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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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This circular appears for information only and does not constitute an invitation or offer to shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

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## OPES ASIA DEVELOPMENT LIMITED 華保亞洲發展有限公司\*

(Continued into Bermuda with limited liability)

(Stock Code: 810)

- (1) PROPOSED RIGHTS ISSUE OF NOT LESS THAN 2,106,618,000 RIGHTS SHARES  
AND NOT MORE THAN 2,154,104,400 RIGHTS SHARES  
ON THE BASIS OF FOUR RIGHTS SHARES  
FOR EVERY ONE SHARE HELD ON THE RECORD DATE  
AT HK\$0.10 PER RIGHTS SHARE;  
(2) CHANGE OF BOARD LOT SIZE; AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

Underwriters



**KINGSTON SECURITIES LTD.**

**GOODCHAMP HOLDINGS  
LIMITED**

Financial Adviser to the Company



**KINGSTON CORPORATE FINANCE LTD.**

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

**Quam**  **華富嘉洛**  
CAPITAL 企業融資

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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 8 to 29 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 30 of this circular. A letter from Quam Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice in respect of the Rights Issue is set out on pages 31 to 48 of this circular.

A notice convening the SGM to be held at Function Room of Macau Jockey Club, 1/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong on Monday, 25 August 2014 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A proxy form for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the proxy form will 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 proxy shall be deemed to be revoked.

Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not having been terminated (see the section headed "Termination of the Underwriting Agreement" herein). Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Wednesday, 27 August 2014 and that dealing in the Rights Shares in the nil-paid form will take place from Monday, 8 September 2014 to Tuesday, 16 September 2014 (both days inclusive) while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on Thursday, 25 September 2014), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

\* For identification purpose only

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## EXPECTED TIMETABLE

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Expected timetable for, among other things, the proposed Rights Issue and the change in board lot size is set out below:

**2014**  
**(Hong Kong time)**

Latest time for lodging transfers of Shares to be qualified for attendance and voting at the SGM .....	4:30 p.m. on Wednesday, 20 August
Last day of operation of odd lot trading facility .....	4:00 p.m. on Thursday, 21 August
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares .....	4:00 p.m. on Thursday, 21 August
Register of members closes (both days inclusive) .....	Thursday, 21 August to Monday, 25 August
Latest time for returning and lodging of proxy form for the SGM .....	11:00 a.m. on Saturday, 23 August
Record date for the SGM .....	Monday, 25 August
Expected date and time of the SGM .....	11:00 a.m. on Monday, 25 August
Announcement on results of SGM .....	Monday, 25 August
Register of members of the Company re-opens .....	Tuesday, 26 August
Last day of dealings in Shares on a cum-rights basis .....	Tuesday, 26 August
First day of dealings in Shares on an ex-rights basis .....	Wednesday, 27 August
Latest time for Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue .....	4:30 p.m. on Thursday, 28 August
Register of members of the Company closes (both days inclusive) .....	Friday, 29 August to Wednesday, 3 September
Last day for free exchange of existing share certificates for new certificates .....	Monday, 1 September
Record Date for the Rights Issue .....	Wednesday, 3 September
Register of members re-opens .....	Thursday, 4 September

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## EXPECTED TIMETABLE

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Despatch of Prospectus Documents . . . . .	Thursday, 4 September
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Monday, 8 September
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on Thursday, 11 September
Last day of dealing in nil-paid Rights Shares . . . . .	4:00 p.m. on Tuesday, 16 September
Latest time for acceptance of, and payment for, the Rights Shares . . . . .	4:00 p.m. on Friday, 19 September
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Thursday, 25 September
Announcement of results of the Rights Issue . . . . .	Monday, 29 September
Certificates for fully paid Rights Shares to be despatched on or before . . . . .	Tuesday, 30 September
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Friday, 3 October

*All times stated in this circular refer to Hong Kong times. Dates stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced as appropriate.*

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above; or
2. a “black” rainstorm warning
  - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance of and payment for the Rights Shares is postponed in accordance with the foregoing, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as possible.

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 11 July 2014 in relation to the Rights Issue and the proposed change in board lot size
“Assets”	all the asset (including but not limited to cash and securities) or the Company from time to time
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or days on which) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Bye-laws”	the bye-laws of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Opes Asia Development Limited, an exempted company continued into Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Companies Ordinance”	Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time) or Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as the case maybe)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Lam”	Dr. Lam Man Chan, the Chairman and the non-executive Director, who is also the settlor and protector of Richmond Trust
“Goodchamp”	Goodchamp Holdings Limited, a company incorporated in the British Virgin Islands with limited liabilities and is directly owned by The Sinowin Unit Trust, which in turn is 100% owned by the Richmond Trust
“Goodchamp Undertaking”	the irrevocable undertaking given by Goodchamp in favour of the Company and Kingston Securities, further details of which are set out in the paragraph headed “Irrevocable undertakings” in the section headed “Underwriting arrangement” in this circular
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng all being independent non-executive Directors, established to advise the Independent Shareholders on the fairness and reasonableness of the Rights Issue
“Independent Financial Adviser” or “Quam Capital”	Quam Capital Limited, a corporation licensed under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser to Independent Board Committee and Independent Shareholders
“Independent Shareholders”	Shareholders other than Goodchamp, Dr. Lam and their respective associates
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Investment Manager”	China International Capital Limited, a company incorporated in Hong Kong with limited liability and the investment manager of the Company
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Day”	11 July 2014, being the last trading day for the Shares immediately before the release of the Announcement
“Latest Lodging Date”	4:30 p.m. on Thursday, 28 August 2014 as the latest time for lodging transfer of Shares in order to qualify for the Rights Issue
“Latest Practicable Date”	6 August 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Friday, 19 September 2014 or such later time or date as may be agreed between the Company, Goodchamp and Kingston Securities, being the latest time for acceptance of, and payment for, the Rights Shares

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## DEFINITIONS

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“Latest Time for Termination”	4:00 p.m. on the fourth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriters, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to this term under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Leung”	Mr. Leung Yiu Wah, the chief financial officer and the joint company secretary of the Company
“Mr. Yeung”	Mr. Yeung Cheuk Kwong, the chief executive officer of the Company
“Net Asset Value”	the net asset value of the Company in total or (as the context requires) per share of the Company calculated in accordance with the provisions of the Bye-laws
“Option Irrevocable Undertaking(s)”	the irrevocable undertakings dated 11 July 2014 to the Company and the Underwriters given by each of Dr. Lam, Mr. Yeung and Mr. Leung, that they will not exercise the conversion rights attaching to, or cease to be the beneficial owners of, the Share Options respectively owned by them from the date of the respective irrevocable undertaking and up to and including the date of completion of the Rights Issue
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“PAL(s)”	the provisional allotment letter in respect of the assured allotment of the Rights Shares
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding the Hong Kong, Macau Special Administrative Region and Taiwan
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to them



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## DEFINITIONS

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“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PALs
“Prospectus Posting Date”	Thursday, 4 September 2014 or such later date as may be agreed between the Underwriters and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Wednesday, 3 September 2014, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong
“Richmond Trust”	Richmond Trust, a discretionary trust in which HSBC International Trustee Limited is the trustee, is interested in 100% of The Sinowin Unit Trust
“Rights Issue”	the proposed issue of the Rights Shares by way of rights issue to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“Rights Share(s)”	new Shares to be issued and allotted under the Rights Issue, being not less than 2,106,618,000 Shares (assuming no new Shares being issued or repurchased by the Company on or before the Record Date) and not more than 2,154,104,400 Shares (assuming no new Shares being issued other than those falling to be issued upon full exercise of the Share Options (save for those Share Options under the Irrevocable Undertakings) and no Share being repurchased by the Company on or before the Record Date)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and approve, among other things, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

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## DEFINITIONS

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“Share Options”	the share options granted under the share option schemes adopted by the Company on 8 February 2002, which had been expired on 7 February 2012 and the new share option scheme adopted by the Company on 31 July 2012
“Shareholder(s)”	holder(s) of the Share(s)
“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Rights Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“The Sinowin Unit Trust”	a unit trust 100% owned by Richmond Trust with Sinowin (PTC) Inc. acting as the trustee
“Underwriters”	Goodchamp and Kingston Securities
“Underwriting Agreement”	the underwriting agreement dated 11 July 2014 entered into between the Company and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	all the Rights Shares, other than those to be taken up by Goodchamp under the Goodchamp Undertaking, being not less than 1,820,418,000 Rights Shares (assuming no new Shares will be issued on or before the Record Date) and not more than 1,867,904,400 Rights Shares (assuming no new Share being issued other than those falling to be issued upon full exercise of the Share Options (save for those Share Options under the Option Irrevocable Undertakings)) underwritten by the Underwriters pursuant to the terms and conditions under this Agreement
“Untaken Shares”	the Underwritten Shares which have not been taken up by the Qualifying Shareholders
“Valuation Date”	the last dealing day on the Stock Exchange in each calendar month or such other dealing day as considered appropriate by the Board for the purpose of calculating the Net Asset Value
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of any of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of any of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of any of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of any of the Underwriters is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of any of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriters, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

any of the Underwriters shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Any of the Underwriters shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or
- (2) any Specified Event comes to the knowledge of the Underwriters,

any such notice shall be served by any of the Underwriters prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

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## LETTER FROM THE BOARD

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# OPES ASIA DEVELOPMENT LIMITED 華保亞洲發展有限公司\*

*(Continued into Bermuda with limited liability)*  
(Stock Code: 810)

*Executive Director:*  
Mr. Lee Kwok Leung

*Non-Executive Director:*  
Dr. Lam Man Chan (*Chairman*)

*Independent Non-executive Directors:*  
Dr. Ng Chi Yeung, Simon  
Mr. Tam Yuk Sang, Sammy  
Ms. Florence Ng

*Registered office:*  
Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Head office and principal place  
of business in Hong Kong:*  
Unit 32, 8/F, Block B  
Focal Industrial Centre  
21 Man Lok Street  
Hung Hom, Kowloon,  
Hong Kong

8 August 2014

*To the Qualifying Shareholders and, for information only,  
the Prohibited Shareholders*

Dear Sir or Madam,

- (1) PROPOSED RIGHTS ISSUE OF NOT LESS THAN 2,106,618,000 RIGHTS SHARES  
AND NOT MORE THAN 2,154,104,400 RIGHTS SHARES  
ON THE BASIS OF FOUR RIGHTS SHARES  
FOR EVERY ONE SHARE HELD ON THE RECORD DATE  
AT HK\$0.10 PER RIGHTS SHARE;  
(2) CHANGE OF BOARD LOT SIZE; AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

### INTRODUCTION

Reference is made to the Announcement in relation to, among other things, (i) the Rights Issue; and (ii) the proposed change in board lot size.

The Company proposes to raise not less than approximately HK\$210.6 million and not more than approximately HK\$215.5 million, before expenses, by way of Rights Issue of not less than 2,106,618,000 Rights Shares and not more than 2,154,104,400 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share on the basis of four (4) Rights Shares for every one (1) Share held on the Record Date. Qualifying Shareholders are not entitled to apply for excess Rights Shares not taken up in excess of their respective entitlements under the Rights Issue.

\* For identification purpose only

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## LETTER FROM THE BOARD

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The Rights Issue will be fully underwritten by the Underwriters. The Underwriting Agreement contains provisions granting any of the Underwriters the right, which may be exercised at any time prior to 4:00 p.m. on the fourth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed to terminate the Underwriting Agreement on the occurrence of certain events. If any of the Underwriters terminates the Underwriting Agreement, the Rights Issue will not proceed.

The board lot of the Company for trading on the Stock Exchange was changed from 10,000 Shares to 30,000 Shares with effect on Thursday, 31 July 2014.

The purpose of this circular is to provide you with, among other things, (i) further details of the proposed Rights Issue and the change in board lot size; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the SGM.

### RIGHTS ISSUE

Details of the Rights Issue is set out below:

#### Issue statistics

Basis of the Rights Issue:	Four (4) Rights Shares for every one (1) Share held on the Record Date
Subscription Price:	HK\$0.10 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	526,654,500 Shares
Number of Rights Shares:	Not less than 2,106,618,000 Rights Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date) and not more than 2,154,104,400 Rights Shares (assuming no new Share being issued other than those falling to be issued upon full exercise of the Share Options (save for those Share Options under the Option Irrevocable Undertakings))
Underwriters:	Goodchamp and Kingston Securities
Number of Underwritten Shares:	Having taken into account of the 286,200,000 Rights Shares to be taken up by Goodchamp pursuant to the Goodchamp Undertaking, all Underwritten Shares, being not less than 1,820,418,000 Rights Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date) and not more than 1,867,904,400 Rights Shares (assuming no new Share being issued other than those falling to be issued upon full exercise of the Share Options (save for those Share Options under the Option Irrevocable Undertakings))

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, there are outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 18,156,900 Shares. Save as and except for the Share Options, as at the Latest Practicable Date, the Company has no other outstanding convertible securities, options in issue which confer any right to subscribe for, convert or exchange into Shares. The Group has no intention to issue or grant any warrants, options and/or convertible securities on or before the Record Date.

### Subscription Price

The Subscription Price is HK\$0.10 per Rights Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 67.21% to the closing price of HK\$0.305 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of 29.08% over the theoretical ex-rights price of approximately HK\$0.141 per Share after the Rights Issue based on the closing price of HK\$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 67.43% to the average of the closing prices of HK\$0.307 per Share for the last five consecutive trading days including and up to the Last Trading Day;
- (iv) a discount of approximately 62.26% to the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a discount of approximately 24.81% over the theoretical ex-entitlement price of approximately HK\$0.133 per Share after the Rights Issue based on the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to, among other things, the prevailing market price of the Shares, the financial positions of the Group, the absence of excess application arrangement to Shareholders and having considered the future development of the Group. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the Subscription Price in proportion to his/her/its existing shareholding in the Company.

On this basis, having considered the prevailing market price of the Shares, the financial positions of the Group, the absence of excess application arrangement to Shareholders with an objective to lower the further investment cost of Shareholders to encourage them to take up their entitlements and to participate in the potential growth of the Company and having considered the future development of the Group, the Directors (including the independent non-executive Directors who express their view after taking into consideration of the advices of the Independent Financial Adviser) consider that the Subscription Price, which has been set at a relatively deep discount, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Prohibited Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders. To qualify for the Rights Issue, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be the Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Thursday, 28 August 2014. The address of the Registrar is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

### **Prohibited Shareholders**

The Company will send the Prospectus only (without any PAL) to the Prohibited Shareholders for their information.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Prohibited Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid pro rata to the Prohibited Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Prohibited Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be taken up by the Underwriters.

### **Closure of Register of Members**

The register of members of the Company will be closed from Thursday, 21 August 2014 to Monday, 25 August 2014, both dates inclusive, to determine the eligibility of the Shareholders to vote at the SGM. The register of members of the Company will be closed from Friday, 29 August 2014 to Wednesday, 3 September 2014, both dates inclusive, to determine the eligibility of the Rights Issue. No transfer of Shares will be registered during these periods.



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## LETTER FROM THE BOARD

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### **Rights of the Overseas Shareholders**

If, at the close of business on the Record Date, a Shareholder's address on the register of member of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Rights Issue as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will make enquiries to its lawyers as to whether the issue of Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange pursuant to the Listing Rules. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to such Overseas Shareholders, no provisional allotment of Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Prohibited Shareholders.

Based on the register of members of the Company as at the Latest Practicable Date, the Company had four Shareholders with addresses in the PRC and one Shareholder with address in the Macau. Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and has obtained advices that no local regulatory compliance would need to be made to extend the Rights Shares to such Overseas Shareholders. Accordingly, the Rights Shares will be extended to such Overseas Shareholders.

### **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

### **Certificates of the Rights Shares**

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the Rights Shares are expected to be posted on or before Tuesday, 30 September 2014 to those entitled thereto by ordinary post at their own risk.

### **No application for excess Rights Shares**

After arm's length negotiation with the Underwriters, the Board has decided that the Qualifying Shareholders will not be entitled to subscribe for any additional Rights Shares in excess of their respective assured entitlements. Given that each Qualifying Shareholder will be given equal and fair opportunity to participate in the Rights Issue, the Board considers that it will be burdensome to the Company to put in additional effort and costs to administer the excess application procedures. Any Rights Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

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## LETTER FROM THE BOARD

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### Fractional entitlements to the Rights Shares

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

### Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms).

The board lot size for trading for both nil-paid and fully-paid Rights Shares is 30,000 Shares.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange, the Rights Shares (in their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms, on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 30,000 each) which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### UNDERWRITING ARRANGEMENT

#### Underwriting Agreement

**Date:** 11 July 2014 (after trading hours)

**Underwriters:** (i) Goodchamp; and  
(ii) Kingston Securities

**Number of Rights Shares underwritten:** All the Rights Shares (other than the 286,200,000 Rights Shares undertaken to be taken up by Goodchamp under the Goodchamp Undertaking), being not less than 1,820,418,000 Rights Shares and not more than 1,867,904,400 Rights Shares. The Rights Issue is fully underwritten severally by the Underwriters in the following manner:

(i) Goodchamp: with the first right to the first 400,000,000 Underwritten Shares; and

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## LETTER FROM THE BOARD

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- (ii) Kingston Securities: the remaining of not less than 1,420,418,000 Underwritten Shares (assuming no new Shares being issued or repurchased by the Company on or before the Record Date) and not more than 1,467,904,400 Underwritten Shares (assuming no new Shares being issued other than those falling to be issued upon full exercise of the Share Options (save for those Share Options under the Irrevocable Undertakings) and no Shares being repurchased by the Company on or before the Record Date.

To the best of the Directors' knowledge, information and belief, Kingston Securities and its associates are Independent Third Parties.

Pursuant to the Underwriting Agreement and subject to the terms and conditions thereof, the Underwriters have agreed to fully underwrite all of the Rights Shares (other than the Rights Shares to be taken up by Goodchamp under the Goodchamp Undertaking) of not less than 1,820,418,000 Rights Shares and not more than 1,867,904,400 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share. The Underwriting Agreement provides that the Underwriters will be obliged to subscribe or procure subscribers for any Rights Shares not taken up by the Qualifying Shareholders.

The Company will pay the Underwriters an underwriting commission of 2.5% each of the aggregate Subscription Price of the respective portion of the maximum Underwritten Shares as mentioned above. The Directors (including the independent non-executive Directors who have provided their view after considering the advice from the Independent Financial Advisers) are of the view that the rate of commission is in line with the market and is fair and reasonable.

Pursuant to the Underwriting Agreement, in the event of the Underwriters being called upon to subscribe for or procure subscription for the Untaken Shares:

- a. Kingston Securities shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Rights Issue; and
- b. Kingston Securities shall also use its reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholder(s) of the Company or their respective associates (as defined in the Listing Rules); and (ii), save for Kingston itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 19.9% or more of the voting rights of the Company upon completion of the Rights Issue.

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## LETTER FROM THE BOARD

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The Company will take all appropriate steps to ensure that sufficient public float be maintained upon the completion of the Rights Issue in compliance with Rule 8.08(1)(a) of the Listing Rules.

### **Irrevocable undertakings**

As at the Latest Practicable Date, Goodchamp is interested in 71,550,000 Shares. Goodchamp, one of the Underwriters, has given the Goodchamp Undertaking in favour of the Company and Kingston Securities that, among others, (i) it will subscribe for or procure subscription for 286,200,000 Rights Shares to which Goodchamp is entitled under the Rights Issue; and (ii) it will not dispose of, transfer, or sell any Shares held by it from the date of the Goodchamp Undertaking and up to the date of completion of the Rights Issue.

As at the Latest Practicable Date, Goodchamp is directly owned by The Sinowin Unit Trust (Sinowin (PTC) Inc. as its trustee), which is 100% owned by the Richmond Trust (a discretionary trust in which HSBC International Trustee Limited is the trustee). Dr. Lam, who is the chairman and a non-executive Director of the Company, is the settlor and protector of Richmond Trust. Further, as at Latest Practicable Date, each of Dr. Lam, Mr. Yeung and Mr. Leung is respectively interested in 299,300 Share Options, 2,993,000 Share Options and 2,993,000 Share Options. Save to the above, they do not hold any other Shares. Pursuant to the Option Irrevocable Undertakings, each of Dr. Lam, Mr. Yeung and Mr. Leung has given an irrevocable undertaking to each of the Company and the Underwriters that they will not exercise any of the rights attaching to the Share Options respectively owned by them at any time from the date of the respective Option Irrevocable Undertakings and up to and including the date of completion of the Rights Issue and will remain as the beneficial holders thereof during the same period.

### **Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of any of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of any of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

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## LETTER FROM THE BOARD

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- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of any of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of any of the Underwriters is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of any of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriters, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

any of the Underwriters shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

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## LETTER FROM THE BOARD

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Any of the Underwriters shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or
- (2) any Specified Event comes to the knowledge of the Underwriters,

any such notice shall be served by any of the Underwriters prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon:

- (1) the passing of the necessary resolution(s) by the Independent Shareholders at the SGM to approve the Rights Issue (including the absence of the excess application arrangement pursuant to Rule 7.21(2) of the Listing Rules, and the allotment and issue of the Rights Shares), the Underwriting Agreement and the transactions contemplated thereunder;
- (2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (4) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (5) the Underwriting Agreement is not terminated or rescinded by the Underwriters in accordance with its terms of the Underwriting Agreement on or before the Latest Time for Termination;
- (6) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement; and

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## LETTER FROM THE BOARD

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- (7) compliance with and performance of all undertakings and obligations of Goodchamp under the Goodchamp Undertaking and the relevant Share Options holders under the Option Irrevocable Undertakings.

The conditions precedent other than condition (6) are incapable of being waived. The Underwriters may waive the condition (6) in whole or in part by written notice to the Company. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and the Underwriters may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

### **BUSINESS REVIEW, FINANCIAL AND TRADING PROSPECT OF THE GROUP**

During the year ended 31 December 2013 (“FY2013”), the Group remained principally engaged in investment in listed and unlisted companies, mainly established in the PRC, Hong Kong, Australia and Macau.

For the year ended 31 December 2013, the Group recorded a revenue of approximately HK\$52.82 million (2012: HK\$53.59 million), representing a decrease of approximately 1.45% as compared with that of last year. The net loss attributable to shareholders for the year ended 31 December 2013 was approximately HK\$23.05 million (2012: approximately HK\$40.95 million).

Thanks to the significant decrease in fair value losses on financial assets at fair value through profit or loss of approximately HK\$9.45 million, the loss for the year ended 31 December 2013 dropped by HK\$17.9 million. During the FY2013, the consolidated statement of profit or loss included the following major items:

- (i) the net investment income from securities of approximately HK\$3.76 million (2012: HK\$0.93 million);
- (ii) the interest income on convertible bond of approximately HK\$7.03 million (2012: HK\$3.71 million);
- (iii) the administrative and other operating expenses of approximately HK\$31.33 million (2012: HK\$27.32 million), representing an increase of HK\$4.01 million. This was mainly attributable to the increase in employee benefit expenses of approximately HK\$5.41 million, which included a share-based payments of approximately HK\$3.15 million for the share options granted during the year.

Looking forward, the current economic environment remains uncertain due to the recent concerns on the sluggish growth of GDP and the occurrence of corporate bond defaults, both in the PRC. However, certain investors still have positive sentiments toward investment companies, which can provide a diversified investment platform for them.

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## LETTER FROM THE BOARD

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The Group will continue to implement diversified investment strategy and identify suitable investment opportunities with potential asset appreciation and/or suitable returns for the Group and shareholders of the Company. Moreover, we will maintain a prudent but proactive investment approach and will closely monitor the performance of our investment portfolio. Upon the regular review and evaluation, appropriate and timely actions will be taken.

Since FY2013, the Group has continued its ordinary course of investment business and focused on the investments in listed companies in Hong Kong. During the period from January to June 2014, the Company primarily invested in the securities of Hong Kong stocks. The performances of the investment portfolios of the Company were generally in line with the overall trend of the Hong Kong stock market and during the aforesaid period, the Hang Seng Index slightly dropped by about 0.5%. To weather the tough market environment in Hong Kong, the Company decided to further enhance its capital base and competitiveness by increasing its equity of about HK\$34.5 million through its placement of new shares. For further details in relation to such placement of new shares, please refer to the announcement of the Company dated 9 May 2014. To control costs, the Group also moved its office to achieve a substantial saving in rental expenses. Furthermore, the Group also streamlined its operations and sold out certain of its subsidiaries, closing the non-profit making branches in the PRC and Taiwan.

With the forthcoming launch of cross-trading between Hong Kong and Shanghai in October 2014, the Group perceives it being an attractive opportunity for the Group's investments in the listed companies both in the Hong Kong and the PRC. The average trading volumes of the Hong Kong stock market are expected to increase accordingly because of the establishment of mutual stock market access between Mainland China and Hong Kong. Further, the Group can invest on constituent stocks of Shanghai Stock Exchange 180 index and Shanghai Stock Exchange 380 index, aiming to capture these market opportunities.

Subsequent to the FY2013, the Company has successfully raised fund of approximately HK\$46,000,000 through placements of new shares. The management will consider different means of fund-raising to further enhance its capital base. All in all, the management will expand its investment portfolio and improve the corporate performance in coming financial years.

On 26 June 2014, the Group entered into a sales and purchase agreement with an independent third party to dispose the entire 100% equity interest of its three non-profit making subsidiaries with branches in Taiwan and the PRC for aggregate consideration of approximately HK\$4.2 million. The net assets value of three subsidiaries amounted to about HK\$4.1 million.

On 25 June 2014 and 9 July 2014, the Group entered into a provisional agreement and a formal agreement respectively with an independent third party to purchase an office premise located at Workshop Unit No.18, 9/F, Block B, Focal Industrial Centre, No.21 Man Lok Street, Hunghom, Kowloon at a total consideration of HK\$12,300,000.

The Company is also in the course of preliminary negotiation with an internet company for a potential investment in it. As at the Latest Practicable Date, the terms and structure of such potential investment have not been agreed and no formal or binding agreement has been entered.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company has also been in preliminary discussion with two other parties to consider possible investment opportunities. The first one is a tyre manufacturing company in the PRC and the second one is a pre-IPO investment in Canada for an investment company, mainly to incubate medical device start-up companies in Israel. As at the Latest Practicable Date, no investment decisions have been made.

Saved as the possible acquisitions and disposal as disclosed in this circular, the Company has not entered or proposed to enter into any agreement, understanding or undertaking, whether formal or informal and whether express or implied and negotiation (whether concluded or not) with an intention to acquire any new asset, companies and/or to dispose of the existing business of the Group as at the Latest Practicable Date.

### REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in investment in listed and unlisted companies, mainly established in the PRC, Hong Kong, Australia and Macau.

On 30 June 2014, the Company entered into a letter of intent with an independent third party (the “**Target Company A**”) pursuant to which the Company proposed to invest in Target Company A in the amount of about HK\$15 million (the “**Possible Acquisition**”). Target Company A is principally engaged in the research and development, manufacturing and assembly of LED lighting products in the PRC.

On 3 July 2014, a wholly owned subsidiary of the Company has entered into a memorandum of understanding with an Independent Third Party (the “**Target Company B**”) pursuant to which the Group intends to invest in Target Company B with an expected investment amount of about HK\$15 million to HK\$20 million (the “**Possible Investment**”). Target Company B and its subsidiaries are principally engaged in supplying and distribution of raw milk and production of drinkable milk and other dairy products in Australia.

As at 30 June 2014, the Company maintained a cash and cash equivalent balance of about HK\$32 million. The estimated net proceeds from the Rights Issue will be not less than approximately HK\$203.6 million and not more than approximately HK\$208.5 million. The Board intends to apply the net proceeds from the Rights Issue as to (i) approximately 60% to 70% thereof for investments in listed equity and/or listed debt securities; (ii) approximately 10% to 20% for investments in un-listed companies which including but not limited to the Possible Acquisition and the Possible Investment as stated above; and (iii) the remaining for general working capital of the Group.

In addition, investments will normally be made in the form of equity-related securities and/or debt securities in both listed and unlisted companies in the PRC or other countries as the Board may direct from time to time. The companies of which the Group may invest may cover different industries including (but not limited to) manufacturing, bio-technology, services, telecommunication, technology, infrastructure, pharmaceuticals, agriculture, fuel, consumer staples, green and clean energy (including LED products) and health care, utilities, property and financial sectors aiming at maintaining a balance in the Company’s exposure to different industry sectors. Depending on the then market environment, the Company’s investments thereon are expected to be made continuously from September 2014 to October 2015.

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## LETTER FROM THE BOARD

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Apart from the Rights Issue, the Company has also considered alternative fund raising methods, such as debt financing and a private placing of equity. In regard to debt financing, the Directors consider that this will incur interest costs that to affect the profitability of the Group as well as creating a liability on its balance sheet. In regard to placing, the Directors are of the view that it would cause a material dilution effect to the shareholding of the existing Shareholders as it would involve the issue of a substantial amount of new Shares and the existing Shareholders may lose the opportunity to participate in the placing. The Board considers that the Rights Issue will allow the Group to strengthen its balance sheet without incurring any interest cost and will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the future development of the Group should they wish to do so.

Having considered all the factors above, the Board considers that fund raising through the Rights Issue is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors who express their view after taking into consideration of the advices of the Independent Financial Adviser appointed by the Company) consider that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Rights Issue.

### **WARNING OF THE RISK OF DEALINGS IN THE SHARES**

**Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not having been terminated (see the section headed “Termination of the Underwriting Agreement” herein). Accordingly, the Rights Issue may or may not proceed.**

**Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

**Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Wednesday, 27 August 2014 and that dealing in the Rights Shares in the nil-paid form will take place from Monday, 8 September 2014 to Tuesday, 16 September 2014 (both days inclusive) while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on Thursday, 25 September 2014), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

### **CHANGE OF BOARD LOT SIZE**

The board lot of the Company for trading on the Stock Exchange was changed from 10,000 Shares to 30,000 Shares with effect on Thursday, 31 July 2014. The Board considers that the change in board lot size will increase the value of each board lot of the Shares, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company.

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## LETTER FROM THE BOARD

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To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed Kingston Securities Limited as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from Thursday, 31 July 2014 to Thursday, 21 August 2014 (both days inclusive). Holders of Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Ms. Rosita Kiu of Kingston Securities Limited at Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong (telephone: (852) 2298-6215 and facsimile: (852) 2295-0682) during such period.

### **ARRANGEMENT ON ODD LOT TRADING**

In order to facilitate the trading of odd lots (if any), the Company arranged odd lot matching services during Thursday, 31 July 2014 to Thursday, 21 August 2014 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed.

### **EXCHANGE OF SHARE CERTIFICATES**

The Shareholders may, from Thursday, 31 July 2014 to Monday, 1 September 2014 (both days inclusive) submit share certificates for Shares in orange to the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for certificates for the New Shares of HK\$0.01 each in purple. It is expected that the new share certificates will be available for collection within 10 Business Days after the submission of the existing share certificates to the Registrar for exchange.

Thereafter, certificates for the Shares will remain effective as documents of legal title and remain valid for delivery, trading and settlement purpose but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled, whichever is higher, payable by Shareholders to the Registrar.

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## LETTER FROM THE BOARD

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### EFFECTS ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (based on the latest forms of Disclosure of Interests posted on the website of the Stock Exchange) immediately before and after completion of the Rights Issue:

- (i) **Assuming there is no new Share being issued and no Share being repurchased by the Company on or before the Record Date:**

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming all Qualifying Shareholders take up their respective entitlements under the Rights Issue		Assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue (save for Goodchamp under the Goodchamp Undertaking)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Goodchamp (Note 1)	71,550,000	13.59	357,750,000	13.59	757,750,000	28.78
<i>Other Shareholders:</i>						
Kingston Securities (Note 2)	–	0.00	–	0.00	473,888,000	18.00
Public Shareholders						
The subscribers (Note 2)	–	0.00	–	0.00	946,530,000	35.95
Other public Shareholders	455,104,500	86.41	2,275,522,500	86.41	455,104,500	17.27
<b>Total</b>	<b>526,654,500</b>	<b>100.00</b>	<b>2,633,272,500</b>	<b>100.00</b>	<b>2,633,272,500</b>	<b>100.00</b>

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## LETTER FROM THE BOARD

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- (ii) Assuming no new Shares being issued other than those falling to be issued upon full exercise of the Share Options (save for those Share Options under the Option Irrevocable Undertakings) and no Shares being repurchased by the Company before the Record Date:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming all Qualifying Shareholders take up their respective entitlements under the Rights Issue		Assuming no Qualifying Shareholders take up their respective entitlements under the Rights Issue (save for Goodchamp under the Goodchamp Undertaking)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Goodchamp (Note 1)	71,550,000	13.29	357,750,000	13.29	757,750,000	28.14
<i>Other Shareholders:</i>						
Kingston Securities (Note 2)	–	0.00	–	0.00	521,374,400	19.36
Public Shareholders						
The subscribers (Note 2)	–	0.00	–	0.00	946,530,000	35.16
Other public Shareholders	466,976,100	86.71	2,334,880,500	86.71	466,976,100	17.34
<b>Total</b>	<b>538,526,100</b>	<b>100.00</b>	<b>2,692,630,500</b>	<b>100.00</b>	<b>2,692,630,500</b>	<b>100.00</b>

*Notes:*

- The interests are held by Goodchamp, which is directly owned by The Sinowin Unit Trust (Sinowin (PTC) Inc. as its trustee), which is 100% owned by the Richmond Trust (a discretionary trust in which HSBC International Trustee Limited is the trustee). Dr. Lam, who is the chairman and a non-executive Director of the Company, is the settlor and protector of Richmond Trust.
- Pursuant to the Underwriting Agreement, (a) Kingston Securities shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Rights Issue; and Kingston Securities shall also use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholder(s) of the Company or their respective associates (as defined in the Listing Rules); and (ii), save for Kingston Securities itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 19.9% or more of the voting rights of the Company upon completion of the Rights Issue.

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## LETTER FROM THE BOARD

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On 4 August 2014, Kingston Securities has entered into sub-underwriting agreements with seven individuals and one securities firm, who are Independent Third Parties and not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholder(s) of the Company or their respective associates (as defined in the Listing Rules and independent from each other), to sub-underwrite an aggregate of 946,530,000 Underwritten Shares (representing approximately 35.95% of the enlarged share capital of the Company immediately after completion of the Rights Issue (assuming there is no new Share being issued and no Share being repurchased by the Company on or before the Record Date) (the “**Enlarged Capital**”). Of the seven individuals, (i) six of which have each subscribed for 120,000,000 Underwritten Shares, representing approximately 4.56% of the Enlarged Capital; and one of which has subscribed for 99,000,000 Underwritten Shares, representing approximately 3.76% of the Enlarged Capital. As to the securities firm, it confirmed that it had sub-underwritten its entire Sub-underwriting Commitment of 127,530,000 Underwritten Shares, representing approximately 4.84% of the Enlarged Capital.

The Company will take all appropriate steps to ensure that sufficient public float will be maintained upon the completion of the Rights Issue in compliance with Rule 8.08(1)(a) of the Listing Rules.

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## LETTER FROM THE BOARD

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### FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The following sets out the fund raising activities of the Company during the past 12 months immediately preceding the date of the Announcement and the Latest Practicable Date:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
9 May 2014	Placing of 86,390,000 Shares	HK\$34.5 million	General working capital and potential investments to be identified	approximately HK\$25.7 million has been used for investment in securities; approximately HK\$4.2 million has been used for deposit of a office premises and payment for a motor vehicle for the use by the Group; approximately HK\$3.8 million has been used for general working capital; and the remaining of approximately HK\$0.8 million is yet to be utilized and will be used for general working capital of the Group.
6 January 2014	Placing of 71,832,000 Shares	HK\$11.5 million	General working capital and potential investments to be identified	Has been utilised as intended
2 September 2013	Placing of 59,860,000 Shares	HK\$11.6 million	General working capital and potential investments to be identified	Has been utilised as intended

Save as disclosed above, the Company has not raised any other funds by issue of equity securities during the 12 months immediately preceding the date of the Announcement and the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 7.19 of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting of the resolutions relating to the Rights Issue. As at the Latest Practicable Date, the Company had no controlling Shareholder. Goodchamp, one of the Underwriters, is directly owned by The Sinowin Unit Trust (Sinowin (PTC) Inc. as its trustee), which is 100% owned by the Richmond Trust (a discretionary trust in which HSBC International Trustee Limited is the trustee). Dr. Lam, who is the Chairman and a non-executive Director, is the settlor and protector of Richmond Trust. Accordingly, Goodchamp, Dr. Lam and their respective associates will abstain from voting of the resolutions relating to the Rights Issue at the SGM.

As the Company has not made arrangements for the Qualifying Shareholders to apply for Rights Shares in excess of their entitlements under the Rights Issue in accordance with Rule 7.21(1) of the Listing Rules and the Rights Issue is partially underwritten by an associate of Dr. Lam, the Chairman and the non-executive Director and a substantial shareholder of the Company, the absence of the excess application arrangement will be subject to the approval of the Shareholders. Pursuant to Rule 7.21(2) of the Listing Rules, Goodchamp, Dr. Lam and their respective associates will abstain from voting of the resolutions relating the absence of such excess application arrangement.

The Company has established the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser as to whether the terms of the Rights Issue are fair and reasonable.

Given that Goodchamp is a substantial Shareholder and is one of the Underwriters, Goodchamp is a connected person of the Company. The entering into of the Underwriting Agreement between Goodchamp, Kingston Securities and the Company therefore constitutes a connected transaction for the Company under the Listing Rules. As the underwriting commission to be received by Goodchamp is on normal commercial terms and all applicable percentage ratios (as defined in the Listing Rules) are less than 5% and the total amount of commission payable to Goodchamp is less than HK\$3,000,000, the payment of underwriting commission by the Company to Goodchamp is therefore exempt from reporting, announcement and the independent shareholders' approval requirements under Rule 14A.76(1)(c) of the Listing Rules.

The allotment and issue of the Rights Shares to Goodchamp in accordance with the Underwriting Agreement is, pursuant to Rule 14A.92 of the Listing Rules, exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Rights Issue will be conducted in compliance with Rule 7.21(2) of the Listing Rules where the absence of excess application arrangement will be subject to the approval of the Shareholders.



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## LETTER FROM THE BOARD

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### Offer Shares to the issued share capital of the Company

Assuming no new Shares being issued and no Share being repurchased by the Company on or before the Record Date, a total number of 2,106,618,000 new Shares will be issued upon completion of the Rights Issue, represent:

- (i) 400.00% of the Company's existing issued share capital as at the Latest Practicable Date; and
- (ii) 80.00% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

Assuming no new Shares being issued other than those falling to be issued upon full exercise of the Share Options (save for those Share Options under the Option Irrevocable Undertakings), a total number of 2,154,104,400 new Shares will be issued upon completion of the Rights Issue, represent:

- (i) approximately 409.02% of the Company's issued share capital as at the Latest Practicable Date; and
- (ii) 80.00% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

### THE SGM

A notice for convening the SGM to be held at Function Room of Macau Jockey Club, 1/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong on Monday, 25 August 2014 at 11:00 a.m. or any adjournment is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM should you so wish and in such event, the proxy shall be deemed to be revoked.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 30 of this circular which contains its recommendation to the Independent Shareholders, and the letter from the Independent Financial Adviser set out on pages 31 to 48 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue.

The Independent Board Committee, having taken into account the advice of Quam Capital, considers that the terms of the Rights Issue and the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolutions approving the Rights Issue and the Underwriting Agreement at the SGM.

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## LETTER FROM THE BOARD

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The Directors consider that the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, therefore, the Directors recommend the Independent Shareholders to vote in favour of the proposed resolutions approving the Rights Issue at the SGM.

### ADDITIONAL INFORMATION

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

By order of the Board  
**Opes Asia Development Limited**  
**Lee Kwok Leung**  
*Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



### **OPES ASIA DEVELOPMENT LIMITED** **華保亞洲發展有限公司\***

*(Continued into Bermuda with limited liability)*  
(Stock Code: 810)

8 August 2014

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE OF NOT LESS THAN 2,106,618,000 RIGHTS SHARES  
AND NOT MORE THAN 2,154,104,400 RIGHTS SHARES  
ON THE BASIS OF FOUR RIGHTS SHARE FOR  
EVERY ONE SHARE HELD ON  
THE RECORD DATE AT HK\$0.10 PER RIGHTS SHARE**

We refer to the circular dated 8 August 2014 (the “**Circular**”) of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed as the Independent Board Committee to consider the Rights Issue and to advise the Independent Shareholders as to the fairness and reasonableness of the Rights Issue and to recommend whether or not the Independent Shareholders should vote on the resolution to be proposed at the SGM to approve the Rights Issue. Quam Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regards.

We wish to draw your attention to the letter from Quam Capital as set out in the Circular which contains, inter alia, its advice and recommendation to us and the Independent Shareholders regarding the terms and conditions of the Rights Issue and the Underwriting Agreement with the principal factors and reasons for its advice and recommendation.

Having taken into account the advice and recommendation of Quam Capital, we consider that the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Furthermore, the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Rights Issue, the Underwriting Agreement and the respective transactions contemplated thereunder.

Yours faithfully,  
**Independent Board Committee**

**Dr. Ng Chi Yeung, Simon**

**Mr. Tam Yuk Sang, Sammy**

**Ms. Florence Ng**

*Independent non-executive Directors*

\* For identification purpose only

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## LETTER FROM QUAM CAPITAL

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*The following is the full text of a letter of advice from Quam Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue.*



8 August 2014

*To the Independent Board Committee and the Independent Shareholders*

Opes Asia Development Limited  
Unit 32, 8/F, Block B  
Focal Industrial Centre  
21 Man Lok Street  
Hung Hom, Kowloon  
Hong Kong

Dear Sirs,

**PROPOSED RIGHTS ISSUE OF NOT LESS THAN 2,106,618,000 RIGHTS SHARES  
AND NOT MORE THAN 2,154,104,400 RIGHTS SHARES ON THE BASIS OF FOUR  
RIGHTS SHARES FOR EVERY ONE SHARE HELD ON THE RECORD DATE  
AT HK\$0.10 PER RIGHTS SHARE**

### INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 8 August 2014 (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 otherwise requires.

On 11 July 2014, the Company announced that the Company proposed to raise not less than approximately HK\$210.6 million and not more than approximately HK\$215.5 million, before expenses, by way of Rights Issue of not less than 2,106,618,000 Rights Shares and not more than 2,154,104,400 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share on the basis of four (4) Rights Shares for every one (1) Share held on the Record Date. Qualifying Shareholders are not entitled to apply for excess Rights Shares not taken up in excess of their respective entitlements under the Rights Issue.

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## LETTER FROM QUAM CAPITAL

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Goodchamp and Kingston Securities, the Underwriters, have conditionally agreed to fully underwrite all of the Rights Shares (other than the Rights Shares to be taken up by Goodchamp under the Goodchamp Undertaking) which have not been taken up. Accordingly, the Rights Issue is fully underwritten.

Assuming no new Shares being issued and no Share being repurchased by the Company on or before the Record Date, a total number of 2,106,618,000 new Shares to be issued pursuant to the terms of the Rights Issue represents 400.00% of the existing issued share capital of the Company as at the Latest Practicable Date and 80.00% of the enlarged issued share capital of the Company immediately upon the completion of the Rights Issue. Pursuant to Rule 7.19 of the Listing Rules, the Rights Issue is conditional upon the approval of the Independent Shareholders by way of poll at the SGM. As of the Latest Practicable Date, the Company had no controlling Shareholder. Goodchamp, one of the Underwriters, is directly owned by The Sinowin Unit Trust (Sinowin (PTC) Inc. as its trustee), which is 100% owned by the Richmond Trust (a discretionary trust in which HSBC International Trustee Limited is the trustee). Dr. Lam, who is the chairman, the non-executive Director and a substantial shareholder of the Company, is also the settlor and protector of the Richmond Trust. Accordingly, Goodchamp, Dr. Lam and their respective associates will abstain from voting of the resolutions relating to the Rights Issue at the SGM.

As the Company has not made arrangements for the Qualifying Shareholders to apply for Rights Shares in excess of their entitlements under the Rights Issue in accordance with Rule 7.21(1) of the Listing Rules and the Rights Issue is partially underwritten by Goodchamp which is an associate of Dr. Lam, the absence of the excess application arrangement will be subject to the approval of the Shareholders. Pursuant to Rule 7.21(2) of the Listing Rules, Goodchamp, Dr. Lam and their respective associates will abstain from voting of the resolutions relating the absence of such excess application arrangement.

Given that Goodchamp is a substantial Shareholder and is one of the Underwriters, Goodchamp is a connected person of the Company. The entering into of the Underwriting Agreement between Goodchamp, Kingston Securities and the Company therefore constitutes a connected transaction for the Company under the Listing Rules. As the underwriting commission to be received by Goodchamp is on normal commercial terms and all applicable percentage ratios (as defined in the Listing Rules) are less than 5% and the total amount of commission payable to Goodchamp is less than HK\$3,000,000, the payment of underwriting commission by the Company to Goodchamp is therefore exempt from reporting, announcement and the independent shareholders' approval requirements under Rule 14A.76(1)(c) of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders how to vote for the relevant resolutions to be proposed at the SGM to approve, among others, the Rights Issue. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

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## LETTER FROM QUAM CAPITAL

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### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations regarding the Group, the Underwriters, the Underwriting Agreement and the Rights Issue provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the SGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group and the Underwriters, or any of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In forming our opinion on the terms of Rights Issue, we have considered the following principal factors and reasons:

#### 1. Background and reasons for the Rights Issue

##### *1.1 Financial information of the Group*

The Company is an investment company listed under Chapter 21 of the Listing Rules. The Group is principally engaged in investment in listed and unlisted companies, mainly established in the PRC, Hong Kong, Australia and Macau.

The following table summarises the financial information of the Group for the three years ended 31 December 2013 as extracted from the annual reports of the Company for the year ended 31 December 2013 (“**Annual Report 2013**”) and for the year ended 31 December 2012 (“**Annual Report 2012**”) respectively.

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## LETTER FROM QUAM CAPITAL

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	<b>For the year ended 31 December</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	52,815,557	53,590,928	19,686,234
Gross profit/(loss)	8,026,815	(13,967,323)	(26,844,002)
(Loss)/profit before income tax	(23,031,499)	(40,923,441)	(42,473,181)
(Loss)/profit for the year attributable to owners of the Company	(23,046,446)	(40,945,386)	(42,473,181)

	<b>As at 31 December</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Total assets	77,849,422	88,648,090	117,936,812
Total liabilities	1,866,076	1,727,011	3,634,030
Net assets value	75,983,346	86,921,079	114,302,782

*For the year ended 31 December 2013*

The Group generated turnover of approximately HK\$52.82 million for the year ended 31 December 2013, representing a decrease of approximately 1.45% as compared to that for the year ended 31 December 2012. Turnover of the Group for the year ended 31 December 2013 was mainly generated from the sale of listed securities in Hong Kong and the United States, representing approximately 97.51% and 2.49% of the total turnover of the Group respectively for the year ended 31 December 2013.

The gross profit of the Group for the year ended 31 December 2013 was improved from the gross loss of approximately HK\$13.97 million for the year ended 31 December 2012 to the gross profit of approximately HK\$8.03 million for the year ended 31 December 2013. The improvement in the gross profit was mainly attributable to (i) the significant decrease in net unrealized fair value loss on financial assets at fair value through profit or loss of approximately HK\$9.45 million; (ii) the increase in the change of fair value of derivative component in Convertible Bond (as defined hereunder) receivables of approximately HK\$4.10 million; (iii) the increase in the interest income on Convertible Bond (as defined hereunder) of approximately HK\$3.33 million; and (iv) the increase in net investment income from securities of HK\$2.83 million.

The loss for the year ended 31 December 2013 dropped by approximately HK\$17.9 million, or approximately 43.7%, as compared to the year ended 31 December 2012. The improvement in loss position of the Group was mainly due to the improvement in gross profit as discussed above but partially offset by the increase in the administrative and other operating expenses by approximately HK\$4.01 million, or approximately 14.68%, as compared to the year ended 31 December 2012. This was mainly attributable to the increase in employee benefit expenses of approximately HK\$5.41 million, which included a share-based payments of approximately HK\$3.15 million for the share options granted during the year.

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## LETTER FROM QUAM CAPITAL

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As at 31 December 2013, the Group had total assets of approximately HK\$77.85 million, which comprises mainly (i) the property, plant and equipments of the Group of approximately HK\$2.86 million; (ii) the unlisted equity securities in the PRC and Hong Kong of approximately HK\$12.76 million; (iii) the listed equity securities in Hong Kong and Australia of approximately HK\$19.45 million; (iv) the Convertible Bond (as defined hereunder) receivable (including both debt component and derivative component) of approximately HK\$24.14 million; and (v) the cash and cash equivalent of approximately HK\$10.10 million.

According to the information set out in the “Additional disclosures” contained in Appendix III to the Circular, as at 31 December 2013, the major investments of the Group with a value of more than 5% of the Group’s gross assets as at 31 December 2013 includes (i) the listed equity securities of six companies (namely Newtree Group Holdings Limited, PICC Property and Casualty Co. Limited, Shun Tak Holdings Limited, Forgame Holdings Limited, Long Success International (Holdings) Limited and Viagold Capital Limited); (ii) unlisted equity securities of three companies (namely 北京華寶時代國際設備租賃有限公司 (Beijing HuaBao Times International Equipment Leasing Co. Ltd.), a property and vehicles leasing company, The Pride Fund Management Limited, an investment advisory and asset management company, and Hou Tin International Limited, a information system research and development company); and (iii) the convertible bond issued by Ascent Glory Holdings Limited (“**Ascent Glory**”) in a total sum of RMB20 million at 20% coupon rate with maturity of 24 months from 13 June 2012 (the “**Convertible Bond**”).

We note from the announcement of the Company dated 4 July 2014 that Ascent Glory, the issuer of the Convertible Bond, was unable to redeem the Convertible Bond with interest accrued upon the maturity of the Convertible Bond on 13 June 2014. According to the management of the Company, the Company has instructed its lawyers to proceed with debt recovery action. The Company’s lawyer issued a demand letter to the debtor and the three guarantors on 7 July 2014 and demanding the redemption of the Convertible Bond and the outstanding principal and interests to be settled by 14 July 2014. On 14 July 2014, the Company’s lawyers received a reply letter from the debtor’s lawyer, requesting an extension of 14 days for replying to the Company lawyers’ demand letter dated 7 July 2014. As set out in the announcement of the Company dated 31 July 2014, Master Glory Holdings Limited (“**MGHL**”), a subsidiary of the Company and the subscriber of the Convertible Bond, has already received a total sum of HK\$5.0 million as partial repayment of the debt due under the Convertible Bond up to 31 July 2014. MGHL is now in the course of seeking a full settlement proposal or repayment schedule from Ascent Glory, failing which MGHL will seek legal advice as to recovery action.

The Group had total liabilities of approximately HK\$1.87 million which was the accrued expenses of the Group which includes mainly for the operating cost of the Company, such as professional fees to lawyers, auditors and investment manager, and the net assets of approximately HK\$75.98 million.

*For the year ended 31 December 2012*

The Group recorded revenue of approximately HK\$53.59 million for the year ended 31 December 2012, representing an increase of approximately 172.22% as compared with that for the year ended 31 December 2011 of approximately HK\$19.69 million. Turnover of the Group for the year ended 31 December 2012 were mainly generated from the sale of listed securities in Hong



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## LETTER FROM QUAM CAPITAL

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Kong and the PRC, which represented approximately 84.4% and 10.6% of the total turnover of the Group respectively for the year ended 31 December 2012, and the investment income for the unlisted equity investments of HK\$2,640,000, being guaranteed annual return of an investment in a company engaged in the production of organic agricultural products, promotion of organic farming and operating an organic theme park in the PRC. According to the Annual Report 2012, due to unexpected market environment of organic farm in the PRC and after a consideration of relevant documents and review of the financial position and management forecast, the Board confirms to provide the impairment loss of HK\$2,640,000 for the year ended 31 December 2012.

The gross loss of the Group for the year ended 31 December 2012 was decreased by approximately HK\$12.9 million, or approximately 48.0%, as compared to the gross loss of the Group for the year ended 31 December 2011. The improvement of the gross loss of the Group for the year ended 31 December 2012 was mainly attributable to (i) the decrease in unrealized fair value change on financial assets at fair value through profit or loss of approximately HK\$8.07 million; (ii) the decrease in impairment loss on available-for-sale financial assets from HK\$9.36 million for the year ended 31 December 2011 to HK\$2.64 million for the year ended 31 December 2012; and (iii) the increase in the interest income on convertible bond from nil to approximately HK\$3.71 million for the year ended 31 December 2012.

The loss for the year attributable to the owners of the Company improved by approximately 3.60% to approximately HK\$40.95 million for the year ended 31 December 2012. The improvement in loss position of the Group was mainly due to the improvement in gross profit as discussed above but partially offset by the increase in the administrative and other operating expenses by approximately HK\$11.69 million, or approximately 74.78%, as compared to approximately HK\$15.63 million for the year ended 31 December 2011. The increase in administrative and other operating expenses was due to the expansion of the business of the Group during the year 2012.

As at 31 December 2012, the Group had total assets of approximately HK\$88.65 million, which comprises mainly (i) the property, plant and equipments of the Group of approximately HK\$3.38 million; (ii) the unlisted equity securities in the PRC and Hong Kong of approximately HK\$15.41 million; (iii) the listed equity securities in Hong Kong and United States of approximately HK\$25.93 million; (iv) the Convertible Bond receivable (including both debt component and derivative component) of approximately HK\$21.86 million; and (v) the cash and cash equivalent of approximately HK\$12.64 million.

According to the Annual Report 2012, as at 31 December 2012, the major investments of the Group with a value of more than 5% of the Group's gross assets as at 31 December 2012 includes (i) the listed equity securities of seven companies (namely China Bio Cassava Holdings Limited, China Solar Energy Holdings Limited, Guotai Junan International Holdings Limited, Berkshire Hathaway Inc., Li & Fung Limited, Agricultural Bank of China Limited and China Machinery Engineering Corporation); (ii) unlisted equity securities of three companies (namely 北京華寶時代國際設備租賃有限公司 (Beijing HuaBao Times International Equipment Leasing Co. Ltd.), a property and vehicles leasing company, The Pride Fund Management Limited, an investment advisory and asset management company, and Hou Tin International Limited, a information system research and development company); and (iii) the Convertible Bond.

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## LETTER FROM QUAM CAPITAL

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The Group had total liabilities of approximately HK\$1.73 million which was mainly the accrued expenses of the Group which includes mainly for the operating cost of the Company, such as professional fees to lawyers, auditors and investment manager, decoration work for office and settlement of purchased listed securities, and the net assets of approximately HK\$86.92 million.

### *Outlook*

As set out in the Annual Report 2013 that the Group will continue to implement diversified investment strategy and identify suitable investment opportunities with potential asset appreciation and/or suitable returns for the Group and the Shareholders. Moreover, the Company will maintain a prudent but proactive investment approach and will closely monitor the performance of its investment portfolio. Upon the regular review and evaluation, appropriate and timely actions will be taken.

### *1.2 Reasons for the Rights Issue and the use of proceeds*

As set out in the Letter from the Board, the estimated net proceeds from the Rights Issue will be not less than approximately HK\$203.6 million and not more than approximately HK\$208.5 million. The Board intends to apply the net proceeds from the Rights Issue as to (i) approximately 60% to 70% thereof for investments in listed equity and/or listed debt securities; (ii) approximately 10% to 20% for investments in un-listed companies which including but not limited to the Possible Acquisition and the Possible Investment; and (iii) the remaining for general working capital of the Group.

We have discussed with management of the Company in relation to the investment objectives of the Group and are given to understand that the Group adopts a diversified approach in investments with the investment principles and portfolio allocation as to (i) approximately 50% to 70% of its investment fund mainly on shares of the listed companies in Hong Kong and the PRC; (ii) approximately 15% to 25% of its investment fund on fixed income securities (such as short terms bonds); and approximately 15% to 25% of its investment fund on unlisted investment (such as private equity).

To align with the diversified investment approach of the Group, as further advised by the management of the Company, in respect of the 60% to 70% of the proceeds from the Rights Issue which will be used for investments in listed equity and/or listed debt securities, the Company intends to use as to (i) approximately 30% to invest in Hang Seng Index constitutional stocks, H shares or shares listed on Shanghai Stock Exchange under the Shanghai-Hong Kong Stock Connect (as defined hereunder); (ii) approximately 25% to invest in stocks with short-term upside potential; (iii) approximately 20% to invest in short term stocks with high volatility; and (iv) approximately 25% to invest in both high yield bonds and investment-grade bonds.

As set out in the Letter from the Board, on 30 June 2014, the Company entered into a letter of intent with a company principally engaged in the research and development, manufacturing and assembly of LED lighting products in the PRC (the “**Target Company A**”) pursuant to which the Company proposed to invest in the Target Company A in the amount of approximately HK\$15 million. It is also stated in the Letter from the Board that, on 3 July 2014, a wholly-owned subsidiary of the Company entered into a memorandum of understanding with a company which,

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## LETTER FROM QUAM CAPITAL

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together with its subsidiaries, is principally engaged in supplying and distribution of raw milk and production of drinkable milk and other dairy products in Australia (the “**Target Company B**”) pursuant to which the Group intends to invest in Target Company B with an expected investment amount of approximately HK\$15 million to HK\$20 million. The above potential investments are intended to be funded by the proceeds from the Rights Issue as discussed above.

### **1.3 Overview on securities market**

As discussed in the section headed “1.2 Reasons for the Rights Issue and the use of proceeds” above, according to the investment objectives of the Group, approximately 50% to 70% of its investment fund is intended to be invested in shares of the listed companies in Hong Kong and the PRC. Engaging in securities investments in Hong Kong and the PRC, the Group’s financial and business performance is subject to, among other things, Hong Kong and PRC economic and financial market environment and the relevant government or financial policies.

The economy of Hong Kong and the PRC has been expanding in the recent years. According to the Census and Statistics Department of Hong Kong, the gross domestic product (“**GDP**”) of Hong Kong (at current market prices) increased from approximately HK\$1,659 billion in 2009 to approximately HK\$2,125 billion in 2013, representing the compound annual growth rate (“**CAGR**”) of 6.4%. According to the National Bureau of Statistics of China, the GDP of the PRC (in nominal value) increased from approximately RMB34,090 billion in 2009 to approximately RMB56,885 billion in 2013, representing the CARG of approximately 13.7%.

According to “Research Paper No. 54: A review of the global and local securities markets in 2013” (“**SFC yearly review report 2013**”) issued by the SFC on 17 January 2014, in early 2013, the Hong Kong market rose on solid Mainland economic data. The Hang Seng Index (“**HSI**”) reached a 21-month high of about 23,800 points in late January 2013. Yet, the market later retreated amid worries over a credit crunch on the Mainland. Concerns over a tapering of stimulus policy in the US and geopolitical tension on the Korean Peninsula also weighed on the market. The HSI once fell to a nine-month low of below 20,000 points in late June 2013. In July 2013, the market rebounded on easing worries over liquidity conditions on the Mainland and an early exit of the quantitative easing (QE) programme in the US. Sentiment improved after the release of detailed reform policies on the Mainland. Mainland financial stocks paced gains, given optimism about reform plans in the sector. Upbeat Mainland and US economic data, such as manufacturing and economic growth data, also provided support. In late November 2013, the HSI rose to the highest level in two years and a half. Overall, the HSI rose about 3% in 2013 as compared to 2012, and the average daily turnover amounted to HK\$63 billion, 16% higher than its HK\$54 billion level in 2012.

	Average daily turnover (HK\$ billion)		
	2013	2012	change over % 2012
HSI stocks (ex H-shares & red chips)	9.8	8.5	15%
Mainland Stocks	24.3	20.8	17%
H-shares	17.3	14.9	16%
Red chips	7.0	5.9	19%

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## LETTER FROM QUAM CAPITAL

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*Source: "Research Paper No. 54: A review of the global and local securities markets in 2013" issued by the SFC on 17 January 2014*

On 10 April 2014, the SFC and China Securities Regulatory Commission made a joint announcement ("**Joint Announcement**") regarding the in-principle approval for the development of the pilot programme (the "**Shanghai-Hong Kong Stock Connect**") for the establishment of mutual stock market access between Mainland and Hong Kong. It is expected to take approximately six months from the date of the Joint Announcement to complete the preparation for formal launch.

Under the Shanghai-Hong Kong Stock Connect, the Stock Exchange and Shanghai Stock Exchange ("**SSE**") will establish mutual order-routing connectivity and related technical infrastructure to enable investors of their respective market to trade shares listed on the other's market.

Under the Shanghai-Hong Kong Stock Connect, it allows Hong Kong and overseas investors to trade the SSE-listed securities. However, only A shares will be included in Shanghai-Hong Kong Stock Connect in the initial stage. Other product types such as B shares, Exchange Traded Funds ("**ETF**")s, bonds, and other securities will not be included. On the other hand, Shanghai-Hong Kong Stock Connect also allows the Mainland investors to trade the constituent stocks of the Hang Seng Composite LargeCap Index and Hang Seng Composite MidCap Index, and all H shares that are not included as constituent stocks of the relevant indices but which have corresponding shares in the form of SSE-listed shares.

As discussed with the management of the Company, it is expected that the Shanghai-Hong Kong Stock Connect, which is expected to be launched in third quarter 2014, can (i) expand the investment channels of the Group to invest in SSE-listed securities; (ii) increase the liquidity of the SSE-listed securities and securities listed on the Stock Exchange; (iii) provide an investment opportunity arising from the difference in the A-H share prices; and (iv) provide an unprecedented opportunity and creates momentum for the long-term development of the Hong Kong and the PRC capital markets. The management of the Company is optimistic for the long term development of Hong Kong and PRC capital markets and considers that it is beneficial to the Company to raise additional funds before the launch of the Shanghai-Hong Kong Stock Connect to invest in listed securities and enjoy the benefits arising from such programme as discussed above.

### **1.4 Financing alternatives**

We have discussed with the Directors other financing methods such as placing and banking facilities. Taking into account the benefits and costs of each of alternatives, we concur with the Directors that the Rights Issue is an appropriate means to finance the future investment plans of the Group by considering that (i) debt financing and bank borrowing will incur interest burden and repayment obligations of the Group; (ii) the Rights Issue removes a certain degree of uncertainty as compared to best-efforts placing; (iii) all the Qualifying Shareholders have an equal opportunity to participate in the enlargement of the Company's capital base and the Company's further development; (iv) the Rights Issue enables all the Qualifying Shareholders to maintain their proportionate interests in the Company; and (v) the Shareholders who do not participate in the fund raising of the Company can dispose of their rights shares entitlements in the market in nil-paid form.

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## LETTER FROM QUAM CAPITAL

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Having considered (i) the investment plans and funding requirements of the Group as discussed in the section headed “1.2 Reasons for the Rights Issue and the use of proceeds” above; (ii) the recent proposed programme of the Shanghai-Hong Kong Stock Connect; (iii) the benefits of financing by way of rights issue over other financing alternatives; and (iv) the fact that the Company has no current intention to realise all of the investments in the current investment portfolio in short term, we concur with the Directors that the Rights Issue is in the interest of the Company and the Shareholders as a whole.

### **2. Principal terms of the Rights Issue**

The Company proposed to raise not less than approximately HK\$210.6 million and not more than approximately HK\$215.5 million, before expenses, by way of Rights Issue of not less than 2,106,618,000 Rights Shares and not more than 2,154,104,400 Rights Shares on the basis of four (4) Rights Shares for every one (1) Share held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Prohibited Shareholders.

#### **2.1 Subscription Price**

The Subscription Price for the Rights Shares is HK\$0.10 per Rights Share payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 67.21% to the closing price of HK\$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 29.08% to the theoretical ex-rights price of approximately HK\$0.141 per Share after the Rights Issue based on the closing price of HK\$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 67.43% to the average of the closing price of HK\$0.307 per Share as quoted on the Stock Exchange for the last five consecutive trading days including and up to the Last Trading Day; and
- (iv) a discount of approximately 62.26% to the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a discount of approximately 24.81% over the theoretical ex-entitlement price of approximately HK\$0.133 per Share after the Rights Issue based on the closing price of HK\$0.265 per Shares as quoted on the Stock Exchange on the Latest Practicable Date.

As set out in the Letter from the Board, the Subscription Price was arrived at after arm’s length negotiation between the Company and the Underwriters with reference to, among others, the prevailing market price of the Shares, the financial position of the Group, the absence of excess application arrangement to Shareholders and having considered the future development of the Group. The Directors (including the independent non-executive Directors) consider that the Subscription Price, which has been set at a relatively deep discount, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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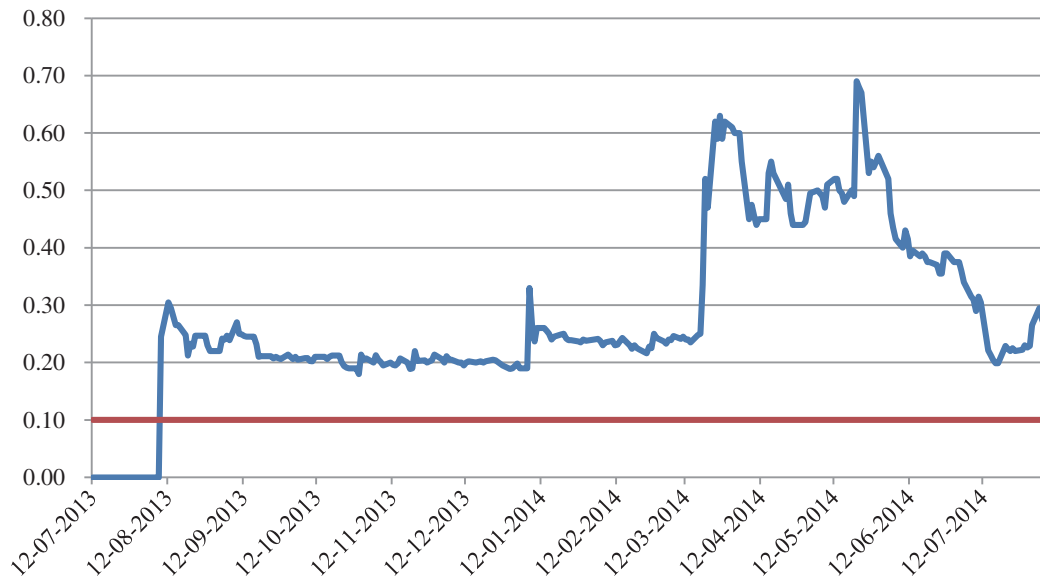
## LETTER FROM QUAM CAPITAL

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### 2.1.1 Historical closing prices

Set out below is the movements in the closing price of the Shares during the period from 12 July 2013, being the 12 months period prior to the date of the Underwriting Agreement, up to and including the Latest Practicable Date (the “**Review Period**”):

**The daily closing price during the Review Period (HK\$)**



Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

*Note:*

Trading in the Shares was suspended on 9 October 2012 pending release of an announcement which is price-sensitive in nature. The aforesaid price-sensitive announcement was published on 8 August 2013 and trading in the Shares resumed with effect from 9:00 a.m. on 9 August 2013.

During the Review Period, the lowest and highest closing prices of the Shares were HK\$0.18 per Share recorded on 29 October 2013 and HK\$0.69 per Share on 21 May 2014 as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is HK\$0.302 per Share. The Subscription Price represents (i) a discount of approximately 85.5% from the highest closing price; (ii) a discount of approximately 44.4% from the lowest closing price; and (iii) a discount of approximately 66.9% from the average daily closing price during the Review Period.

The closing price of the Shares was in a relatively stable pattern within the range from HK\$0.20 per Share to HK\$0.25 per Share during the period from mid August 2013 to mid March 2014; and the closing price of the Shares increased by a relatively large extent from HK\$0.25 per Share on 18 March 2014 to HK\$0.335 per Share on 19 March 2014 and further increased to HK\$0.52 per Share on 20 March 2014, being the date of the release of the annual results announcement for the year ended 31 December 2013. Thereafter, the closing price of the Shares fluctuated between HK\$0.44 per Share and HK\$0.63 per Share and reached the highest closing price of HK\$0.69 per Share in the Review Period on 21 May 2014 prior to the release of the

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## LETTER FROM QUAM CAPITAL

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announcement in relation to the completion of the placing on 23 May 2014, in which 86,390,000 placing shares under the general mandate have been successfully placed to not less than six places at a price of HK\$0.41 per placing share. Share price then fluctuated with decreasing trend from 0.53 per Share on 26 May 2014 to HK\$0.265 per Share at the Latest Practicable Date.

We consider it is a common market practice that, in order to enhance the attractiveness of a rights issue and to encourage the existing shareholders to participate in the rights issue, the subscription price of a rights issue normally represents a discount to the prevailing market prices of the relevant shares. More importantly, each Qualifying Shareholder obtains the equal opportunity to participate in the Rights Issue and is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company. Hence, we consider that the Subscription Price being set at a discount to the prevailing market prices of the Shares is in line with the general practice and is acceptable.

### 2.1.2 Comparison with other rights issue transactions

In order to assess the reasonableness of the Subscription Price, we have identified the rights issue transactions of the companies (the “**Comparables**”) listed on the Stock Exchange, which (i) announced in the six months preceding the date of the Underwriting Agreement, i.e. from 11 January 2014 and up to 10 July 2014 (the date prior to the entering into of the Underwriting Agreement), which may reflect the general recent trend of rights issue transactions in the market; and (ii) were not under prolonged suspended for trading for more than 12 months as at the dates of the respective announcements (given that the respective closing price of the last trading day for prolonged suspended companies may not reflect its recent market price as the dates of their respective rights issue announcements and thus, may not be appropriate and shall be excluded for comparison), for comparison purpose. The Comparables, which may reflect the general recent trend of the rights issue transactions in the market, are fair and representative samples for comparison purpose. The list of Comparables, which we consider exhaustive, and details of our findings are summarised in the table below:

Date of announcement	Company name (stock code)	Basis of entitlement	Premium/ (discount) of subscription price over/ (to) the closing price on the last trading day (%)	Premium/ (discount) of subscription price over/ (to) the theoretical ex-rights price (Note 1) (%)	Underwriting Commission (%)	Maximum Dilution (Note 2) (%)	Excess application (Yes/No)
3 Jul-14	Applied Development Holdings Limited (519)	1 for 2	(67.29)	(57.84)	2.50	33.33	Yes
19 Jun-14	Vision Fame International Holding Limited (1315)	1 for 1	(20.00)	(11.11)	1.00	50.00	No

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<b>Date of announcement</b>	<b>Company name (stock code)</b>	<b>Basis of entitlement</b>	<b>Premium/ (discount) of subscription price over/ (to) the closing price on the last trading day (%)</b>	<b>Premium/ (discount) of subscription price over/ (to) the theoretical ex-rights price (Note 1) (%)</b>	<b>Underwriting Commission (%)</b>	<b>Maximum Dilution (Note 2) (%)</b>	<b>Excess application (Yes/No)</b>
13 Jun-14	HKT Trust and HKT Limited (6823)	18 for 100	(20.65)	(18.07)	2.20	15.25	No
22 May-14	eForce Holdings Limited (943)	16 for 1	(80.39)	(19.43)	3.00	94.12	Yes
11 May-14	Uni-President China Holdings Ltd. (220)	1 for 5	(29.63)	(25.97)	1.20	16.67	Yes
2 May-14	National Arts Entertainment and Culture Group Limited (8228)	6 for 1	(70.16)	(25.13)	2.50	85.71	Yes
22 April-14	Haitong International Securities Group Limited (665)	1 for 2	(11.21)	(7.77)	0.00	33.33	Yes
11 Apr-14	Merdeka Resources Holdings Limited (8163)	4 for 1	(75.16)	(38.46)	3.50	80.00	No
11 Apr-14	China Primary Resources Holdings Limited (8117)	1 for 2	(56.70)	(46.61)	0.00	33.33	Yes
9 Apr-14	Fosun International Limited (656)	39 for 500	0.00	0.00	0.00	7.24	Yes
9 Apr-14	CMMB Vision Holdings Limited (471)	2 for 1 (note 3)	(34.21)	13.64	2.50	75.00	No
26 Mar-14	Dah Sing Financial Holdings Limited (440)	13 for 100	(33.99)	(31.31)	2.25	11.50	Yes
26 Mar-14	Dah Sing Banking Group Limited (2356)	12 for 100	(33.33)	(30.86)	2.25	10.71	Yes



## LETTER FROM QUAM CAPITAL

Date of announcement	Company name (stock code)	Basis of entitlement	Premium/ (discount) of subscription price over/ (to) the closing price on the last trading day (%)	Premium/ (discount) of subscription price over/ (to) the theoretical ex-rights price (Note 1) (%)	Underwriting Commission (%)	Maximum Dilution (Note 2) (%)	Excess application (Yes/No)
21 Mar-14	Computech Holdings Limited (8081)	1 for 2	(23.35)	(16.88)	3.50	33.33	Yes
13 Mar-14	New World Development Company Limited (17)	1 for 3	(36.34)	(29.98)	2.50	25.00	Yes
4 Mar-14	Sincere Watch (Hong Kong) Limited (444)	1 for 2	(67.91)	(58.53)	2.50	33.33	Yes
3 Mar-14	Oriental Unicorn Agricultural Group Limited (8120)	13 for 2	(57.33)	(15.21)	3.50	86.67	Yes
	Maximum		0.00	13.64	3.50	94.12	
	Minimum		(80.39)	(58.53)	0.00	7.24	
	Average		(42.22)	(24.68)	2.05	42.62	
11 Jul-14	The Company	4 for 1	(67.21)	(29.08)	2.50	80.00	No

Sources: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

*Notes:*

- The theoretical ex-rights price is calculated by adding the market value of all the issued shares (based on the closing price of the shares on the last trading day) with the gross amount of subscription proceeds expected to be received from the rights issue (before expenses), and then divided by the total number of issued shares as enlarged by the rights issue; e.g. in the case of every 1 rights share for every 2 existing shares,  $(2 \times \text{closing price on the last trading day}) + 1 \times (\text{the subscription price}) / (2+1)$ .
- Maximum dilution effect of each rights issue is calculated as:  $(\text{number of rights shares and (if any) bonus shares to be issued under the basis of entitlement}) / (\text{number of existing shares held for the entitlement for the rights shares under the basis of entitlement} + \text{number of rights shares and (if any) bonus shares to be issued under the basis of entitlement}) \times 100\%$ , e.g. for a rights issue with basis of 1 rights share for every 1 existing share held with bonus issue on the basis of 1 bonus share for every 1 rights share taken up, the maximum dilution effect is calculated as  $((1+1)/(1+1+1)) \times 100 = 66.66\%$ .
- The rights issue was on the basis of two rights shares for every one existing share and one bonus share for every two rights shares.

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## LETTER FROM QUAM CAPITAL

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As shown in the above table, the discount to the respective closing price per share on the last trading day of the Comparables ranged from approximately 80.39% to approximately 0.00%, with an average discount of approximately 42.22%. The Subscription Price represented a discount of approximately 67.21% to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day, which falls within the range of the Comparables and greater than the average discount of the Comparables. The discount/premium to the theoretical ex-rights price per share of the Comparables ranged from a discount of approximately 58.53% to a premium of approximately 13.64%, with an average discount of approximately 24.68%. The Subscription Price represented a discount of approximately 29.08% to the theoretical ex-rights price per Share, which also falls within the range of the Comparables and greater than the average discount of the Comparables.

Nonetheless, having taken into account that (i) in general, it is common for the listed issuers in Hong Kong to issue rights issue at a discount to the market price in order to enhance the attractiveness of the rights issue transaction; and (ii) the interest of the qualifying Shareholders will not be prejudiced by the discount of the Subscription Price so long as they are offered with an equal opportunity to participate in the Rights Issue, we consider the discounts of the Subscription Price to the Last Trading Day and theoretical ex-rights price which is within the respective range of the Comparables are fair and reasonable.

### *2.1.3 Underwriting commission*

All the Rights Shares (other than the 286,200,000 Rights Shares undertaken to be taken up by Goodchamp under the Goodchamp Undertaking) will be underwritten severally by (i) Goodchamp with the first right for the first 400,000,000 Underwritten Shares; and (ii) Kingston Securities for the remaining of not less than 1,420,418,000 Underwritten Shares (assuming no new Shares being issued or repurchased by the Company on or before the Record Date) and not more than 1,467,904,400 Underwritten Shares (assuming no new Shares being issued other than those falling to be issued upon full exercise of the Share Options (save for those Share Options under the Irrevocable Undertakings) and no Shares being repurchased by the Company on or before the Record Date).

Pursuant to the Underwriting Agreement, the Company will pay the Underwriters an underwriting commission of 2.5% each of the aggregate Subscription Price of the respective portion of the maximum Underwritten Shares as mentioned above.

Based on our review of the underwriting arrangements of the Comparables as set out in the table under the section headed “2.1.2 Comparison with other rights issue transactions” above, we note that the underwriting commissions of the Comparables ranged from nil to 3.50 with an average of 2.05%. In view of the rate of underwriting commissions for the Rights Issue is within the range of the Comparables, we consider that the underwriting commission of 2.5% is in line with the market practice and on normal commercial term and is fair and reasonable as far as the Independent Shareholders are concerned.

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## LETTER FROM QUAM CAPITAL

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### *2.1.4 No application for excess Rights Shares*

As stated in the Letter from the Board, after arm's length negotiation with the Underwriters, the Board has decided that the Qualifying Shareholders will not be entitled to subscribe for any additional Rights Shares in excess of their respective assured entitlements. Given that each Qualifying Shareholder will be given equal and fair opportunity to participate in the Rights Issue, the Board considers that it will be burdensome to the Company to put in additional effort and costs to administer the excess application procedures. Any Rights Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

Although the absence of the excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Rights Shares in excess of their assured entitlements. However, we consider that it should be balanced against the fact that (i) the Subscription Price has been set at discount to the closing price on the Last Trading Day which provides reasonable incentive for the Qualifying Shareholders who are positive about the future development of the Company to take up their respective assured entitlement of the Rights Shares and participate in the Rights Issue; (ii) the absence of excess application would avoid additional effort and costs to administer the excess application procedures; (iii) the Qualifying Shareholders have the first right to decide whether to subscribe for their respective assured entitlement of the Rights Shares; and (iv) it is not uncommon for the absence of the excess application arrangement for the rights issue in the market.

In view of the above, we consider that the Rights Issue has already enable the Qualifying Shareholders to maintain their proportionate interests in the Company should they so wish by applying the Rights Shares according to their shareholding in the Company, which we consider to be fair and reasonable. Therefore, the absence of the excess application arrangement, on balance, is acceptable.

### **3. Potential dilution effect of the Rights Issue**

As the Rights Issue is offered to all Qualifying Shareholders on the same basis, the Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their allotments under the Rights Issue in full. Any Qualifying Shareholders who choose not to take up in full their assured entitlements under the Rights Issue will have their shareholdings in the Company diluted by up to a maximum of 80.00%.

Based on our review of the maximum dilution of the Comparables set out in the table under section headed "2.1.2 Comparison with other rights issue transactions" above, we note that the maximum dilution of the Comparables ranged from approximately 7.24% to approximately 94.12%. The potential maximum dilution of the Rights Issue is up to 80.00%, which falls within the range of the Comparables.

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## LETTER FROM QUAM CAPITAL

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In all cases of rights issues and open offers, the dilution on the shareholding of those Qualifying Shareholders who do not take up in full their assured entitlements under the Rights Issue is inevitable. In fact, the dilution magnitude of any rights issues or open offer depends mainly on the extent of the basis of entitlement under such exercises since the higher offering ratio of new shares to existing shares is the greater the dilution on the shareholding would be.

Taking into account (i) the inherent dilutive nature of Rights Issue in general; (ii) the potential maximum dilution of the Rights Issue of 80.00% falls within the range of the Comparables; and (iii) the Rights Issue enables the Qualifying Shareholders to maintain their proportionate interests in the Company should they wish to at a lower price as compared to the historical and prevailing market price of the Shares, we are of the view that such potential dilution of the Rights Issue on the shareholding of the Shareholders is acceptable.

#### 4. Possible financial effects of the Rights Issue

##### 4.1 *Net tangible assets*

Based on the information set out in the “Unaudited pro forma financial information of the Group” contained in Appendix II to the Circular, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company (based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2013 and assuming the Rights Issue had been completed on 31 December 2013) (“**Pro Forma NTA**”) would amount to approximately HK\$279.5 million (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date).

The Pro Forma NTA per Share would be approximately HK\$0.11 (based on the enlarged issued share capital of 2,465,778,000 Shares, comprising 359,160,000 Shares in issue as at 31 December 2013 and 2,106,618,000 Rights Shares assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date), representing a decrease of approximately 47.6% from the audited consolidated net tangible asset of the Group attributable to owners of the Company per Share of approximately HK\$0.21 as at 31 December 2013.

Shareholders should take note of the assumptions made in the preparation of the unaudited pro forma financial information of the Group contained in Appendix II to the Circular, in particular, the pro forma financial information does not take into account any trading result or other transactions of the Group entered into subsequent to 31 December 2013.

##### 4.2 *Cash and cash equivalents*

Upon the completion of the Rights Issue, the cash and cash equivalents of the Group will increase as a result of the estimated net proceeds of not less than approximately HK\$203.6 million and not more than approximately HK\$208.5 million. The Rights Issue will provide additional liquidity in the form of equity to the Group and therefore, will enhance its financial position. We consider that it is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM QUAM CAPITAL

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### RECOMMENDATIONS

Having considered the principal factors and reasons described above, we are of the opinion that the terms of the Rights Issue are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend that the Independent Shareholders to vote in favour of the resolution(s) to approve the Rights Issue at the SGM.

Yours faithfully,  
For and on behalf of  
**Quam Capital Limited**  
**Gary Mui**  
*Deputy Chief Executive Officer*

*Note:* Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Quam Capital to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 15 years of experience in the finance and investment banking industry.

**A. FINANCIAL INFORMATION OF THE GROUP**

The published audited consolidated financial statements of the Group for each of the years ended 31 December 2011, 2012 and 2013 are disclosed in the annual reports of the Company for the years ended 31 December 2011 (pages 20-71), 2012 (pages 21-89) and 2013 (pages 21-101), respectively. They can be accessed on the website of the Company (<http://www.irasia.com/listco/hk/opesasia>) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Quick links to the annual reports of the Company are set out below:

Annual report for the year ended 31 December 2011:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0621/LTN20120621139.pdf>

Annual report for the year ended 31 December 2012:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0808/LTN20130808148.pdf>

Annual report for the year ended 31 December 2013:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0331/LTN20140331855.pdf>

**B. INDEBTEDNESS STATEMENT****Indebtedness**

As at the close of business on 30 June 2014, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had no outstanding borrowings.

**Contingent liabilities**

The Group had no material contingent liabilities as at 30 June 2014.

**Disclaimer**

Save as referred to as above and apart from intra-group liabilities, the Group did not have, as at 30 June 2014, any debt securities issued and outstanding or authorised or otherwise created but unissued, term loan, bank overdrafts, loan or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

**Working Capital**

The Directors are of the opinion that, after taking into account (i) the internal financial resources available to the Group and (ii) the expected completion of the net proceeds from the Right Issue; and in the absence of unforeseeable circumstances, the Group has sufficient working capital for its present requirement for at least the next twelve months from the date of this circular.

**Material Change**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date of which the latest published audited financial statements of the Group were made up.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “Unaudited Pro Forma Financial Information”) at 31 December 2013 which prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited is set out below to illustrate the effect of the Rights Issue of not less than 2,106,618,000 shares of the Company (the “Shares”) and not more than 2,154,104,400 Shares at a price of HK\$0.10 each on the basis of four rights shares for every one share held (the “Rights Issue”) on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue was disclosed in the announcement of the Company dated 11 July 2014 and the circular of the Company dated 8 August 2014 had been completed on 31 December 2013.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 31 December 2013 or any future date.



## A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP (CONTINUED)

The following is the Unaudited Pro Forma Financial Information based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2013 and adjusted for the effect of the Rights Issue.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2013 <i>(Note 1)</i> HK\$	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> HK\$	Unaudited Pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2013 immediately after completion of the Rights Issue HK\$
Based on 2,106,618,000			
Rights Shares to be issued	75,863,346	203,661,800	279,525,146
	<u>75,863,346</u>	<u>203,661,800</u>	<u>279,525,146</u>
Based on 2,154,104,400			
Rights Shares to be issued	75,863,346	208,410,440	284,273,786
	<u>75,863,346</u>	<u>208,410,440</u>	<u>284,273,786</u>
Audited consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2013 prior to effect of the completion of the Rights Issue <i>(Note 3)</i>			<u>HK\$0.21</u>

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2013 immediately after effect of the completion of the Rights Issue based on 2,106,618,000 Rights Shares to be issued (*Note 4*)

HK\$0.11

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2013 immediately after effect of the completion of the Rights Issue based on 2,154,104,400 Rights Shares to be issued (*Note 5*)

HK\$0.11

*Notes:*

1. The amount represents the consolidated net assets of the Group attributable to owners of the Company as at 31 December 2013 of approximately HK\$75,983,346 less intangible assets, being club membership of approximately HK\$120,000. These figures were extracted from the audited consolidated statement of financial position of the Group as at 31 December 2013 as set out in the annual report of the Company for the year ended 31 December 2013.
2. The estimated net proceeds from the Rights Issue of not less than approximately HK\$203,661,800 are based on 2,106,618,000 Rights Shares to be issued at HK\$0.10 per Share and after deduction of estimated related expenses of approximately HK\$7,000,000, including underwriting commission, legal and professional fees and other related expenses.  
  
The estimated net proceeds from the Rights Issue of not more than approximately HK\$208,410,440 are based on 2,154,104,400 Rights Shares to be issued at HK\$0.10 per Share and after deduction of estimated related expenses of approximately HK\$7,000,000, including underwriting commission, legal and professional fees and other related expenses.
3. The consolidated net tangible assets of the Group attributable to owners of the Company per Share prior to effect of the completion of the Rights Issue is based on 359,160,000 Shares in issue as at 31 December 2013.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after effect of the completion of the Rights Issue and on the basis of 2,465,778,000 Shares in issue, comprising 359,160,000 Shares in issue as at 31 December 2013 and 2,106,618,000 Rights Shares assuming the Rights Issue had been completed on 31 December 2013.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after effect of the completion of the Rights Issue and on the basis of 2,513,264,400 Shares in issue, comprising 359,160,000 Shares in issue as at 31 December 2013 and 2,154,104,400 Rights Shares assuming the Rights Issue had been completed on 31 December 2013.
6. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2013.

**B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

*The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.*



31/F Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

8 August 2014

The Directors  
Opes Asia Development Limited  
Unit 32, 8/F, Block B, Focal Industrial Centre,  
21 Man Lok Street, Hunghom, Kowloon,  
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets of Opes Asia Development Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) attributable to owners of the Company (the “Unaudited Pro Forma Financial Information”), which has been prepared by the directors of the Company, for illustrative purpose only, to provide information about how the proposed Rights Issue of not less than 2,106,618,000 shares of the Company and not more than 2,154,104,400 Shares of the Company at a price of HK\$0.10 each on the basis of four rights shares for every one share held might have affected the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company presented for inclusion in Section A of Appendix II to the circular issued by the Company dated 8 August 2014 (the “Circular”). The basis of preparation of the unaudited pro forma financial information is set out on page 1 of Appendix II to the Circular.

**Directors' Responsibility of the Unaudited Pro Forma Financial Information**

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of Right Issue at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgements, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully

**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*

**Yu Chi Fat**

Practising Certificate Number: P05467  
Hong Kong

This appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of Listing Rules in connection with the listing document of the Company. This appendix includes particulars given in compliance with the Listing Rules for the purpose of giving information to the public with regard to the Company.

**INVESTMENT MANAGEMENT INFORMATION****Investment Manager**

China International Capital Limited  
Room 2801, 28/F., China Insurance Group Building  
141 Des Voeux Road  
Central  
Hong Kong

**Directors of the Investment Manager**

Ms. Huang Aiming  
Room 2801, 28/F., China Insurance Group Building  
141 Des Voeux Road  
Central  
Hong Kong

Ms. He Qingmei  
Room 2801, 28/F., China Insurance Group Building  
141 Des Voeux Road  
Central  
Hong Kong

Ms. Wang Xiumin  
Room 2801, 28/F., China Insurance Group Building  
141 Des Voeux Road  
Central  
Hong Kong

**Custodian**

Standard Chartered Bank (Hong Kong) Limited  
15/F, Standard Chartered Tower  
388 Kwun Tong Road  
Kowloon  
Hong Kong

**THE INVESTMENT MANAGER**

China International Capital Limited (the “**China International Capital**”) has provided investment management services to the Company since 4 May 2011. The Board is of the view that the investment experience of China International Capital and its responsible officers is relevant to the investment strategies of the Company and that its investment experience and expertise will be beneficial to the Company and its Shareholders as a whole.

China International Capital, a company incorporated in Hong Kong with limited liability under the Companies Ordinance on 21 December 1993, is principally engaged in the business of investment management and a licensed corporation which carries out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

The following are the directors of China International Capital:

**Ms. Huang Aiming (“Ms. Huang”)**

Ms. Huang holds a licence to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. She obtained a Bachelor’s degree in Mathematics from Xiamen University in the PRC in 1992, a Postgraduate degree in Economics from the Communist Party School in Guangdong in 1999 and a Master’s degree in Economics from Xiamen University in 2008. Since August 2006, she has been an executive director of China International Capital in charge of the investment policy and management of two private equity investment funds registered at the Cayman Islands Monetary Authority. Ms. Huang worked in the banking and financial industry in the PRC since graduation in 1992. She accumulated over thirteen years of operational and management experience with Agricultural Bank of China in Shenzhen. She was accredited with the “Nation’s best young practitioner in financial system” award in 2001 in recognition of her outstanding performance in the industry.

**Ms. He Qingmei (“Ms. He”)**

Ms. He was appointed a director of China International Capital in December 2010. She graduated from Chang Sha Polytechnic University majoring in international trade and economics in 2006. She is currently a researcher in Finance, a programme jointly organized by Shenzhen University and Liaoning University. Ms. He is a certified financial planner certified by The Chinese Institute of Certified Financial Planner.

**Ms. Wang Xiumin (“Ms. Wang”)**

Ms. Wang was appointed a director of China International Capital in December 2010. She graduated from Shandong Youth Management College majoring in accountancy in 1997 and is currently an accountant at Joint China International Investment Co. Ltd. in Shenzhen. She is a certified financial planner by The Chinese Institute of Certified Financial Planner.

Save as abovementioned and to the best of knowledge, information and belief of the Directors, as at the Latest Practicable Date, there was no common investments made by the Company and the Investment Manager; there was no common directorship between the Company and the Investment Manager; and there was no common directorship between the Company’s top ten investments and the Investment Manager.

**THE CUSTODIAN**

Standard Chartered Bank (Hong Kong) Limited was appointed as the custodian in relation to the investments which the Company may from time to time deposit with the Custodian.

The Directors confirm that none of the directors of the Company, China International Capital, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the investment company, or any reallocation of other types on purchases charged to the investment company.

### **RISKS RELATING TO THE COMPANY**

The Company is an investment company and is principally engaged in investing in listed and unlisted companies in Greater China, Australia and any other countries as the Board may direct from time to time. These investments will be subject to market fluctuations and to the risks inherent in all investments. Investors should also be aware that the Company's income and its net asset value are liable to be adversely affected by external factors beyond the control of the Company. As a result, the income of the fund and its net asset value may therefore go down as well as go up, subject to the prevailing market conditions.

### **INVESTMENT OBJECTIVES**

The Company is an investment company with the primary objective of achieving medium to longterm capital appreciation as well as generating income from interests and dividends by investing in listed and unlisted companies in the Greater China, Australia and any other countries as the Board may direct from time to time.

The Company's investment objectives above may be altered without Shareholders' approval.

### **INVESTMENT POLICIES**

The Group has adopted a diversified investment approach. A substantial portion of the assets is invested in equity securities, convertible bonds and debt securities issued by listed and unlisted companies in Hong Kong as well as the PRC or such other types of investment that provide reasonable returns. The Company has also adopted the following investment policies:

- When considering and identifying potential investments, the Company will seek to identify entities with a record of positive profit growth, strong management, high levels of technical expertise and research and development capabilities as well as management commitment to long-term growth. At the same time, the Company is also flexible in considering investments in companies or other entities which are considered by the Board and the Investment Manager as being special or in recovery situations with return potential.
- As to the period of investment, the investments are usually intended to be held for medium-term to long-term capital appreciation. The actual holding period will depend on the return from investment and the potential of listing on the Stock Exchange or other internationally recognised stock exchanges. The Company will, however, realise investments where the Board believes the realisation would be in the best interests of the Company or where the terms on which such realisation can be made are considered by the Board as particularly favourable to the Company.



Investment limit exercisable by the Investment Committee of the Company for any single investment is the lower of twenty percent of the net asset value or HK\$10 million or such other amount may be resolved by the Board from time to time.

The Company's investment policies above may be altered without Shareholders' approval.

### **INVESTMENT RESTRICTIONS**

Under the Bye-laws and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. The Board has resolved that the Company may not:

1. either itself or through its wholly-owned subsidiaries or in conjunction with any connected person take legal, or effective, management control of underlying investments and in no event will the Company itself or through its wholly-owned subsidiaries own or control more than 30% (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the voting rights in such company or other entity, except in relation to such wholly-owned subsidiaries of the Company;
2. invest in any company or entity other than wholly-owned subsidiaries of the Company if such investment will result in more than 20% of the Net Asset Value being invested in such company or entity as at the date the investment is made;
3. without the prior approval of the Shareholders by ordinary resolution, buy or sell commodities, commodity contracts or precious metals, except that it may purchase and sell future contracts on stock indices and securities which are secured by commodities or precious metals; and
4. invest more than 30% of the company's assets outside Greater China to the extent of contravening its primary objective of achieving medium- to long-term capital appreciation by investing in listed and unlisted companies in Greater China.

The Company has to comply with investment restrictions 1 and 2 above at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules. Investment restriction 3 can be changed subject to Shareholders' approval and investment restriction 4 can be changed without Shareholders' approval.

The Board has no present intention to change any of the above-mentioned investment restrictions.

Save for the unlisted securities, as at the Latest Practicable Date, the Company has no present intention to invest in options, warrants, commodities, futures contracts or precious metals.

### **BORROWING POWER**

Pursuant to the provision of the Bye-laws, the Company may exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof.

**DISTRIBUTION POLICY**

It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by law, the memorandum of continuance of the Company and the Bye-laws. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. Distribution will be made annually after the annual accounts of the Company are approved by the Shareholders but interim distribution may be made from time to time to Shareholders as appeared to the Board to be justified by the position of the Company. Distributions will be made in Hong Kong Dollars.

**WORKING CAPITAL MANAGEMENT POLICY**

The Group's objectives when managing capital are to safeguard its ability to continue its operations in a stable manner in order to provide positive returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital. The working capital management policies aim to manage the current assets – generally, cash and cash equivalents, and debtors – and the short term financing, such that cash flows and returns are satisfactory. In order to effectively manage cash flow, the Group maintains the sufficient cash levels which allow for the business to meet day to day expenses.

Ultimate responsibility for liquidity risk management rests with the Board which has built an appropriate liquidity risk management framework to meet the Group's funding and liquidity management requirements. As at the Latest Practicable Date, the Group has not encountered any significant liquidity risk. The Group manages liquidity risk by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion.

The Group had no bank borrowings and did not pledge any assets to obtain collateral overdrafts and other loan facilities during the period ended 30 June 2014.

**FOREIGN CURRENCY MANAGEMENT AND EXCHANGE CONTROL**

The Company has investment in a company listed on the Australian Securities Exchange, whose net assets are exposed to foreign currency translation risk with respect to Australian dollars. The Company currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Company does not have a significant exposure to foreign currency risk as most of its investments are denominated in Hong Kong dollars. The foreign currency exchange rate fluctuations in connection with the Company's foreign currency denominated financial assets at fair value through profit or loss are not significant.

To the best knowledge, information and belief of the Directors, there are no foreign exchange controls in force in Australia.

**TAXATION**

The taxation of income and capital gains of the Company are subject to the fiscal law and practice of Hong Kong. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares under the laws of the jurisdiction in which they are liable to taxation.

**FEES AND EXPENSES**

The Company will pay the fees of the Investment Manager and the custodian, as described below. In addition, the Company will pay certain other costs and expenses incurred in its operation, including taxes, expenses for legal, auditing and consulting services, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest and brokerage cost.

**INVESTMENT MANAGEMENT FEES**

Pursuant to the investment management agreement dated 4 May 2011, the Company will pay to China International Capital a management fee and a performance fee as described below:

**Management Fee**

China International Capital will be entitled to receive from the Company out of the Assets a management fee accruing monthly at the annual rate of 2% of the Net Asset Value on each Valuation Date and payable monthly in arrears.

**Performance Fee**

China International Capital will also be entitled to receive from the Company out of the Assets a performance fee calculated at the rate of 15% of any net appreciation (after the deduction of the management fee for the relevant period, but prior to the deduction of the performance fee) in the Net Asset Value of the Company on the immediately preceding Valuation Date, above the previous Net Asset Value of the Company on any preceding Valuation Date in respect of which a performance fee was last paid (or where no performance fee has been paid, the Net Asset Value of the Company on any Valuation Date on 30 June or 31 December (as the case may be) whichever is immediately before the commencement of the investment management agreement. In any case, no Performance Fee shall be payable to China International Capital if the Net Asset Value per Share (being the Net Asset Value as at 30 June or 31 December (as the case may be) of the relevant year divided by the number of Shares in issue at such date) is less than HK\$0.0595 (being the audited Net asset value as at 31 December 2010 divided by the number of shares issued at that date).

**Annual Cap for the Investment Manager's Fees**

In any case, the maximum annual aggregate amount of the management fee and the performance fee shall not exceed HK\$4,000,000.

## CUSTODIAN FEES

Pursuant to the custodian agreement dated 29 April 2002, the Company will pay the custodian such reasonable fees, costs and expenses in respect of the custodian account as may from time to time be prescribed by the custodian. All fees, costs and expenses of the custodian shall accrue on a daily basis. The Company also agrees to pay all costs, taxes, expenses and fees (including any applicable fees of any clearing house) in connection with or arising out of the operation of the custodian account.

## INVESTMENT PORTFOLIO

The following are the details of the investments of the Company as at 31 December 2013, which include all listed investments and all other investments with a value of more than 5% of the Company's gross assets as at 31 December 2013. Save for the investments disclosed herein, there are no other listed investments and all other investments with a value of more than 5% of the Company's gross assets as at 31 December 2013.

Name of investee company	Stock Code	No. of Shares held/ paid-up capital held	Effective Shareholding Interest (Approximate)	Cost/Carrying value up to 31 December 2013 <i>HK\$000</i>	Market value/ Fair value as at 31 December 2013 <i>HK\$000</i>	Unrealised holding gain (loss) arising on valuation <i>HK\$000</i>	Net asset (liabilities) attributable to the Group (Approximate) <i>HK\$000</i>	Profit/(Loss) attributable to the Group for the year (Approximate) <i>HK\$000</i>	Dividend received during the year <i>HK\$000</i>
As at 31 December 2013									
Ascent Glory (Holdings) Limited <i>(Note (a))</i>	N/A	-	-	25,378	24,144	(1,234)	-	-	-
北京華寶時代國際設備租賃有限公司(Beijing HuaBao Times International Equipment Leasing Co. Limited) <i>(Note (b))</i>	N/A	USD780,000	30.00%	12,000	6,658	(5,342)	4,836	(1,793)	-
Long Success International (Holdings) Limited <i>(Note (c))</i>	8017	15,000,000	1.02%	9,831	6,075	(3,756)	(59)	(208)	-
Newtree Group Holdings Limited <i>(Note (d))</i>	1323	1,730,000	0.24%	5,277	5,657	380	1,132	(109)	-
Forgame Holdings Limited <i>(Note (e))</i>	0484	69,100	0.05%	3,862	3,731	(131)	(75)	(331)	-
The Pride Fund Management Limited <i>(Note (f))</i>	N/A	495,000	9.90%	1,600	3,298	1,698	1,204	93	-
Hou Tin International Limited <i>(Note (g))</i>	N/A	2,000	20.00%	10,000	2,800	(7,200)	1,804	(111)	-
PICC Property and Casualty Co. Limited <i>(Note (h))</i>	2328	200,000	0.00%	2,356	2,300	(56)	1,055	142	4
Viagold Capital Limited <i>(Note (i))</i>	VIA	1,191,100	3.89%	11,728	1,044	(10,684)	693	(787)	-
Shun Tak Holdings Limited <i>(Note (j))</i>	0242	100,000	0.00%	437	456	19	787	25	19

## Notes:

- (a) A 2-year convertible bond issued by Ascent Glory (Holding) Limited ("AGHL"), a private company with limited liability, was acquired at a face value of RMB20,000,000 during the year ended 31 December 2012, with date of maturity on 12 June 2014. AGHL holds 50% equity interest in 澳門飛馬煙草(集團)有限公司 (English translation as "Macao Pegasus Tobacco (Group) Limited", a company incorporated in Macau with principal activities of manufacture, wholesale, retail, import and export of cigarette to and from Macau. Please refer to section headed "7. LITIGATION" of Appendix IV of this circular for more information.

- (b) During the year ended 31 December 2007, the Group acquired 30% equity interest in 北京華寶時代國際設備租賃有限公司 (“北京華寶”) (Beijing HuaBao Times International Equipment Leasing Co. Limited), at a consideration of HK\$12,000,000. 北京華寶, a private company with limited liability, is principally engaged in leasing of property and vehicles.
- (c) Long Success International (Holdings) Limited (stock code: 8017) (“Long Success”) and its subsidiaries are principally engaged in trading of wine and alcohol. Net loss of approximately HK\$37.0 million was recognized during the year ended 31 March 2014. According to the latest published financial statements of Long Success, its net liabilities as at 31 March 2014 was approximately HK\$6.6 million.
- (d) Newtree Group Holdings Limited (stock code: 1323) (“Newtree”) and its subsidiaries are principally engaged in trading and manufacture of clinical and household hygienic disposables and trading of related materials in the Peoples’ Republic of China. Net loss of approximately HK\$137.4 million was recognized during the year ended 31 March 2014. According to the latest published financial statements of Newtree, its net asset value as at 31 March 2014 was approximately HK\$390.0 million.
- (e) Forgame Holdings Limited (stock code: 0484) (“Forgame”) and its subsidiaries are principally engaged in developing, licensing and operating webgames and mobile games in the Peoples’ Republic of China. Net loss of approximately RMB475.4 million (equivalent to HK\$603 million) was recognized during the year ended 31 December 2013. According to the latest published financial statements of Forgame, its net asset value as at 31 December 2013 was approximately RMB1,388.1 million (equivalent to HK\$1,761 million).
- (f) During the year ended 31 December 2012, the Group acquired 9.9% equity interest in The Pride Fund Management Limited (“The Pride”), at a consideration of HK\$1,600,000. The Pride, a private company with limited liability, is principally engaged in provision of investment advisory and asset management services.
- (g) During the year ended 31 December 2012, the Group acquired 20% equity interest in Hou Tin International Limited (“Hou Tin”), at a consideration of HK\$10,000,000. Hou Tin, a private company with limited liability, is principally engaged in research development of information system. On 10 December 2013, the Group entered into a sale and purchase agreement with an independent third party in relation to the disposal of the entire 20% equity interest in Hou Tin for a consideration of HK\$2,800,000.
- (h) PICC Property and Casualty Co. Limited (stock code: 2328) (“PICC”) and its subsidiaries are principally engaged in property and casualty insurance products and services. Net profit of approximately RMB10,558 million (equivalent to HK\$13,397 million) was recognized during the year ended 31 December 2013. According to the latest published financial statements of PICC, its net asset value as at 31 December 2013 was approximately RMB57,504 million (equivalent to HK\$ 72,967 million).
- (i) Viagold Capital Limited (Australian stock code: VIA.AU) (“Viagold”) and its subsidiaries are principally engaged in investments holding, leasing and capital financing services, consultancy and management services to educational institutions. Net loss of approximately A\$2,492,000 (equivalent to HK\$20,244,000) was recognized during the year ended 31 March 2013. According to the latest published financial statements of Viagold, its net asset value as at 30 September 2013 was approximately A\$2,586,000 (equivalent to HK\$18,670,000).
- (j) Shun Tak Holdings Limited (stock code: 0242) (“Shun Tak”) and its subsidiaries are principally engaged in property development, investment and management, transportation and hospitality. Net profit of approximately HK\$1,718.2 million was recognized during the year ended 31 December 2013. According to the latest published financial statements of Shun Tak, its net asset value as at 31 December 2013 was approximately HK\$24,516.1 million.

**PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS**

1. As at 31 December 2007, the Company paid a deposit of HK\$3 million to an independent third party (the “Vendor”) for the purchase of 20% equity interests in an unlisted company, 廣州星越航空服務有限公司 (“廣州星越”) (Guangzhou Xing Yue Aviation Services Ltd.) (the “Acquisition”). 廣州星越 was incorporated in the PRC as a limited liability company with a registered capital of RMB3,800,000. The principal activity of 廣州星越 is the provision of consultancy services on navigation. Other than the aforesaid HK\$3 million, the Company did not have to inject any further funds into this project until the vendor completed certain preliminary works as explained below.

To complete the Acquisition, the vendor was required to complete preliminary works including changing 廣州星越 from a domestic private enterprise to a Sino-foreign equity joint venture company (“SFEJV”) and facilitating the SFEJV to obtain a formal business licence which allows the SFEJV to (i) act as an air freight forwarding agent and (ii) provide air freight forwarding enterprise management consultancy service on or before 20 September 2008. On 1 September 2009, the Board extended the period of preparing preliminary works to 20 September 2009 to the vendor after reconsidering the investment potential of the Acquisition. Since the vendor failed to complete the aforesaid preliminary works by the prescribed time, the Company decided to terminate the Acquisition and requested for the refund of the deposit together with an interest calculated at HSBC’s best lending rate. The management kept on following up the status with the vendor and requested the vendor to confirm the balance due as at 31 December 2009 to the Company after the end of the reporting period. However, the Company received no reply from the vendor and has lost contact with the vendor since then. In March 2010, the Company decided to take legal actions against the vendor for his default in repayment, but the Company still could not reach the vendor. The Board considered that the deposit was unlikely to be recovered and therefore a full impairment provision of HK\$3,000,000 was made for the year ended 31 December 2009. On 31 December 2010 the Board reviewed the impairment made and there is no reversal of the impairment during the year.

2. On 31 December 2007, the Group entered into a co-operation agreement with Harvest Smart Becky Agric-Bio Technology Limited (Formerly known as Becky Agric Bio Energy Co., Limited) (“Harvest Smart BAB”), an independent third party which wished to form a wholly foreign owned enterprise (the “WFOE”), which will be engaged in the production of organic agricultural products, promotion of organic farming and operating an organic theme park in the PRC. As at 31 December 2007, the Group paid a deposit of HK\$12,000,000 for the investment to Harvest Smart BAB. Pursuant to the co-operation agreement, Harvest Smart BAB has provided a guarantee to the Group for an annual return of not less than HK\$2,640,000 for each of the 5 years ended/ending 31 December 2008, 2009, 2010, 2011 and 2012 respectively.

During the year ended 31 December 2008, the Group entered into a supplementary agreement (the “Supplementary Agreement”) with Harvest Smart Becky Agric-Bio Technology Limited (Formerly known as Becky Agric Bio Energy Co. Limited) (“Harvest Smart BAB”), an independent third party, in connection to the co-operation agreement entered into between

the Group and Harvest Smart BAB during the year ended 31 December 2007. Pursuant to the Supplementary Agreement, the organic farming project would be restarted in Guangdong Luoding City. An investee company, BARL, was incorporated in Hong Kong in June 2008 and allotted 3,000 ordinary shares representing 30% equity interests of BARL, at a consideration of HK\$12,000,000 to the Group and 70% equity was allotted to Harvest Smart BAB.

BARL commenced its organic farming business by investing in an organic farm in Guangdong Luoding City since 2009. The investment return income through the guaranteed annual return provided by Harvest Smart BAB was HK\$2,640,000 for the year 2012. The directors of the Company considered to recognise an impairment loss of HK\$2,640,000 in respect of the Group's investment in BARL for the year ended 31 December 2012.

On 7 March 2014, the Company instructed its legal representative to serve a final notice to Harvest Smart BAB in demanding for repayment of outstanding guaranteed attributable profit for the year 2012 of HK\$2,640,000 not later than 21 March 2014. The Company received the whole amount of repayment of HK\$2,640,000 on 27 March 2014.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors and the directors of the Investment Manager 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 and the directors of the Investment Manager, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. SHARE CAPITAL

The authorized and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue are set out as follows:

**(I) Assuming no new Shares being issued and no Share being repurchased by the Company on or before the Record Date:**

*(i) As at the Latest Practicable Date*

<i>Authorized:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>		
<u>526,654,500</u>	Shares	<u>5,266,545.00</u>

*(ii) Immediately after completion of the Rights Issue*

<i>Authorized:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>		
526,654,500	Shares	5,266,545.00
<u>2,106,618,000</u>	Rights Shares	<u>21,066,180.00</u>
<u>2,633,272,500</u>	Total	<u>26,332,725.00</u>



(II) Assuming no new Shares being issued other than those falling to be issued upon full exercise of the Share Options (save for those Share Options under the Option Irrevocable Undertakings) and no Share being repurchased by the Company before the Record Date.

(i) *At at Latest Practicable Date*

<i>Authorized:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>		
<u>526,654,500</u>	Shares	<u>5,266,545.00</u>

(ii) *Immediately after completion of the Rights Issue*

<i>Authorized:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>		
526,654,500	Shares	5,266,545.00
11,871,600	Shares issued under the Share Options (save for those Share Options under the Option Irrevocable Undertakings)	118,716.00
<u>2,154,104,400</u>	Rights Shares	<u>21,541,044.00</u>
<u>2,692,630,500</u>	Total	<u>26,926,305.00</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, fully paid or credited as fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there are outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 18,156,900 Shares. Save as and except for the Share Options, as at the Latest Practicable Date, the Company has no other outstanding convertible securities, options in issue which confer any right to subscribe for, convert or exchange into Shares.

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

### 3. DISCLOSURE OF INTERESTS

#### Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company and their associates 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 (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO including interests or short positions which they are taken or deemed to have under such provisions of the SFO; or (b) pursuant to section 352 of the SFO, to be entered the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

#### *Long positions in the Shares*

Name of Director/ Chief Executive Officer	Number of Shares	Type of interest	Percentage of issued share capital
Dr. Lam	299,300	Beneficial interest (Note 1)	0.01%
	471,550,000	Interests as settlor and protector of a discretionary trust (Note 2)	17.51%
Mr. Yeung	2,993,000	Beneficial interest (Note 3)	0.56%

#### *Notes:*

- (1) These represented the Share Options granted by the Company.
- (2) The total of 400,000,000 Shares out of the 471,550,000 Shares represent the 400,000,000 Underwritten Shares which are underwritten by Goodchamp under the Underwriting Agreement. The interests are held by Goodchamp, which is directly owned by The Sinowin Unit Trust (Sinowin (PTC) Inc. as its trustee), which is 100% owned by the Richmond Trust (a discretionary trust in which HSBC International Trustee Limited is the trustee). Dr. Lam, the Chairman and non-executive Director, is the settlor and protector of Richmond Trust.
- (3) These represented the Share Options granted by the Company on 31 March 2014 to Mr. Yeung who was appointed as Chief Executive Officer on 7 July 2014.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning

of Part XV of the SFO which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, the following person(s) (other than the Directors and the chief executive of the Company) has, or is 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, details of which are set out as follows:

#### *Long positions in the Shares*

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Goodchamp	Beneficial owner ( <i>Note 1</i> )	471,550,000	17.51%
Sinowin (PTC) Inc.	Interest of controlled corporation ( <i>Note 1</i> )	471,550,000	17.51%
HSBC International Trustee Limited	Trustee ( <i>Note 1</i> )	471,550,000	17.51%
Kingston Securities Limited	Beneficial owner ( <i>Note 2</i> )	1,467,904,400	54.51%
Galaxy Sky Investments Limited	Interest of controlled corporation ( <i>Note 2</i> )	1,467,904,400	54.51%
Kingston Capital Asia Limited	Interest of controlled corporation ( <i>Note 2</i> )	1,467,904,400	54.51%
Kingston Financial Group Limited	Interest of controlled corporation ( <i>Note 2</i> )	1,467,904,400	54.51%
Active Dynamic Limited	Interest of controlled corporation ( <i>Note 2</i> )	1,467,904,400	54.51%
Chu Yuet Wah	Interest of controlled corporation ( <i>Note 2</i> )	1,467,904,400	54.51%

#### *Notes:*

- (1) The total of 400,000,000 Shares out of the 471,550,000 Shares represent the 400,000,000 Underwritten Shares which are underwritten by Goodchamp under the Underwriting Agreement. The interests are held by Goodchamp, which is directly owned by The Sinowin Unit Trust (Sinowin (PTC) Inc. as its trustee), which is 100% owned by the Richmond Trust (a discretionary trust in which HSBC International Trustee Limited is the trustee). Dr. Lam, the Chairman and non-executive Director, is the settlor and protector of Richmond Trust.
- (2) The total of 1,467,904,400 Shares represent the maximum of 1,467,904,400 Underwritten Shares which are underwritten by Kingston Securities under the Underwriting Agreement. Kingston Securities Limited is wholly-owned by Galaxy Sky Investments Limited which in turn is wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is 100% owned by Kingston Financial Group Limited which is 42.90% owned by Active Dynamic Limited. Mrs. Chu Yuet Wah owns 100% interest in Active Dynamic Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company 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 and section 336 of the SFO, or who was 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 any other members of the Company or had any options in respect of such Shares.

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

#### **4. DIRECTORS' INTERESTS IN CONTRACT AND ASSETS**

On 30 May 2014, one of the wholly owned subsidiaries of the Company, as lessee, entered into a tenancy agreement for leasing of an office located at Unit 32, 8/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hungghom, Kowloon with Ngai Lik Properties Limited, as lessor, of which Dr. Lam Man Chan, Chairman and non-executive Director of the Company, has a beneficial interest. The monthly rental is HK\$23,775.

As at the Latest Practicable Date, saved as disclosed, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2013 (being the date to which the latest published audited financial statements of the Group were made up) been 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.

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

#### **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### **6. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

1. a placing agreement dated 2 September 2013 between the Company and Orient Securities Limited regarding the placing of 59,860,000 new shares of the Company at a placing price of HK\$0.20 each and completed on 18 September 2013;
2. a placing agreement dated 6 January 2014 between the Company and Orient Securities Limited regarding the placing of 71,832,000 new shares of the Company at a placing price of HK\$0.165 each and completed on 20 January 2014;

3. a placing agreement dated 9 May 2014 between the Company and Kingston Securities Limited regarding the placing of 86,390,000 new shares of the Company at a placing price of HK\$0.41 each and completed on 23 May 2014;
4. a provisional sale and purchase agreement and a formal sale and purchase agreement dated 25 June 2014 and 9 July 2014 respectively between Nicefield Asia Limited, a wholly owned subsidiary of the Company and Mr. Wong Tsz Hin, regarding the purchase of a property situated in Unit 18, 9/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hungghom, Kowloon at a consideration of HK\$12,300,000.00. The completion date is expected to take place on or before 25 August 2014;
5. a sales and purchase agreement dated 26 June 2014 between the Group and an Independent Third Party to dispose the entire 100% equity interest of its three non-profit making subsidiaries with branches in Taiwan and the PRC for aggregate consideration of approximately HK\$4.2 million. The net assets value of three subsidiaries amounted to approximately HK\$4.1 million; and
6. the Underwriting Agreement.

## 7. LITIGATION

Reference is made to the announcements of the Company dated 19 January 2012 and 28 March 2013, and the 2011 and 2012 annual reports of the Company regarding, among other things, the civil action taken against Mr. Cheung Tung Lan, Tony, a former Chairman and Non-executive Director of the Company. In view of the potential costs and time expected to be involved, the Company considered not to pursue the case any further. The Company wishes to focus its resources on its ordinary business development, which is considered in the interests of the Company and its shareholders.

Reference is made to the announcement of the Company dated 4 July 2014 regarding, among other things, Ascent Glory Holdings Limited, the issuer of the convertible note (“**Convertible Note**”) subscribed by Master Glory Holdings Limited (“**MGHL**”), a subsidiary of the Company, was unable to redeem the Convertible Note with interest accrued upon the maturity of the Convertible Note on 13 June 2014. The Company has instructed its lawyers to proceed with debt recovery action. The legal adviser of the Company to the debt recovery action issued a demand letter to the debtor and the three guarantors on 7 July 2014 and demanding the redemption of the Convertible Bond and the outstanding principal and interests to be settled by 14 July 2014. On 14 July 2014, the legal adviser of the Company to the debt recovery action received a reply letter from the debtor’s lawyer, requesting an extension of 14 days for replying to the demand letter dated 7 July 2014. After that, MGHL has already received a total sum of HK\$5 million as partial repayment of the debt due under the Convertible Note up to 31 July 2014. MGHL is now in the course of seeking a full settlement proposal or repayment schedule from the issuer of the Convertible Note, failing which MGHL will seek legal advice as to recovery action. Please refer to note (a) of the section headed “**INVESTMENT PORTFOLIO**” of Appendix III of this circular for more information.

Save to the above, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

## 8. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes with or may compete with the business of the Group or had any other conflict of interests which any person has or may have with the Group.

## 9. EXPERTS AND CONSENTS

The following is the qualification of the experts (the “**Experts**”) who have been named in this circular or has given opinions, letter or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Quam Capital Limited	a corporation licensed under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

As at the Latest Practicable Date, none of the above Experts had 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.

As at the Latest Practicable Date, none of the Experts had any interest, direct or indirect, or in any assets which since 31 December 2013, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with copies of their reports or letters (as the case maybe), with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

## 10. MISCELLANEOUS

- (a) The joint company secretaries of the Company are (i) Mr. Leung Yiu Wah who is an associate member of the Hong Kong Institute of Certified Public Accountants; and (ii) Ms. Cheng Suk Fun who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators
- (b) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

## 11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

<b>Registered office</b>	Canon's Court, 22 Victoria Street Hamilton HM 12 Bermuda
<b>Head office and principal place of business in Hong Kong</b>	Flat 32, 8/F, Block B Focal Industrial Centre 21 Man Lok Street Hung Hom, Kowloon, Hong Kong
<b>Authorised representatives in Hong Kong</b>	Mr. Leung Yiu Wah Flat 32, 8/F., Block B Focal Industrial Centre 21 Man Lok Street, Hunghom Kowloon, Hong Kong  Ms. Cheng Suk Fun Flat 32, 8/F., Block B Focal Industrial Centre 21 Man Lok Street, Hunghom Kowloon, Hong Kong
<b>Joint Company secretaries</b>	Mr. Leung Yiu Wah Ms. Cheng Suk Fun
<b>Underwriters of the Rights Issue</b>	<i>Goodchamp Holdings Limited</i> Flat 32, 8/F., Block B Focal Industrial Centre 21 Man Lok Street, Hunghom, Kowloon  <i>Kingston Securities Limited</i> Suite 2801, One International Finance Centre 1 Harbour View Street, Central Hong Kong
<b>Legal advisers to the Company in respect of the Rights Issue</b>	As to Bermuda law: <i>Appleby</i> 2206-19, Jardine House 1 Connaught Place Central, Hong Kong  As to Hong Kong law: <i>Sidley Austin</i> 39/F, Two International Finance Centre Central, Hong Kong

<b>Auditors and Reporting accountants</b>	<i>HLB Hodgson Impey Cheng Limited</i> 31/F, Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong
<b>Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders</b>	Quam Capital Limited 18/F, Aon China Building 29 Queen's Road Central, Hong Kong
<b>Principal share registrar and transfer agent in Bermuda</b>	<i>Appleby Management (Bermuda) Ltd.</i> , Canon's Court, 22 Victoria Street, Hamilton HM, Bermuda
<b>Branch share registrar and transfer office in Hong Kong</b>	<i>Tricor Tengis Limited</i> Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Principal banker</b>	<i>Standard Chartered Bank (Hong Kong) Limited</i> Standard Chartered Bank Building 4-4A Des Voeux Road Central, Hong Kong
<b>Stock code</b>	810
<b>Website</b>	<a href="http://www.irasia.com/listco/hk/opesasia">http://www.irasia.com/listco/hk/opesasia</a>

## 12. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$7,000,000, which are payable by the Company.



## 13. PARTICULARS OF DIRECTORS

## (a) Name and address of Directors

Name	Address
<i>Executive Director</i>	
Mr. Lee Kwok Leung	Flat 32, 8/F., Block B Focal Industrial Centre 21 Man Lok Street, Hung Hom Kowloon, Hong Kong
<i>Non-executive Directors</i>	
Dr. Lam Man Chan	Flat 32, 8/F., Block B Focal Industrial Centre 21 Man Lok Street, Hung Hom Kowloon, Hong Kong
<i>Independent Non-executive Directors</i>	
Dr. Ng Chi Yeung, Simon	Flat 32, 8/F., Block B Focal Industrial Centre 21 Man Lok Street, Hung Hom Kowloon, Hong Kong
Mr. Tam Yuk Sang, Sammy	Flat 32, 8/F., Block B Focal Industrial Centre 21 Man Lok Street, Hung Hom Kowloon, Hong Kong
Ms. Florence Ng	Flat 32, 8/F., Block B Focal Industrial Centre 21 Man Lok Street, Hung Hom Kowloon, Hong Kong

## (b) Profiles of Directors

*Executive Director*

**Mr. Lee Kwok Leung**, aged 60, joined the Company on 8 May 2014, He is a licensed person to carry out type 9 (asset management) regulated activity under the SFO. He has approximately 14 years of relevant experience by serving as a responsible officer in Success Talent Investments Limited providing investment advisory services to and managing investment portfolios for professional/institutional investors mainly in Greater China and Hong Kong. Mr. Lee has strong experience in portfolio construction, portfolio management,

risk assessment and investment due-diligence. Furthermore, Mr. Lee was the Managing Director of BOCI Direct Management Limited from 1992 to 1999. In this private equity fund, he was responsible for the overall management of the fund. Moreover, Mr. Lee has extensive experience in several investment management companies, the details of which are as follows:

<b>Company</b>	<b>Period</b>	<b>Fund size Approximately (HK\$ million)</b>
Earnest Investments Holdings Limited (Stock code: 0339)	January 2000 to present	35
China Investment and Finance Group Limited (Stock code: 1226)	May 2011 to November 2012	544
Opes Asia Development Limited (Stock code: 0810)	April 2008 to March 2009	50

Currently, Mr. Lee is an independent non-executive director of First Natural Foods Holdings Limited (stock code: 1076), a company listed on The Stock Exchange of Hong Kong Limited.

*Non-executive director*

**Dr. Lam Man Chan**, aged 65, joined the Company on 11 February 2014. He has over 30 years of management experience and in depth knowledge of the electronics industry. He was graduated from the World Electric Engineering College in 1969. Dr. Lam holds an honorary degree of Doctor of Science from Armstrong University in the United States. He is currently the chairman of Ngai Lik Group Limited (“Ngai Lik”), a group mainly engaged in the sale and manufacture of consumer electronics products. He is responsible for the formulation of corporate strategy and overall direction of Ngai Lik. Dr. Lam has invested in different industries, including securities broking, finance business, hotel development, motor cycle business and properties investment. He was granted the Young Industrialist Awards of Hong Kong in 1994 and the World Outstanding Chinese Award in 2005. He was once a standing committee member of Qingyuan Region Committee of the Chinese People’s Political Consultative Conference (“CPPCC”) and a committee member of Guangdong Provincial Committee and Dongguan Regional Committee of CPPCC. Dr. Lam had been the chairman and executive director of Ngai Lik Industrial Holdings Limited (Stock code: 00332), a public listed company, during the period from 28 February 1992 to 11 January 2010.

*Independent Non-executive Directors*

**Dr. Ng Chi Yeung Simon**, aged 56, is a qualified solicitor in Hong Kong and joined the Company on 26 November 2013. He is a consultant of Rowland Chow, Chan & Company, a law firm in Hong Kong. Dr. Ng holds a bachelor degree from the Manchester Metropolitan University in the United Kingdom, a master degree in Chinese and Comparative Law, and a doctor degree in worship studies from the Robert Webber Institute for Worship Studies. Dr. Ng is also a Part-time Lecturer of the Department of Professional Legal Education of The University of Hong Kong. Dr. Ng is currently an independent non-executive director of another two public listed companies in Hong Kong, namely, Kith Holdings Limited (stock code: 01201) and Winfair Investment Company Limited (stock code: 00287). He had once been an independent non-executive director of Long Success International (Holdings) Limited (stock code: 08017) and Ngai Lik Industrial Holdings Limited (stock code: 00332), a public listed company, up to 18 October 2013 and 18 February 2010 respectively.

**Mr. Tam Yuk Sang Sammy**, aged 50, joined the Company on 31 December 2013. He graduated from the Hong Kong Polytechnic University, is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is currently the president of Essentack Limited, a corporate strategy and management advisory company. He is an independent non-executive director of KEE Holdings Company Limited (stock code: 02011), a company whose shares are listed on the Stock Exchange and, Renheng Enterprise Holdings Limited (stock code: 03628), a company whose shares are listed on the Stock Exchange. He is an independent non-executive director and the audit committee chairman of Kith Holdings Limited (stock code: 01201), a company whose shares are listed on the Stock Exchange. Mr. Tam had once been an independent non-executive director and the audit committee chairman of Long Success International (Holdings) Limited (stock code: 08017) a company whose shares are listed on GEM, up to 18 October 2013.

**Ms. Florence Ng**, aged 50, is a solicitor of the Hong Kong Special Administrative Region and joined the Company on 31 December 2013. Ms. Ng holds a Bachelor of Arts degree from the San Francisco State University, a Bachelor of Laws degree from the University of London and a Master of Laws degree from the City University of Hong Kong. Ms. Ng has over 10 years of business management experience in the high-tech industry in Canada. Ms. Ng has held senior management positions in several computer and internet companies and she was responsible for general management and oversaw their operations of the sales, marketing and purchasing.

**14. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours in any weekday (excluding Saturdays, Sundays and public holidays) at the office of the Company at Unit 32, 8/F, Block B, Focal Industrial Centre, 21 Man Lok Street, Hung Hom, Kowloon, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association of the Company and the Bye-laws;
- (b) the annual reports of the Company for the years ended 31 December 2012 and 2013;
- (c) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II of this circular;
- (d) the written consent referred to in the paragraph headed “Experts and Consents” in this appendix;
- (e) the letter from the Independent Board Committee;
- (f) the letter from Quam Capital;
- (g) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (h) this circular.

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## NOTICE OF SGM

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# OPES ASIA DEVELOPMENT LIMITED

## 華保亞洲發展有限公司\*

*(Continued into Bermuda with limited liability)*

(Stock Code: 810)

**NOTICE IS HEREBY GIVEN** that a special general meeting (“**SGM**”) of Opes Asia Development Limited (the “**Company**”) will be held at Function Room of Macau Jockey Club, 1/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road, Hong Kong at 11:00 a.m. on Monday, 25 August 2014 for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as resolutions of the Company:

### ORDINARY RESOLUTION

1. “**THAT**

- (a) subject to the conditional upon fulfillment of the conditions of the Underwriting Agreement (as defined below), the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved;

For the purpose of this resolution, “Rights Issue” means the proposed issue by way of rights issue of not less than 2,106,618,000 Shares and not more than 2,154,104,000 Shares (the “**Rights Shares**”) at a subscription price of HK\$0.10 per Rights Share to the qualifying shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the date by reference to which entitlement under the Rights Issue will be determined (other than those shareholders (the “**Prohibited Shareholders**”) with registered addresses outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) in the proportion of four (4) Rights Share for every one (1) Share then held and otherwise pursuant to and subject to the fulfillment of the conditions set out in the underwriting agreement (the “**Underwriting Agreement**” including all supplemental agreements relating thereto) (a copy of which have been produced to the SGM marked “**A**” and signed by the chairman of the SGM for the purpose of identification) dated 11 July 2014 and made between the Company and Kingston Securities Limited (“**Kingston Securities**”) and Goodchamp Holdings Limited as underwriters (collectively the “**Underwriters**”);

- (b) any Directors be and is hereby authorised to allot and issue the Rights Shares (in their nil-paid form and fully-paid form) pursuant to and in connection with the Rights Issue notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or Prohibited Shareholders as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the bye-laws of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong;

\* For identification purpose only

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## NOTICE OF SGM

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- (c) the entering into the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the unsubscribed Rights Shares, if any, by the Underwriters and/or such subscriber(s) to be procured by the Underwriters and the absence of excess application arrangement) be and are hereby approved, confirmed and ratified;
- (d) the absence of arrangements for application for the Rights Shares by the Qualifying Shareholders in excess of their entitlements under the Rights Issue be and are hereby approved, confirmed and ratified; and
- (e) any Director be and is hereby authorised to sign and execute such documents, instruments and agreements (and if such documents are required to be affixed with the common seal, any Director and the Secretary or any two Directors and hereby authorised to sign and to affix the common seal on such documents) and to do all such acts or things deemed by him/he/them to be incidental to, ancillary to or in connection with the matters contemplated under the Underwriting Agreement, the Rights Issue as he/she/they may in his/her/their absolute discretion consider necessary, desirable or expedient to give effect to the Underwriting Agreement, the Rights Issue and the issue of the Rights Shares and the implementation of all transactions contemplated thereunder, including but not limited to the issue and allotment of Rights Shares and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

For and on behalf of the Board of  
**Opes Asia Development Limited**  
**Lee Kwok Leung**  
*Executive Director*

Hong Kong, 8 August 2014

*Registered office:*  
Canon's Court  
22 Victoria Street  
Hamilton HM 12,  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
Unit 32, 8/F, Block B  
Focal Industrial Centre  
21 Man Lok Street  
Hung Hom, Kowloon, Hong Kong

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## NOTICE OF SGM

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*Notes:*

1. A member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and to vote on his behalf. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead.
2. Where there are joint registered holders of any share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon must be deposited with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong 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, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.
5. Save for any resolution(s) approving the procedural and administrative matters, any voting of the SGM should be taken by poll.