distribution previously declared, or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Conversion Date and notice of the amount and record date for which shall have been given to the Stock Exchange and the Bondholders prior to the relevant Conversion Date.
- Transferability
- The Convertible Bonds are transferable to any persons provided that the Convertible Bonds may not be transferred to any connected person of the Company except with the prior approval of the Company.

LETTER FROM THE BOARD

Voting	Bondholder(s) will not be entitled to attend or vote at any meetings of Shareholders by reason only of being Bondholder(s).
Listing	No application will be made for a listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and dealing in, the Conversion Shares.

Information on the Subscriber

The Subscriber, being a substantial shareholder of the Company, held 152,130,000 Shares as at the Latest Practicable Date, representing approximately 18.18% of the existing issued share capital of the Company.

According to the information available to the Company, Ms. Shen Jing, an executive Director, is the ultimate beneficial owner of the Subscriber. As such, the Subscriber is regarded as a connected person of the Company under the Listing Rules.

Specific Mandate

The Company will seek the approval from the Independent Shareholders at the SGM for the Specific Mandate for the allotment and issue of the Conversion Shares.

Based on the initial Conversion Price of HK\$0.285 per Conversion Share and assuming the exercise of the conversion rights attaching to the Convertible Bonds in full at the initial Conversion Price under the Subscription Agreement, the Convertible Bonds will be convertible into a maximum of 701,754,385 Conversion Shares, representing approximately 83.85% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 45.61% of the issued share capital of the Company as enlarged by the allotment and issue of the 701,754,385 Conversion Shares.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
7 December 2016	placing of 139,480,000 new Shares at the placing price of HK\$0.23 per placing Share	approximately HK\$31 million	further development of our securities business including but not limited to margin financing	the whole amount has not been utilised yet, the intended use remains unchanged
1 February 2016	placing of 190,500,000 new Shares at the placing price of HK\$0.11 per placing Share	approximately HK\$20 million	general working capital for existing business and for development of new business if opportunities arise	<p>(i) approximately HK\$6 million was used for balance payment for acquisition of Lamex Securities Limited;</p> <p>(ii) approximately HK\$8 million was injected to Lamex Securities Limited as additional working capital for developing of its securities and margin financing business; and</p> <p>(iii) approximately HK\$6 million was applied as operating expenses of the Group.</p>

Furthermore, the Company has not repurchased any Shares within the past twelve months immediately prior to the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the property business and investment in securities business in Hong Kong and PRC.

Subject to completion of the Subscription, the aggregate gross proceeds from the Subscription shall be HK\$200 million and the aggregate net proceeds from the Subscription (after deduction of all relevant costs and expenses) are estimated to be approximately HK\$198.68 million.

LETTER FROM THE BOARD

The Company intends to use the net proceeds from the Subscription as to (i) approximately HK\$100 million for financing property development project(s) in Maoming, the PRC; (ii) approximately HK\$28.68 million for further developing our securities business including but not limited to margin financing; and (iii) approximately HK\$70 million for further developing our loan financing service.

In connection with the application of proceeds referred to above of approximately HK\$100 million for financing property development project(s) in Maoming, (i) approximately HK\$3.12 million was intended to apply for design fee (including architectural, structural design and landscape); (ii) approximately HK\$12 million was intended to apply for cost for application and approval from government and pre-construction costs; and (iii) approximately HK\$84.88 million was intended to apply for construction costs.

In connection with the application of proceeds referred to above of approximately HK\$28.68 million for further developing our securities business, (i) approximately HK\$15 million was intended to apply for asset management under Type 9 license; and (ii) approximately HK\$13.68 million was intended to apply for margin financing under Type 1 license.

In connection with the application of proceeds referred to above of approximately HK\$70 million for further developing our loan financing service, all the amount was intended to apply for our money lending business.

Having considered the terms of other convertible bonds/notes issued by other Hong Kong listed companies in the past three months, it is noted that interest rate of the convertible bonds/notes issued by other listed companies during the said period were ranging from 2% to 8% per annum. Accordingly, the interest rate of the Convertible Bonds of 2% per annum is comparable to that of convertible debt securities of similar type in the market.

Having also considered that the length of terms and Conversion Price of the Convertible Bonds were also comparable to the terms of the convertible bonds/notes issued by other Hong Kong listed companies in the past three months, the Directors are of the view that the terms of the Convertible Bonds are fair and reasonable and in the interests of the Company and Shareholders as a whole.

The Directors have also considered various financing methods to meet the funding needs of the Company. As to equity financing methods such as rights issue and open offer, (i) given the recent loss making position of the Group, the Directors considered that a relatively high underwriting commission and substantial discount of the subscription price to the current market price of the Shares might be required for procuring underwriter; and (ii) if the pre-emptive issue was not fully underwritten, in view of the recent loss making position of the Group and the low liquidity of the Shares, the existing Shareholders' willingness to further invest in the Company is uncertain and hence the results of the pre-emptive issues would be uncertain while documentation and administrative costs would have to be incurred.

LETTER FROM THE BOARD

As to other debt financing methods, the Company had approached certain banks but, in light of the recent loss making position of the Group and there is lack of suitable assets available for pledging, the Company failed to obtain any offer for unsecured loan facilities with amount comparable to the principal amount of the Convertible Bonds. In addition, as compared to bank borrowing, the issue of the Convertible Note does not require any pledge of assets and will not create substantial cash flow burden on the Company if it is converted in full before maturity.

Based on the above, the Directors consider that raising fund by the issue of Convertible Bonds is appropriate and efficient to meet the Company's funding needs. Accordingly, the Directors are of the view that the Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out the changes to the shareholding structure of the Company as a result of the exercise of the conversion rights attaching to the Convertible Bonds in full at the initial Conversion Price of HK\$0.285 per Conversion Share (assuming no other change in the issued share capital of the Company):

	As at the Latest Practicable Date		For illustrative purposes only, immediately after the issue and allotment of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full at the initial Conversion Price of HK\$0.285 per Conversion Share (Note 3 and 4)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Subscriber (Note 1)	152,130,000	18.18	853,884,385	55.50
Rainbow Enterprise Holdings Co., Limited (Note 2)	100,000,000	11.95	100,000,000	6.50
Other public Shareholders	<u>584,784,650</u>	<u>69.87</u>	<u>584,784,650</u>	<u>38.00</u>
Total	<u>836,914,650</u>	<u>100.00</u>	<u>1,538,669,035</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes:

1. According to the information available to the Company, the Subscriber, China Force Enterprises Inc., is wholly owned by Glory Gate International Limited. Glory Gate International Limited is wholly owned by Legit Ability Limited, which in turn is wholly owned by Ms. Shen Jing, an executive Director.
2. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Rainbow Enterprise Holdings Co., Limited is wholly and beneficially owned by Mr. Cheng Haiqing.
3. The figures derived are based on the existing shareholding structure of the Company and the assumption that save for the allotment and issue of up to 701,754,385 Conversion Shares to the Subscriber, there will be no other change in the total number of Shares in issue of the Company from the Latest Practicable Date up to (and including) the date of allotment and issue of such Conversion Shares resulting from the exercise the conversion rights attaching to the Convertible Bonds in full at the initial Conversion Price of HK\$0.285 per Conversion Share.
4. Any conversion of the Convertible Bonds (a) shall not render such Bondholder (together with its associates and the parties acting in concert with it) to hold or control 30% or more of the entire issued share capital of the Company immediately after the allotment and issue of the relevant Conversion Shares; (b) will not cause the public float of the Company becoming unable to meet the requirement under the Listing Rules; and (c) shall not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder which exercised the conversion right and party(ies) acting in concert (as defined under the Takeovers Code) with it.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Subscriber, being a substantial shareholder of the Company, held 152,130,000 Shares, representing approximately 18.18% of the existing issued share capital of the Company. Ms. Shen Jing, an executive Director, is the ultimate beneficial owner of the Subscriber. The Subscriber is regarded as a connected person of the Company under the Listing Rules. Accordingly, the Subscription constitutes a connected transaction for the Company.

The Subscription, as a connected transaction of the Company, is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the SGM by way of poll pursuant to Chapter 14A of the Listing Rules.

GENERAL

The Subscriber, being a substantial shareholder of the Company, is involved in and considered to have a material interest in the Subscription. According to the information available to the Company, Ms. Shen Jing, an executive Director, is the ultimate beneficial owner of the Subscriber. Therefore, the Subscriber, Ms. Shen Jing and their respective associates and concert parties, who, as at the Latest Practicable Date, were interested in an aggregate of 152,130,000 Shares, representing approximately 18.18% of the existing issued share capital of the Company, will abstain from voting on the resolution(s) in relation to the Subscription at the SGM.

Save as disclose above and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholders has material interest in the Subscription and is required to abstain from voting at the SGM.

LETTER FROM THE BOARD

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription. Proton Capital has also been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 86(2) of the bye-laws of the Company, Ms. Shen Jing and Mr. Ye WeiMing, who were appointed as an executive Director and a non-executive Director with effect from 1 August 2016 and 30 August 2016 respectively, will hold office until the SGM and being eligible, will offer themselves for re-election at the SGM. Ordinary resolutions for the re-election of Ms. Shen Jing and Mr. Ye WeiMing as Directors will be proposed at the SGM.

The particulars of Ms. Shen Jing and Mr. Ye WeiMing are set out in Appendix II to this circular.

RECOMMENDATION

Having considered the above-mentioned benefits to the Group, the Directors (including the independent non-executive Directors) consider that the Subscription Agreement are on normal commercial terms and the transactions contemplated under the Subscription Agreement (including the issue of Convertible Bonds) is in the interests of the Company and the Shareholders as a whole and are fair and reasonable to the Company. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Conversion Shares falling to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

In addition, the Directors consider that the proposed re-election of the retiring Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors also recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the proposed re-election of the retiring Directors.

SGM

The SGM will be held at 11:00 a.m. on Monday, 9 January 2017 at 2/F, 100QRC, 100 Queen's Road Central, Central, Hong Kong, during which resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve, among other matters, the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the grant of Specific Mandate for the allotment and issue of the Conversion Shares, and to re-elect Ms. Shen Jing and Mr. Ye WeiMing as Directors.

The notice of the SGM is set out in the Appendix III of this circular. A form of proxy for use at the SGM is enclosed. Whether or not the Shareholders are able to attend the SGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share

LETTER FROM THE BOARD

registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should the Shareholders so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure the chairman of the SGM to demand for voting on poll in respect of the ordinary resolution to be proposed at the SGM in accordance with the memorandum of association and the bye-laws of the Company and Union Registrars Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

ADDITIONAL INFORMATION

Your attention is drawn to the (1) letter from the Independent Board Committee set out in this circular and (2) letter from Proton Capital set out in this circular, which contains among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Subscription Agreement and the transactions contemplated thereunder and the principal factors considered by it in arriving at its recommendation.

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

Shareholders and potential investors should note that completion of the Subscription is subject to satisfaction of certain conditions precedent and the Subscription may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealings in the Shares and any other securities of the Company.

Yours faithfully,
By order of the Board
Lamtex Holdings Limited
Wu Xiaolin
Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



林達控股有限公司
LAMTEX HOLDINGS LTD.

STOCK CODE 股份代號1041

(Formerly known as China New Energy Power Group Limited 中國新能源動力集團有限公司)
(Incorporated in Bermuda with limited liability)
(Stock code: 1041)

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

*Head office and Principal place of
business in Hong Kong:*
Room 1814 – 1815
18/F, Star House, 3 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

19 December 2016

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

We refer to the circular of the Company dated 19 December 2016 to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used herein shall have the same meaning as those defined in the Circular unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Subscription Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder, and the Specific Mandate are fair and reasonable so far as the Independent Shareholders are concerned.

Details of the advice of Proton Capital, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 22 to 40 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 4 to 19 of the Circular and the additional information set out in the appendices of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms and conditions of the Subscription Agreement, the principal factors and reasons considered by, and the advice of Proton Capital, we are of the view that the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder, and the Specific Mandate.

Yours faithfully,

For and on behalf of

Independent Board Committee

Mr. Tse Long

Independent

Non-executive Director

Dr. Loke Yu (alias Loke Hoi Lam)

Independent

Non-executive Director

Mr. Zeng Zhaolin

Independent

Non-executive Director

LETTER FROM PROTON CAPITAL

Set out below is the text of a letter received from Proton Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for inclusion in the Circular.



普頓資本有限公司
PROTON CAPITAL LIMITED

Unit 1001, 10th Floor, Chuang's Tower,
30-32 Connaught Road Central, Hong Kong

19 December 2016

*To: The independent board committee and
the independent shareholders of Lamtex Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO ISSUE OF CONVERTIBLE BOND UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 19 December 2016 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 21 November 2016 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the Convertible Bonds in the principal amount of HK\$200 million.

As at the Latest Practicable Date, the Subscriber, being a substantial shareholder of the Company, held 152,130,000 Shares, representing approximately 18.18% of the existing issued share capital of the Company. Ms. Shen Jing, an executive Director, is the ultimate beneficial owner of the Subscriber. The Subscriber is regarded as a connected person of the Company under the Listing Rules. Accordingly, the Subscription constitutes a connected transaction for the Company.

The Subscription, as a connected transaction of the Company, is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the SGM by way of poll pursuant to Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription. We, Proton Capital, have been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM PROTON CAPITAL

We are not connected with the directors, chief executive and substantial shareholders of the Company or the Subscriber or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, 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 therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. During the last two years, we were engaged as independent financial adviser in respect of the major and connected transaction as detailed in the Company's circular dated 13 November 2015 (the "**Previous Engagement**"). Apart from normal professional fees payable to us by the Company in connection with the Previous Engagement and this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of their subsidiaries or their respective associates.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and its management team (collectively, the "**Management**"). We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Subscription. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Subscriber, or their respective subsidiaries or associates, nor have we

LETTER FROM PROTON CAPITAL

considered the taxation implication on the Group or the Shareholders as a result of the Subscription. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Proton Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background of and reasons for the Subscription

Business overview of the Group

With reference to the Board Letter, The Group is principally engaged in the property business and investment in securities business in Hong Kong and PRC.

Set out below is the financial information of the Group for the two years ended 31 December 2015 as extracted from the Company's annual report for the year ended 31 December 2015 (the "**2015 Annual Report**") and for the six months ended 30 June 2015 and 30 June 2016 as extracted from the Company's interim report for the six months ended 30 June 2016 (the "**2016 Interim Report**"):

LETTER FROM PROTON CAPITAL

	For the year ended 31 December 2015 (audited) HK\$'000	For the year ended 31 December 2014 (audited) HK\$'000	For the six month ended 30 June 2016 (unaudited) HK\$'000	For the six month ended 30 June 2015 (unaudited) HK\$'000
Turnover				
– Securities trading and investment	(179,273)	160,865	(124,356)	(75,269)
– Securities brokerage and provision of securities margin finance	–	–	815	–
– Property investment	1,469	–	872	–
– Loan financing services	–	–	2,402	–
– Supply chain management business and others	–	–	387 ^(Note)	176
Total	<u>(177,804)</u>	<u>160,865</u>	<u>(119,880)</u>	<u>(75,093)</u>
Net profit (loss) for the year/period	<u>(254,563)</u>	<u>122,627</u>	<u>(138,344)</u>	<u>(92,295)</u>

Note:

The Group disposed of the supply chain management business in the second half of 2015. This amount was generated from the Group's construction material trading business for the reporting period.

As depicted by the above table, the Group's property investment business segment began to generate revenue in the year ended 31 December 2015 ("YE2015"). However, compare with revenue of approximately HK\$160.87 million for the year ended 31 December 2014 ("YE2014"), the Group had negative revenue of approximately HK\$177.80 million for the YE2015. According to the 2015 Annual Report, this change is mainly attributable to a negative revenue of approximately HK\$179.27 million recorded from the operation of investments in securities (YE2014: a positive revenue of approximately HK\$160.87 million), representing net fair value loss on financial assets at fair value through profit and loss, loss on disposal of financial assets at fair value

LETTER FROM PROTON CAPITAL

through profit or loss and dividend income received from financial assets at fair value through profit or loss during the reporting year. The Group's net loss for the YE2015 was approximately HK\$254.56 million (YE2014: a net profit of approximately HK\$122.63 million) which was also mainly due to the net fair value loss on financial assets at fair value through profit or loss and loss on disposal of financial assets at fair value through profit or loss.

For the six month ended 30 June 2016, the Group's operation in securities trading and investment continued to generate negative revenue which amounted to approximately HK\$124.36 million (six months ended 30 June 2015: approximately HK\$75.27 million). According to the 2016 Interim Report, under this reporting period, the Company has decided to release most of the Group's existing securities investment in view with the unattractive market sentiment. We noted that during the six month period ended 30 June 2016, the operation of (i) loan financing services; and (ii) securities brokerage and provision of securities margin finance were introduced to the Group, which respectively contributed revenue of approximately HK\$2.40 million and approximately HK\$0.82 million to the Group. The Group's net loss for the six months ended 30 June 2016 increased to approximately HK\$138.34 million (six months ended 30 June 2015: net loss of approximately HK\$92.30 million) which was mainly due to net realised losses and net unrealised losses of investments at fair value through profit or loss of approximately HK\$39.46 million and approximately HK\$84.89 million.

Information on the Subscriber

China Force Enterprises Inc. is the Subscriber of the Convertible Bonds. As at the Latest Practicable Date, the Subscriber, being a substantial shareholder of the Company, held 152,130,000 Shares, representing approximately 18.18% of the existing issued share capital of the Company. Ms. Shen Jing, an executive Director, is the ultimate beneficial owner of the Subscriber. As such, the Subscriber is regarded as a connected person of the Company under the Listing Rules.

LETTER FROM PROTON CAPITAL

Financing alternatives available to the Group

As set out in the Board Letter, the Company has conducted the following equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
7 December 2016	Placing of 139,480,000 new Shares at the placing price of HK\$0.23 per placing Share	Approximately HK\$31 million	Further development of our securities business including but not limited to margin financing	the whole amount has not been utilised yet, the intended use remains unchanged
1 February 2016	Placing of 190,500,000 new Shares at the placing price of HK\$0.11 per placing Share	Approximately HK\$20 million	General working capital for existing business and for development of new business if opportunities arise	(i) approximately HK\$6 million was used for balance payment for acquisition of Lamex Securities Limited; (ii) approximately HK\$8 million was injected to Lamex Securities Limited as additional working capital for developing of its securities and margin financing business; and (iii) approximately HK\$6 million was applied as operating expenses of the Group.

The Board Letter disclosed that the Directors have also considered various financing methods to meet the funding needs of the Company. As to equity financing methods such as rights issue and open offer, (i) given the recent loss making position of the Group, the Directors considered that a relatively high underwriting commission and substantial discount of the subscription price to the current market price of the Shares might be required for procuring underwriter; and (ii) if the pre-emptive issue was not fully underwritten, in view of the recent loss making position of the Group and the low liquidity of the Shares, the existing Shareholders' willingness to further invest in the Company is uncertain and hence the results of the pre-emptive issues would be uncertain while documentation and administrative costs would have to be incurred.

LETTER FROM PROTON CAPITAL

As to other debt financing methods, the Board Letter further disclosed that the Company had approached certain banks but, in light of the recent loss making position of the Group and there is lack of suitable assets available for pledging, the Company failed to obtain any offer for unsecured loan facilities with amount comparable to the principal amount of the Convertible Bonds. In addition, as compared to bank borrowing, the issue of the Convertible Note does not require any pledge of assets and will not create substantial cash flow burden on the Company if it is converted in full before maturity.

Based on the above, the Directors consider that raising fund by the issue of Convertible Bonds is appropriate and efficient to meet the Company's funding needs. Accordingly, the Directors are of the view that the Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole.

We have further enquired with the Directors and understand that in respect of bank borrowing, the Company had approached several banks for requesting banking facilities/borrowing, but in view of the loss making position of the Group, there was no fruitful result. The Company had also considered equity financing and had appointed financial adviser for assessing the feasibility of equity funding including open offer/rights issue which would allow the Shareholders to maintain their respective pro-rata shareholdings in the Company. The Company had also approached potential underwriter but the effort was in vain as the Company and the potential underwriter could not reach an agreement on underwriting charges and discount on price.

We noted that the Company has completed a placing of new Shares under a general mandate on 7 December 2016 to raise net proceeds of approximately HK\$31.18 million at a placing price of HK\$0.23 per placing share, which represented (i) a discount of approximately 19.30% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the date of the placing agreement (the "**Placing Agreement**"); and (ii) a discount of approximately 19.58% to the average closing price of HK\$0.286 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement. Regarding the possibility of raising the required fund of HK\$200 million via placing/subscription by independent third parties under specific mandate, we have discussed with the Directors and concur with their view that due to the loss making position of the Company, it would be difficult for the Company to attract potential investors, if any, to subscribe for new Shares in the same scale as in the Subscription in the absence of a material discount to the prevailing market price of the Shares. In view that the Conversion Price is equal to the then market price of the Shares, the Convertible Bonds will not have an immediate dilution effect on the shareholding of Independent Shareholders and the Company has the right to early redeem the Convertible Bonds at 100% of the outstanding principal amount (in whole or in part), the Subscription is a preferred form of fund raising method.

Based on the aforesaid and in particular, the difficulty of the Company to obtain bank financing, the unfruitful effort of the Company to secure an underwriter for pre-emptive issue and the difficulty of the Company to attract potential investors, if

LETTER FROM PROTON CAPITAL

any, to subscribe for new Shares in the same scale as in the Subscription in the absence of a material discount to the prevailing market price of the Shares whereas the Subscription has the benefits of (i) the Conversion Price is equal to the then market price of the Shares, (ii) the Convertible Bonds will not have an immediate dilution effect on the shareholding interest of Independent Shareholders; and (iii) the Company has the right to early redeem the Convertible Bonds at 100% of the outstanding principal amount (in whole or in part), we concur with the view of the Directors that the issue of Convertible Bonds is an appropriate fund raising method currently available to the Group when compared with other financing alternatives.

Reasons for the Subscription and use of net proceeds

The Group is principally engaged in the property business and investment in securities business in Hong Kong and PRC.

Subject to completion of the Subscription, the aggregate gross proceeds from the Subscription shall be HK\$200 million and the aggregate net proceeds from the Subscription (after deduction of all relevant costs and expenses) are estimated to be approximately HK\$198.68 million.

The Company intends to use the net proceeds from the Subscription as to (i) approximately HK\$100 million for financing property development project(s) in Maoming, the PRC; (ii) approximately HK\$28.68 million for further developing the Company's securities business including but not limited to margin financing; and (iii) approximately HK\$70 million for further developing its loan financing service.

As stated in the Board Letter, in connection with the application of proceeds referred to above of approximately HK\$100 million for financing property development project(s) in Maoming, (i) approximately HK\$3.12 million was intended to apply for design fee (including architectural, structural design and landscape); (ii) approximately HK\$12 million was intended to apply for cost for application and approval from government and pre-construction costs; and (iii) approximately HK\$84.88 million was intended to apply for construction costs.

In connection with the application of proceeds referred to above of approximately HK\$28.68 million for further developing the Company's securities business, (i) approximately HK\$15 million was intended to apply for asset management under Type 9 license; and (ii) approximately HK\$13.68 million was intended to apply for margin financing under Type 1 license.

In connection with the application of proceeds referred to above of approximately HK\$70 million for further developing the Company's loan financing service, all the amount was intended to apply for Company's money lending business.

Having considered the terms of other convertible bonds/notes issued by other Hong Kong listed companies in the past three months, the Directors noted that interest rate of the convertible bonds/notes issued by other listed companies during the said

LETTER FROM PROTON CAPITAL

period were ranging from 2% to 8% per annum. Accordingly, the interest rate of the Convertible Bonds of 2% per annum is comparable to that of convertible debt securities of similar type in the market.

The Board Letter further stated that having also considered that the length of terms and Conversion Price of the Convertible Bonds were also comparable to the terms of the convertible bonds/notes issued by other Hong Kong listed companies in the past three months, the Directors are of the view that the terms of the Convertible Bonds are fair and reasonable and in the interests of the Company and Shareholders as a whole.

In order to assess the reasonableness of the use of proceeds from the Subscription, we have discussed the proposed use of net proceeds with the Management. As mentioned in the section headed “Business overview of the Group”, the Group’s property investment business segment began to generate revenue to in the YE2015. Also, during the six months period ended 30 June 2015, the operation of (i) loan financing services; and (ii) securities brokerage and provision of securities margin finance were introduced to the Group.

We noted that in March 2016, the Group completed the acquisition of 100% of the issued share capital of Lamtex Securities Limited. According to the information from the website of the Securities and Future Commission, Lamtex Securities Limited is a licensed corporation to carry on types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities under the SFO.

As advised by the Management, the Group is actively pursuing its loan financing business via its wholly-owned subsidiary, New Winning Finance Company Limited (“**New Winning**”), which is a registered money lender holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong), and is principally engaged in the business of provision of money lending services. According to the 2016 Interim Report, as at 30 June 2016, the fixed-rate loan receivables under the Group’s loan financing services operation amounted to approximately HK\$124.20 million with interest rates ranging from 8% to 12%. Pursuant to the announcement of the Company dated 25 November 2016, New Winning recently granted loans of HK\$50 million in aggregate to two independent third parties at interest rate of 12% per annum.

In view of the aforesaid, we consider that the intended use of the net proceeds of the Subscription is in line with the Group’s current business development.

Having considered (i) that the issue of Convertible Bonds being a fund raising method currently available to the Group when compared with other financing alternatives; and (ii) the intended use of proceeds of the Subscription is in line with the Group’s current business development, we are of the view that the Subscription is in the interest of the Company and the Shareholders as a whole.

LETTER FROM PROTON CAPITAL

2. Principal terms of the Subscription Agreement

Principal amount	HK\$200 million
Maturity Date	The date immediately following two years after the date of issue of the Convertible Bonds (or, if that is not a Business Day, the first Business Day thereafter).
Interest	The Convertible Bonds will bear interest on the outstanding principal amount thereof from the date of issue of the Convertible Bonds at a rate of 2.0% per annum. Interest will be payable by the Company quarterly in arrears every three (3) months after the date of issue of the Convertible Bonds.
Early redemption	The Company may at any time prior to the Maturity Date and from time to time redeem the Convertible Bonds at 100% of the outstanding principal amount (in whole or in part) in cash by serving at least 30 Business Days' prior written notice (the " Early Redemption Notice ") on the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein. If a Bondholder issues a conversion notice on the same date as the Company issues an Early Redemption Notice, the Company shall have the right to elect whether the Early Redemption Notice or the conversion notice prevails. Upon the expiry of 30 Business Days after the date of the Early Redemption Notice, the Company shall redeem the outstanding principal amount of the Convertible Bonds as set out in the Early Redemption Notice, together with any interest or other payment that has accrued thereon in accordance with the relevant Convertible Bonds up to and excluding the early redemption date but has not been paid, unless previously redeemed.

LETTER FROM PROTON CAPITAL

Conversion rights	<p>Subject to, and upon compliance with, the provisions of the terms and conditions of the Convertible Bonds, the Bondholder(s) will have the rights to convert the whole or part of the outstanding principal amount of the Convertible Bonds at the Conversion Price during the period commencing from the date of issue of the Convertible Bonds (or, if that is not a Business Day, the first Business Day thereafter) up to 4:00 p.m. (Hong Kong time) on the trading day immediately before the Maturity Date in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion, save that if at any time the outstanding principal amount of the Convertible Bonds held by a Bondholder is less than HK\$1,000,000, or if a Bondholder intends to exercise the conversion rights attached to the entire principal amount of all the Convertible Bonds held by him, the Bondholder may convert the whole (but not part only) of the such outstanding principal amount of the Convertible Bonds, provided that any conversion of the Convertible Bonds (a) shall not render such Bondholder (together with its associates and the parties acting in concert with it) to hold or control 30% or more of the entire issued share capital of the Company immediately after the allotment and issue of the relevant Conversion Shares; (b) will not cause the public float of the Company becoming unable to meet the requirement under the Listing Rules; and (c) shall not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder which exercised the conversion right and party(ies) acting in concert (as defined under the Takeovers Code) with it.</p>
Conversion Price	<p>The initial Conversion Price is HK\$0.285 per Conversion Share.</p>
Adjustment to the Conversion Price	<p>The Conversion Price will from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon occurrence of, among other things, the following events except where any such event is specifically exempted under the terms and conditions of the Convertible Bonds:</p>

LETTER FROM PROTON CAPITAL

- (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders in their capacity as such, other than issue of Shares in lieu of a cash dividend and paid out of the aggregate of the net profits (less losses) accrued and attributable to the Shareholders for all financial periods after 31 December 2015 as shown in the audited consolidated profit and loss account of the Group for each financial period ended 31 December;
- (iv) an offer of new Shares for subscription by way of rights, or grant any options or warrants to subscribe for new Shares, being made by the Company to the Shareholders at a price which is less than 80% of the then market price of the Share;
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than 80% of the then market price of the Shares, or such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80% of the then market price of the Shares;
- (vi) an issue being made by the Company wholly for cash of Shares (other than Shares issued on the exercise of conversion rights attaching to the Convertible Bonds or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) at a price per Share less than 80% of the then market price of the Shares; and

LETTER FROM PROTON CAPITAL

- (vii) an issue being made by the Company of Shares for the acquisition of asset at the total effective consideration per Share which is less than 80% of the then market price of the Shares.

Conversion Shares

A maximum of 701,754,385 Conversion Shares may be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full at the initial Conversion Price of HK\$0.285 per Conversion Share (assuming that there is no change in the issued share capital of the Company), representing:

- (i) approximately 83.85% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 45.61% of the existing issued share capital of the Company as enlarged by the allotment and issue of the 701,754,385 Conversion Shares.

Ranking of the Conversion Shares

The Conversion Shares, when allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds, shall rank *pari passu* in all respects with the fully paid Shares in issue on the Business Day immediately following the date of the surrender of the Convertible Bonds and delivery of the relevant conversion notice therefor (the “**Conversion Date**”) (or where the date of surrender and delivery as aforesaid is the record date for any distribution or other right exercisable in respect of the Shares, the Conversion Date shall be deemed to be such date of surrender and delivery) and shall entitle the Bondholders thereof to participate in full in all dividends or other distributions paid or made on the Shares after such date other than any dividend or other distribution previously declared, or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Conversion Date and notice of the amount and record date for which shall have been given to the Stock Exchange and the Bondholders prior to the relevant Conversion Date.

Transferability

The Convertible Bonds are transferable to any persons provided that the Convertible Bonds may not be transferred to any connected person of the Company except with the prior approval of the Company

LETTER FROM PROTON CAPITAL

For further details of the terms of the Convertible Bonds and other details of the Subscription Agreement, please refer to the section headed “ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE” of the Board Letter.

(a) Analysis on the Conversion Price

The initial Conversion Price, being HK\$0.285 per Conversion Share represents:

- (i) the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 0.35% to the average of the closing prices of approximately HK\$0.286 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iii) a premium of approximately 1.42% over the average of the closing prices of approximately HK\$0.281 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iv) a discount of approximately 1.72% to the average of the closing prices of approximately HK\$0.290 per Share as quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to the date of the Subscription Agreement;
- (v) a premium of approximately 5.17% over the average of the closing prices of approximately HK\$0.271 per Share as quoted on the Stock Exchange for the sixty consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (vi) the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

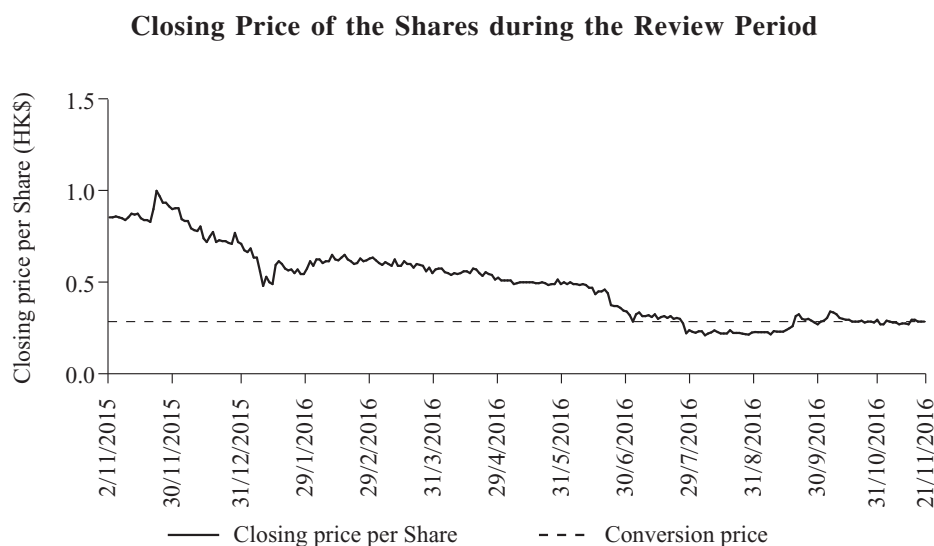
As advised by the Management, the initial Conversion Price was determined after arm’s length negotiation between the Company and the Subscriber with reference to the closing price of the Shares on the date of the Subscription Agreement and historical market prices of the Shares as set out above.

We note that on the same date of entering into the Subscription Agreement, the Company also entered into the Placing Agreement with a placing agent whereby the placing agent conditionally agree to place, on a best effort basis, a maximum of 139,480,000 Placing Shares to not less than six places who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at the placing price of HK\$0.23 per Placing Share (“**Placing Price**”). The Placing Agreement was completed on 7 December 2016.

LETTER FROM PROTON CAPITAL

Upon comparison, we noted that the Conversion Price of HK\$0.285 per Conversion Share represents a premium of approximately 23.91% over the Placing Price.

In order to assess the fairness and reasonableness of the Conversion Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 2 November 2015 up to and including 21 November 2016 (the “**Review Period**”), being a period of approximately one year prior to the date of the Subscription Agreement. The comparison of daily closing prices of the Shares and the Conversion Price is illustrated as follows:



Source: the Stock Exchange’s website

During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK\$1.00 recorded on 23 November 2015 and HK\$0.21 recorded on 10 August 2016, respectively. The Conversion Price of HK\$0.285 is within the range of the lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the Review Period. The closing prices of the Shares showed a general decreasing trend after reaching their peak at late November 2015. The closing prices of the Shares reached their trough in August 2016 and moved upward to HK\$0.34 on 6 October 2016 then fluctuated around the Conversion Price since then.

To further evaluate the fairness and reasonableness of the Conversion Price, we have taken reasonable steps to further identify those subscription/placing of interest bearing convertible notes/bonds at par with fixed rate in cash which were announced by companies listed on the Stock Exchange from 22 August 2016 up to 21 November 2016 (the “**Selection Period**”), being approximately 3 months immediately before and up to the date of the Subscription Agreement (the “**Comparables**”). As the capital market changes rapidly, we consider that the Comparables in the Selection Period represent recent cases which are reflective to the latest market conditions and sentiments at the time when the Subscription Agreement was entered into. To the best of our knowledge and as far as we are aware of, we found 9 transactions which met

LETTER FROM PROTON CAPITAL

the said criteria. The Comparables represents an exhaustive list and fair and representative samples. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the Comparables. Nevertheless, the Comparables can demonstrate the recent market practices.

Date of announcement	Company name	Stock code	Term Years	Annual interest rate %	Premium/ (Discount) of the conversion price over/(to) closing price per share on the last trading day prior to announcement/ the date of agreement in relation to the respective issue of convertible notes/bonds %	Premium/ (Discount) of the conversion price over/(to) average closing price per share for the last five trading days prior to announcement/ the date of agreement in relation to the respective issue of convertible notes/bonds %
2016.08.23	China Agri-Products Exchange Limited	149	5	7.5%	9.59%	9.29%
2016.08.31	Sino Energy International Holdings Group Limited	1096	2	7.5%	11.44%	12.78%
2016.09.09	Rentian Technology Holdings Limited	885	3	5.5%	1.03%	0.34%
2016.09.21	China Fortune Financial Group Limited	290	3	2.0%	(63.00%)	(63.9%)
2016.09.26	TC Orient Lighting Holdings Limited	515	3	7.0%	(67.21%)	(60.82%)
2016.10.24	China Huarong Energy Company Limited	1101	2	7.0%	116.49%	118.30%
2016.10.28	Kiu Hung International Holdings Limited	381	2	8.0%	(13.39%)	(18.52%)
2016.11.03	AVIC Joy Holdings (HK) Limited	260	2	4.0%	2.90%	(7.30%)
2016.11.06	LVGEM (China) Real Estate Investment Company Limited	95	2	5.5%	13.10%	13.50% 13.5%

LETTER FROM PROTON CAPITAL

Date of announcement	Company name	Stock code	Term Years	Annual interest rate %	Premium/ (Discount) of the conversion price over/(to) closing price per share on the last trading day prior to announcement/ the date of agreement in relation to the respective issue of convertible notes/bonds	Premium/ (Discount) of the conversion price over/(to) average closing price per share for the last five trading days prior to announcement/ the date of agreement in relation to the respective issue of convertible notes/bonds
					%	%
		Max:	5	8.0%	116.49%	118.30%
		Min:	2	2.0%	(67.21%)	(63.90%)
		Mean/Average:	2.67	6.0%	1.22%	0.41%
		Median:	2.00	7.0%	2.90%	0.34%
2016.11.21	The Company	1041	2	2.0%	nil	(0.35%)

We noted from the above table that the conversion prices of the Comparables (i) ranged from a discount of approximately 67.21% to a premium of approximately 116.49% to the respective closing prices of their shares on the last trading day prior to the release of announcement/date of agreement in relation to the respective subscription/placing of convertible notes/bonds (the “**CB LTD Range**”) with mean and median of 1.22% and 2.90%, respectively; and (ii) ranged from a discount of approximately 63.90% to a premium of approximately 118.30% to the respective average closing prices of their shares on the last five trading day prior to the release of announcement/date of agreement in relation to the respective subscription/placing of convertible notes/bonds (the “**CB 5-day Range**”) with mean and median of 0.41% and 0.34%, respectively. As such, the Conversion Price, which is equivalent to the closing price of the Shares on the date of Subscription Agreement, fall within the CB LTD Range and is close to the mean and median of the Comparables of 1.22% and 2.90%, respectively. The Conversion Price, which is at a discount of 0.35% to the 5-day average closing prices of the Shares on the date of Subscription Agreement, fall within the CB 5-day Range and is close to the mean and median of the Comparables of 0.41% and 0.34%, respectively. Therefore, we are of the opinion that Conversion Price is in line with the recent market practice.

Having considered that (i) the Conversion Price is equivalent to closing price of the Shares on the date of the Subscription Agreement; (ii) the Conversion Price represents a premium of approximately 23.91% over the Placing Price; (iii) the Conversion Price is within the range of closing prices of the Shares during the Review Period; (iv) the Conversion Price is within the CB LTD Range and is close to the mean

LETTER FROM PROTON CAPITAL

and median of the Comparables of 1.22% and 2.90%, respectively; (v) the Conversion Price is within the CB 5-day Range and is close to the mean and median of the Comparables of 0.41% and 0.34%, respectively; and (vi) the current loss making position of the Group, we consider that the Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole.

(b) Analysis on the interest rate

According to the Board Letter, the interest rate of the Convertible Bonds was determined after arm's length negotiations with reference to the terms of other convertible bonds/notes announced by other Hong Kong listed companies in the past three months. The Company noted that interest rate of the convertible bonds/notes issued by other listed companies during the said period were ranging from 2% to 8% per annum. Accordingly, the Directors consider that the interest rate of the Convertible Bonds of 2% per annum is comparable to that of convertible debt securities of similar type in the market.

As illustrated by the table under the previous sub-section, the Comparables carried annual interest rates of 2.0% to 8.0% (the "**Interest Market Range**") with an average of 6.0% per annum. The Convertible Bonds bear interest of 2.0% per annum, which is at the lowest Interest Market Range and below the average interest rate of the Comparables. Hence, we consider the interest rate of the Convertible Bonds to be fair and reasonable and is favourable to the Company.

(c) Term to maturity

The term to maturity of the Comparables ranged from 2 year to 5 years. We note that the maturity term of the Convertible Bonds of 2 years is within the range of the Comparables.

Having considered the aforesaid terms of the Subscription Agreement and as analysed above, we are of the view that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Possible dilution effect on the shareholding interests of the public Shareholders

With reference to the shareholding table in the section headed "Effect on shareholding structure of the Company" of the Board Letter, the shareholding interests of the Independent Shareholders would be diluted by approximately 37.32 percent point as a result of the full conversion of the Convertible Bonds.

Although the possible dilution effect of the Convertible Bonds may not be desirable by the Independent Shareholders, the Independent Shareholders should note that the Company will be benefited from the Subscription as a whole having considered (i) the intended use of proceeds from the Subscription as discussed in the section headed "Reasons for the Subscription and use of net proceeds" in this letter above; (ii) the issue of Convertible

LETTER FROM PROTON CAPITAL

Bonds being an appropriate fund raising method currently available to the Group when compared with other financing alternatives; (iii) the Conversion Price is equivalent to closing price of the Shares on the date of the Subscription Agreement; (iv) the Conversion Price represents a premium of approximately 23.91% over the Placing Price; (v) the Conversion Price is within the range of closing prices of the Shares during the Review Period; (vi) the Conversion Price is within the CB LTD Range as well as the CB 5-day Range; and (vii) the current loss making position of the Group. In view of the above, we consider that the possible dilution effect is not prejudicial to the interest of the Independent Shareholders.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Subscription is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,

For and on behalf of

Proton Capital Limited

Josephine Lau

Director – Corporate Finance

Note: Ms. Josephine Lau has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2012 and 2007, respectively. Ms. Lau has more than 15 years of experience in corporate finance and investment banking.

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

Interest of Directors and Chief Executive in the Company

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Interests in the Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares (Note 1)	Approximate percentage of interests in the issued share capital of the Company as at the Latest Practicable Date (Note 3)
Ms. Shen Jing	Interest of a controlled corporation	853,884,385 (L) (Note 2)	102.03%

Notes:

- The letters "L" denotes long position in the Shares.
- These represent (i) the 152,130,000 Shares held by the Subscriber as at the Latest Practicable Date; and (ii) the 701,754,385 Conversion Shares to be allotted and issued to the Subscriber upon the exercise of the conversion rights attaching to the Convertible Bonds in full based on the initial Conversion Price of HK\$0.285 per Conversion Share. The Subscriber is wholly owned by Glory Gate International Limited. Glory Gate International Limited is wholly owned

by Legit Ability Limited, which in turn is wholly owned by Ms. Shen Jing, an executive Director. As such, Ms. Shen Jing is deemed to be interested in the 853,884,385 Shares in which the Subscriber is interested in under the SFO.

3. The approximate percentage of shareholding is calculated based on 836,914,650 Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions 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 were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than a Director or chief executive of the Company, 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, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares (Note 1)	Approximate percentage of interests in the issued share capital of the Company as at the Latest Practicable Date (Note 3)
The Subscriber	Beneficial Owner (Note 2)	853,884,385 (L)	102.03%
Glory Gate International Limited	Interest of a controlled corporation (Note 2)	853,884,385 (L)	102.03%
Legit Ability Limited	Interest of a controlled corporation (Note 2)	853,884,385 (L)	102.03%

Notes:

1. The letters "L" denotes long position in the Shares.

2. These represent (i) the 152,130,000 Shares held by the Subscriber as at the Latest Practicable Date; and (ii) the 701,754,385 Conversion Shares to be allotted and issued to the Subscriber upon the exercise of the conversion rights attaching to the Convertible Bonds in full based on the initial Conversion Price of HK\$0.285 per Conversion Share. The Subscriber is wholly owned by Glory Gate International Limited. Glory Gate International Limited is wholly owned by Legit Ability Limited, which in turn is wholly owned by Ms. Shen Jing, an executive Director.
3. The approximate percentage of shareholding is calculated based on 836,914,650 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no other persons had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinions, letters or advice contained in this circular:

Name	Qualification
Proton Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Proton Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or reference to its name, in the form and context in which they appear.

As at the Latest Practicable Date, Proton Capital was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, directly or indirectly, in any asset which had been, since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which had been, since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

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

8. LITIGATION

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

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or prospects of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up.

10. MATERIAL CONTRACTS

Below is a list of material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (a) the Subscription Agreement;
- (b) the loan agreement entered into between New Winning Finance Company Limited (the “**Lender**”), which is a wholly-owned subsidiary of the Company, an independent third party on 25 November 2016 pursuant to which the Lender has agreed to lend to the borrower a term loan in the principal amount of HK\$32 million. The drawdown date was on 1 December 2016. Details of the borrowing were set out in the announcement of the Company dated 25 November 2016;

- (c) the loan agreement entered into between the Lender and an independent third party on 25 November 2016 pursuant to which the Lender has agreed to lend to the borrower a term loan in the principal amount of HK\$18 million. The drawdown date was on 1 December 2016. Details of the borrowing were set out in the announcement of the Company dated 25 November 2016;
- (d) the placing agreement entered into between the Company and Kingston Securities Limited as placing agent on 21 November 2016 pursuant to which the placing agent agreed to place, on a best effort basis, up to 139,480,000 Shares at a placing price of HK\$0.23 per Share. The placing was completed on 7 December 2016 and a total of 139,480,000 Shares were placed. Details of the placing were set out in the Announcement and the announcement of the Company dated 7 December 2016;
- (e) the placing agreement entered into between the Company and One China Securities Limited as placing agent on 8 January 2016 pursuant to which the placing agent agreed to place, on a best effort basis, up to 190,614,650 Shares at a placing price of HK\$0.11 per Share. The placing was completed on 1 February 2016 and a total of 190,500,000 Shares were placed. Details of the placing were set out in the announcements of the Company dated 8 January 2016, 26 January 2016 and 1 February 2016;
- (f) the sale and purchase agreement entered into between the Prominent Fortune Investments Limited (the “**Purchaser**”), which is a wholly-owned subsidiary of the Company and SZ Enterprise Union Financial Group Limited (the “**Vendor**”) on 21 September 2015 pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the entire issued share capital of Lamtex Securities Limited at the consideration of HK\$16 million. The transaction was completed 11 March 2016. Details of the transaction were set out in the circular of the Company dated 13 November 2015; and
- (g) the placing agreement entered into between the Company and One China Securities Limited as placing agent on 17 June 2015 pursuant to which the placing agent agreed to place, on a best effort basis, up to 390,644,000 Shares at a placing price of HK\$0.201 per Share. The placing was completed on 8 July 2015 and a total of 390,600,000 Shares were placed. Details of the placing were set out in the announcements of the Company dated 17 June 2015 and 8 July 2015.

11. GENERAL

- (a) The company secretary of the Company is Ms. Hui Wai Man, Shirley. She is a fellow member of The Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She is also a member of Hong Kong Securities Institute and the Society of Chinese Accountants & Auditors.

- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (c) The head office and principal place of business of the Company in Hong Kong is situated at Room 1814-1815, 18/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (d) The Hong Kong share registrar of the Company is Union Registrars Limited, Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (e) In the event of inconsistency, the English text shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Room 1814-1815, 18/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours on any week day (except public holidays) for the period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015;
- (c) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix I;
- (d) a letter of recommendation dated 19 December 2016 from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;
- (e) a letter of advice dated 19 December 2016 from Proton Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from Proton Capital" in this circular;
- (f) the written consent referred to in the paragraph headed "Expert and Consent" in this Appendix I; and
- (g) this circular.

The particulars of Ms. Shen Jing and Mr. Ye WeiMing, being the Directors proposed to be re-elected at the SGM, are as follows:–

Ms. Shen Jing, aged 44, graduated from Shenzhen University with a major of electronic engineering in 1992. Since 1996, she served as the director of Shenzhen Zhiweilong Industrial Co., Ltd (深圳市智偉龍實業有限公司) and she had over 20 years of experience in business management and property investment.

Ms. Shen is the aunt of Mr. Wu Xiaolin, the Company's Executive Director and Chief Executive Officer. As at the Latest Practicable Date, China Force Enterprises Inc. (i.e. the Subscriber) held 152,130,000 Shares, representing approximately 18.18% of the existing issued share capital of the Company as at the Latest Practicable Date. The Subscriber is also interested in the 701,754,385 Conversion Shares to be allotted and issued to the Subscriber upon the exercise of the conversion rights attaching to the Convertible Bonds in full based on the initial Conversion Price of HK\$0.285 per Conversion Share pursuant to the SFO. Ms. Shen is the ultimate beneficial owner of the Subscriber. As such, Ms. Shen Jing is deemed to be interested in all the Shares in which the Subscriber is interested in pursuant the SFO.

Save as disclosed above, Mr. Shen does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and its subsidiaries or other major appointments and professional qualifications.

Save as disclosed above, Ms. Shen does not have any relationship with other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Ms. Shen has entered into a service agreement with the Company commencing from 1 August 2016 and was entitled to an annual salary of HK\$600,000, which was determined by the Board with reference to her past experience and responsibilities in the Company. Ms. Shen is subject to retirement from the Board by rotation and re-election in accordance with the bye-laws of the Company.

Save as disclosed above, there is no information relating to Ms. Shen that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters about Ms. Shen that needed to be brought to the attention of the Shareholders.

Mr. Ye WeiMing, aged 46, graduated from Central University of Finance and Economics and was awarded the bachelor of Finance and Insurance. From August 1995 to October 2012, he worked in the Shenzhen branch of Agricultural bank of China as a loan officer, customer manager, customer officer and branch manager. From October 2012 to October 2014, he worked in Shenzhen Maoshanghui Microfinance Limited (深圳市茂商會小額貸款有限公司) as a General Manager. He also has worked in Shenzhen Yiqi Venture Capital Limited as a Chief Executive Officer since October 2014 till now. Mr. Ye has over 20 year experience in finance and investment industry, and accumulated abundant human resources in financial institution, investment institution and investors, as well as gained experience and insights in investing, financing services, project evaluation, resources integration and platform model.

Save as disclosed above, Mr. Ye does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and its subsidiaries or other major appointments and professional qualifications.

Mr. Ye does not have any relationship with other Directors, senior management, substantial shareholders or controlling Shareholders. As at the Latest Practicable Date, he does not have any interests in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

Mr. Ye has entered into a service agreement with the Company from 30 August 2016 and is entitled to an annual director's fee of HK\$240,000, which was determined by the Board with reference to his past experience and responsibilities in the Company. Mr. Ye is subject to retirement from the Board by rotation and re-election in accordance with the articles of association of the Company.

Save as disclosed above, there is no information relating to Mr. Ye that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters about Mr. Ye that needed to be brought to the attention of the Shareholders.



林達控股有限公司
LAMTEX HOLDINGS LTD.

STOCK CODE 股份代號1041

(Formerly known as China New Energy Power Group Limited 中國新能源動力集團有限公司)
(Incorporated in Bermuda with limited liability)
(Stock code: 1041)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “SGM”) of Lamtex Holdings Group Limited (the “Company”) will be held at 2/F, 100QRC, 100 Queen’s Road Central, Central, Hong Kong on Monday, 9 January 2017 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments the following resolution as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “THAT:

- (a) the subscription agreement dated 21 November 2016 (the “**Subscription Agreement**”) (a copy of which has been produced to the Meeting and marked “A” and initialled by the chairman of the Meeting for the purpose of identification) and entered into between the Company as issuer and China Force Enterprises Inc. (the “**Subscriber**”) as subscriber in relation to the issue by the Company to the Subscriber of the two-year two per cent. coupon convertible bonds in the principal amount of HK\$200,000,000 (the “**Convertible Bonds**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfillment of the conditions precedent set out in the Subscription Agreement, any one or more of the directors (the “**Director(s)**”) of the Company be and is/are hereby authorised to exercise all the powers of the Company and to take all steps as might in his/her/their opinion be desirable or necessary in connection with the Subscription Agreement, including without limitation, to issue the Convertible Bonds in favour of the Subscriber;
- (c) the allotment and issue of new ordinary shares (the “**Conversion Shares**”) of US\$0.005 each in the share capital of the Company upon exercise of the conversion rights attaching to the Convertible Bonds pursuant to the terms of the Convertible Bonds as set out in the instrument of the Convertible Bonds attached to the Subscription Agreement be and is hereby approved, and the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue such number of Conversion Shares as may be required to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds pursuant to the terms of

the Convertible Bonds, where such Conversion Shares shall rank equally in all respects among themselves and with all fully paid ordinary shares of the Company in issue as at the date of allotment and issue. The aforementioned specific mandate is in addition to, and shall not prejudice nor revoke any general or special mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and

- (d) any one or more of the Directors be and is/are hereby authorised to do such acts and things, to sign and execute all such further documents (and to affix the common seal of the Company thereon, if necessary) and to take such steps as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”
2. “**THAT** Ms. Shen Jing be re-elected as an executive Director.”
3. “**THAT** Mr. Ye WeiMing be re-elected as a non-executive Director.”

By order of the Board
Lamtex Holdings Limited
Wu Xiaolin
Chief Executive Officer

Hong Kong, 19 December 2016

Registered Office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong
Room 1814 – 1815, 18/F
Star House, 3 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

Notes:

1. Any member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the share registrar of the Company, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof (as the case may be).
4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the SGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoke.
5. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

As at the date of this notice, the board of the Directors comprises three executive Directors, namely Mr. Wu Xiaolin (Chief Executive Officer), Mr. Wen Wenfeng and Ms. Shen Jing; two non-executive Directors, namely Mr. Lung Chee Ming George and Mr. Ye WeiMing; and three independent non-executive Directors, namely Mr. Tse Long, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Zeng Zhaolin.