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If you have sold or transferred all your shares in Qianlong Technology International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Qianlong Technology International Holdings Limited
(乾隆科技國際控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1236)

**POSSIBLE CONNECTED TRANSACTION IN RELATION TO
THE CONDITIONAL AGREEMENT IN RELATION TO
ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE BY
QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED TO
PARKO (HONG KONG) LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Offeror



CCB International Capital Limited

**Financial adviser to
Qianlong Technology International Holdings Limited**



Independent Financial Adviser to the Independent Board Committee

VEDA | CAPITAL
智略資本

A letter from the Board is set out on pages 8 to 26 of this circular. A letter of recommendation from the Independent Board Committee is set out on pages 27 to 28 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 29 to 47 of this circular.

A notice convening the EGM to be held at Room 3-5, United Conference Centre, 10/F United Centre, 95 Queensway, Hong Kong on Wednesday, 2 October 2013, at 2:00 p.m. is set out on pages 54 to 56 of this circular. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this circular, these defined terms are not included in the table below:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code;
“associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Bondholder(s)”	holder(s) of the Convertible Bonds from time to time;
“Business Day”	a day on which the banks in Hong Kong are open for business, other than: (a) a Saturday or a Sunday; or (b) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.;
“CB Subscription”	the subscription of the Convertible Bonds by the Offeror pursuant to the Subscription Agreement;
“CB Subscription Completion”	the completion of the CB Subscription in accordance with the Subscription Agreement;
“CB Subscription Completion Date”	the date of CB Subscription Completion, being the fifth Business Day after the day on which the last of the CB Subscription Conditions having been fulfilled (or otherwise waived in accordance with the Subscription Agreement) (or such other date as may be agreed by the Company and the Offeror in writing);
“CB Subscription Condition(s)”	condition(s) precedent to CB Subscription Completion, further details of which are set out in the section headed “The Subscription Agreement – CB Subscription Conditions” of this circular;
“CB Subscription Longstop Date”	30 November 2013, or such later date as may be agreed between the Offeror and the Company in writing;

DEFINITIONS

“Company”	Qianlong Technology International Holdings Limited (乾隆科技國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1236);
“connected person”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Conversion Price”	HK\$1.90, being the initial conversion price at which the Conversion Shares will be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds;
“Conversion Share(s)”	the Shares to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds;
“Convertible Bonds”	the convertible bonds in the maximum aggregate principal amount of HK\$247,925,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement as described in this circular;
“Deed of NAV Guarantee”	a deed of net asset value guarantee dated 15 July 2013 executed by Mr. Liao and Mr. Yang as guarantors and the Offeror;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Chiu Kam-Hing Kathy, Mr. Tsai Jeng-Yang and Mr. Hsieh Shao-Ven Billy which has been established by the Company to make recommendations to the Independent Shareholders in respect of the Offer and the CB Subscription;
“Independent Financial Adviser”	Veda Capital Limited, a licensed corporation to conduct type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, the CB Subscription and the transactions contemplated therein;
“Independent Shareholders”	Shareholders other than (i) the Vendors, their associates and parties acting in concert with any of them; (ii) the Offeror, its ultimate beneficial owner and any parties acting in concert with any of them; and (iii) any Shareholders who are involved in or interested in the Share Purchase Agreement, the Subscription Agreement and/or the transactions contemplated therein;
“Initial Principal Amount”	HK\$247,925,000, being the initial principal amount of the Convertible Bonds before deducting the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer;
“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 16 August 2013 in relation to, among other things, the Offer and the CB Subscription;
“Last Trading Day”	20 June 2013, being the last full trading day for the Shares prior to the suspension of trading in the Shares;
“Latest Practicable Date”	11 September 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Committee”	the Listing Committee of the Stock Exchange;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maturity Date”	the fifth anniversary of the date of issue of the Convertible Bonds;
“Mr. Liao”	Mr. Liao Chao-Ping (廖朝平), an executive Director, who is one of the Vendors;
“Mr. Yang”	Mr. Yang Ching-Shou (楊慶壽), an executive Director, who is one of the Vendors;
“Offer”	the mandatory conditional cash offer to be made by CCB International Capital Limited on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code as a result of (and subject to and upon) the Share Purchase Completion;
“Offeror” or “Subscriber”	Parko (Hong Kong) Limited (百豪(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability, being the purchaser under the Share Purchase Agreement and the subscriber under the Subscription Agreement, and which is indirectly controlled by Hebei Supply and Marketing Cooperative (河北省供銷總社);
“Offer Period”	has the meaning ascribed to it under the Takeovers Code;
“Offer Price”	the cash amount of HK\$1.90 payable by the Offeror for each Share in respect of the Offer;
“Offer Share(s)”	Share(s) in respect of which the Offer is made, being Share(s) not already owned or agreed to be acquired by the Offeror and parties acting in concert with it and the Shares beneficially owned by Hebei Supply and Marketing Cooperative (河北省供銷總社) immediately after the Share Purchase Completion;
“PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;

DEFINITIONS

“Sale Share(s)”	an aggregate of 87,250,000 Shares agreed to be acquired by the Offeror from the Vendors pursuant to the terms of the Share Purchase Agreement, representing approximately 34.54% of the existing issued share capital of the Company as at the Latest Practicable Date immediately before Share Purchase Completion;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the share(s) having a par value of HK\$0.10 each in the Company;
“Shareholder(s)”	holders of the Share(s);
“Share Purchase Agreement”	the share purchase agreement dated 15 July 2013 entered into between the Vendors and the Offeror in relation to the sale and purchase of the Sale Shares (as supplemented by a waiver letter issued by the Offeror to the Vendors dated 16 August 2013);
“Share Purchase Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement;
“Share Purchase Completion Date”	the date of the Share Purchase Completion, which shall be the fifth Business Day after the fulfillment (or, where applicable, waiver) of the last of the Share Purchase Conditions (or such other date as may be agreed by the Vendors and the Offeror in writing);
“Share Purchase Condition(s)”	condition(s) precedent to Share Purchase Completion further details of which are set out in the section headed “The Subscription Agreement — Share Purchase Conditions” of this circular;
“Share Purchase Longstop Date”	30 September 2013, or such later date as may be agreed between the Vendors and the Offeror in writing;
“Special Dividend”	a conditional special dividend in cash which declared by the Board on 15 August 2013;

DEFINITIONS

“Special Dividend Record Date”	the record date for ascertaining the eligibility to qualify for entitlement for the declaration and distribution of the conditional Special Dividend, being at the close of business on the fourth Business Day after the date of the EGM and before the Share Purchase Completion Date;
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to authorize the Directors to allot and issue the Conversion Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Agreement”	the subscription agreement dated 15 July 2013 (as supplemented by a supplemental agreement dated 16 August 2013) entered into between the Company and the Subscriber in respect of the subscription and issue of the Convertible Bonds;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchase;
“Vendors”	collectively, Mr. Yang, Mr. Fan Ping-Yi (范平尹), Mr. Chen Ming-Chuan (陳銘傳), Mr. Yu Shih-Pi (余世筆) and Mr. Liao, and each a “Vendor”;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	renminbi, the lawful currency of PRC;
“%”	per cent.

INDICATIVE TIMETABLE

Below is an indicative timetable showing the key dates of the relevant events:

Event	Time & Date
Latest time and date for lodging proxy forms for the EGM	2:00 p.m. on Monday, 30 September 2013
Time and date of the EGM	2:00 p.m. on Wednesday, 2 October 2013

If the approvals sought at the EGM are obtained:

Last day of dealings in the Shares to qualify for entitlement to the Special Dividend	Friday, 4 October 2013
First day of dealings in the Shares ex-entitlement to the Special Dividend	Monday, 7 October 2013
Latest date and time for lodging transfers of Shares to qualify for entitlement to the Special Dividend	4:30 p.m. on Tuesday, 8 October 2013
Special Dividend Record Date	Tuesday, 8 October 2013
Expected Share Purchase Completion Date (<i>note 1</i>)	Wednesday, 9 October 2013

If Share Purchase Completion has occurred:

Expected latest payment date of the Special Dividend in cash	Thursday, 24 October 2013
Expected CB Subscription Completion Date (<i>note 2</i>)	Thursday, 5 December 2013

Note 1: Pursuant to the terms of the Share Purchase Agreement, completion of the Share Purchase Agreement shall take place on the fifth Business Day after the day on which the last of the Share Purchase Conditions is fulfilled (or, where applicable, waived) or such other date as may be agreed by the Vendors and the Offeror in writing.

Note 2: Pursuant to the terms of the Subscription Agreement, completion of the Subscription Agreement shall take place on the fifth Business Day after the day on which the last of the CB Subscription Conditions is fulfilled (or, where applicable, waived) or such other date as may be agreed by the Company and the Offeror in writing.

Further announcement(s) will be made in relation to those events which are scheduled to take place after the EGM as and when appropriate in accordance with applicable regulatory requirements.



Qianlong Technology International Holdings Limited

(乾隆科技國際控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

Executive Directors:

Mr. Liao Chao-Ping (*Chairman*)

Mr. Fan Ping-Yi

Mr. Yang Ching Shou (*Chief Executive Officer*)

Mr. Chen Ming-Chuan

Mr. Yu Shih-Pi

Ms. Liao Angela Min-Yin

Registered Office:

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Independent non-executive Directors:

Ms. Chiu Kam Hing, Kathy

Mr. Tsai Jeng-Yang

Mr. Hsieh Billy Shao-Ven

Principal place of business

in Hong Kong:

19/F, Nan Dao Commercial Building

359-361 Queen's Road Central

Sheung Wan

Hong Kong

13 September 2013

Dear Shareholder(s),

**POSSIBLE CONNECTED TRANSACTION IN RELATION TO
THE CONDITIONAL AGREEMENT IN RELATION TO
ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE BY
QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED TO
PARKO (HONG KONG) LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Joint Announcement dated 16 August 2013 in relation to, among other things, the Offer and the CB Subscription. On 15 July 2013, the Offeror and the Vendors entered into the Share Purchase Agreement, pursuant to which the Vendors agreed to sell and the Offeror agreed to acquire the Sale Shares, being 87,250,000 Shares in aggregate at a total consideration of HK\$165,775,000 (representing a purchase price of HK\$1.90 per Sale Share). The Sale Shares represent (a) all the Shares held by the Vendors and (b) approximately 34.54% of the existing issued share capital of the Company, as at the Latest Practicable Date.

* *For identification purposes only*

LETTER FROM THE BOARD

On 15 July 2013, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe in cash for the Convertible Bonds.

The maximum total consideration payable by the Offeror under the Offer is HK\$314,165,000 (being the Offer Price of HK\$1.90 per Share multiplied by 165,350,000 Shares (being the total number of Offer Shares)). The principal amount of the Convertible Bonds will be determined upon the close of the Offer, equivalent to the balance after deducting the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer, being the number of Shares represented by such acceptances multiplied by the Offer Price, from the Initial Principal Amount. Therefore, the principal amount would be in the range of HK\$0 (in case of the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer being equal to or more than the Initial Principal Amount but in any event not more than HK\$314,165,000) to HK\$247,925,000 (in case of no Independent Shareholder accepting the Offer or lapse of the Offer (in the event that the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period results in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, therefore the Offer does not become unconditional)).

The Bondholder will have the right, during the period commencing from the date of issue of the Convertible Bonds (which is expected to take place after the closing of the Offer) to the fifth anniversary of the date of issue of the Convertible Bonds to convert the whole or part of the principal amount of the Convertible Bonds. No exercise of conversion rights attaching to the Convertible Bonds is allowed if immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules, or if such conversion is prohibited under the Takeovers Code, including Rule 31.1(a) of the Takeovers Code which prohibits the Bondholder to convert the Convertible Bonds within 12 months from the date on which the Offer is withdrawn or lapsed (as the case may be), except with the consent of the Executive.

Based on the Initial Principal Amount, and assuming the conversion rights attaching to the Convertible Bonds have been exercised in full at the Conversion Price of HK\$1.90 per Conversion Share, a maximum of 130,486,842 Conversion Shares will be issued, representing (i) approximately 51.7% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 34.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Pursuant to the Share Purchase Agreement, the Offeror has agreed to acquire the Sale Shares, which represent approximately 34.54% of the issued share capital of the Company as at the Latest Practicable Date. As such, the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion. The CB Subscription Completion is conditional upon, among other things, the Share Purchase Completion. As the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion and therefore a connected person of the Company, the entering into of the Subscription Agreement between the Company and the Subscriber

LETTER FROM THE BOARD

constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which requires the approval of the Independent Shareholders voting by way of a poll at the EGM.

As the Subscriber will become a connected person of the Company upon Share Purchase Completion and will have a material interest in the Subscription Agreement, the Subscriber and its associates are required to abstain from voting for the relevant resolution to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. Each of Mr. Yang, Mr. Fan Ping-Yi, Mr. Chen Ming-Chuan, Mr. Yu Shih-Pi and Mr. Liao, is beneficially interested in approximately 9.70%, 9.70%, 7.27%, 5.89% and 1.98% of the existing entire issued share capital of the Company, respectively, as at the Latest Practicable Date. The Vendors and their respective associates will also abstain from voting on the resolution to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

The EGM will be convened before the Share Purchase Completion to approve, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares.

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to recommend the Independent Shareholders in respect of the terms of the Subscription Agreement. Veda Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with among other things (i) further details of the Subscription Agreement and the Offer and the transactions contemplated thereunder, including the issue of Convertible Bonds and the Conversion Shares under Specific Mandate; (ii) the advice from the Independent Financial Adviser; (iii) the letter from the Independent Board Committee to the Independent Shareholders; and (iv) a notice convening the EGM.

THE SUBSCRIPTION AGREEMENT

Date : 15 July 2013

Parties : (1) The Company (as issuer)

(2) The Subscriber (as subscriber)

The Subscriber is a company incorporated in Hong Kong with limited liability on 17 June 1993, whose principal business is investment holding. The entire issued share capital of the Subscriber is beneficially and indirectly controlled by Hebei Supply and Marketing Cooperative (河北省供銷總社). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hebei Supply and Marketing Cooperative (河北省供銷總社) is third party independent of the Company and its connected persons.

LETTER FROM THE BOARD

Pursuant to the Share Purchase Agreement, the Offeror has agreed to acquire the Sale Shares, which represent approximately 34.54% of the issued share capital of the Company as at the Latest Practicable Date. As such, the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion.

Subject Matter

The Company has agreed to issue, and the Subscriber has agreed to subscribe in cash for the Convertible Bonds.

Principal terms of the Convertible Bonds

Principal amount : To be determined upon the close of the Offer, equivalent to the balance after deducting the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer, being the number of Shares represented by such acceptances multiplied by the Offer Price, from the Initial Principal Amount, being HK\$247,925,000.

Depending on the level of valid acceptances under the Offer, the principal amount would be in the range of HK\$0 (in case of the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer being equal to or more than the Initial Principal Amount but in any event not more than HK\$314,165,000) to HK\$247,925,000 (in case of no Independent Shareholder accepting the Offer or lapse of the Offer (in the event that the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period results in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, therefore the Offer does not become unconditional)).

Maturity date : The fifth anniversary of the date of issue of the Convertible Bonds.

Interest : The Convertible Bonds will bear interest on the outstanding principal amount thereof from the date of issue at a rate equal to 3% per annum.

LETTER FROM THE BOARD

Conversion rights : The Bondholder will have the right, on any Business Day during the period commencing from the date of issue of the Convertible Bonds to the Maturity Date to convert the whole or part of the principal amount of the Convertible Bonds (in amount of not less than HK\$1,000,000 at any one time, unless the outstanding principal amount of the Convertible Bonds to be converted is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be converted) into the Conversion Shares at the Conversion Price (subject to adjustments).

No exercise of the conversion rights attaching to the Convertible Bonds shall be allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules; or (ii) such conversion is prohibited under the Takeovers Code.

The Conversion Shares will be allotted and issued under the Specific Mandate. The Conversion Shares shall rank pari passu with all other existing Shares in issue as at the date of conversion and be entitled to all dividends, bonus and other distributions the record date of which falls on a date on or after the date of conversion.

Conversion Price : The initial Conversion Price will be equal to HK\$1.90 per Conversion Share, subject to anti-dilution adjustment provisions as summarised below.

Anti-dilution adjustments : The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following:

- i. consolidation, sub-division or re-classification of the Shares;
- ii. capitalisation of profits or reserves;
- iii. capital distribution to holders of Shares;

LETTER FROM THE BOARD

- iv. offer to Shareholders new Shares for subscription by way of rights, or grant to Shareholders any options, warrants or other rights to subscribe for any new Shares at a price which is less than 80% of the market price as at the date of the announcement of the terms of the offer or grant;
- v. issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 80% of the market price as at the date of the announcement of the terms of issue of such securities;
- vi. when the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (v) above are modified so that the total effective consideration per Share initially receivable for such securities will be less than 80% of the market price as at the date of the announcement of such proposal;
- vii. when the Company issue wholly for cash any Shares at a price per Share which is less than 80% of the market price as at the date of the announcement of the terms of such issue; and
- viii. when the Company issue Shares for the acquisition of assets at a total effective consideration per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue.

Voting : The Bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the bondholder.

LETTER FROM THE BOARD

- Transferability : The Convertible Bonds may be assigned or transferred by the bondholder (whether in whole or in part(s)) at any time before the Maturity Date, provided that (i) the assignee or transferee of the Convertible Bond shall not be a connected person (as defined in the Listing Rules) of the Company, unless otherwise approved by the Stock Exchange, and (ii) such assignment or transfer of the Convertible Bond shall be in compliance with the conditions under the terms and conditions of the Convertible Bonds and further subject to (where applicable) the conditions, approvals, requirements and any other provisions or under (1) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or its rules and regulations; and (2) the Listing Rules and applicable laws and regulations). Any assignment or transfer of the Convertible Bonds may be in respect of the whole or part of the principal of the Convertible Bonds (which should be in at least HK\$1,000,000 or in integral multiples of HK\$1,000,000, unless the amount of outstanding Convertible Bonds is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be transferred or assigned).
- Events of default : If any of the following events occurs, the Convertible Bonds shall on the giving of notice by the bondholder to the Company become due and payable at its principal amount then outstanding, together with any accrued outstanding interest:
- i. the Company defaults in its material obligations in the Subscription Agreement which default is incapable of remedy or, if capable of remedy, is not remedied within 20 Business Days after notice of such default from the bondholder to the Company;
 - ii. an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its principal operating subsidiaries;

LETTER FROM THE BOARD

- iii. the Company or any of its principal operating subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its principal operating subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its principal operating subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them;
- iv. an order is made or an effective resolution passed for the winding-up, insolvency, administration or dissolution of the Company or any of its principal operating subsidiaries;
- v. insolvency of the Company;
- vi. a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its principal operating subsidiaries or any government authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its principal operating subsidiaries;
- vii. listing of the Shares on the Stock Exchange ceases or the trading of the Shares on the Stock Exchange is suspended for a continuous period of 10 Business Days or more due to the default of the Listing Rules or applicable laws by any member of the Group or any of its directors, officers, employees or agents;
- viii. the Company or of its principal operating subsidiaries consolidates or amalgamates with or merge into any other corporation, or the Group sells or transfers all or substantially all of its assets;

LETTER FROM THE BOARD

- ix. the Company fails to pay the principal amount or any interest on the Convertible Bonds when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within 10 Business Days of the due date;
- x. any amounts of principal repayment or interest payment in relation to bank borrowings of the Company or any subsidiaries are not paid when due, or within the grace period and the bank notifies the Company or the subsidiary that such non-payment constitutes an event of default under the terms of the loan; or
- xi. the Company or any subsidiaries fails to pay when due or expressed to be due any amounts payable or expressed to be payable by it under any present or future guarantee for any moneys borrowed from or raised through a financial institution and it notifies the Company or the subsidiary that such failure to pay constitutes an event of default under the terms of the guarantee or the loan.

Redemption : Save for occurrence of any events of default, the Convertible Bonds are not redeemable prior to the Maturity Date and the Company shall repay the outstanding principal amount of the Convertible Bond to the bondholder together with all interests accrued thereon on the Maturity Date.

The initial Conversion Price is the same as the purchase price per Sale Share under the Share Purchase Agreement and was arrived at after arm's length negotiations between the Offeror and the Company.

Based on the Initial Principal Amount, assuming the conversion rights attaching to the Convertible Bonds have been exercised in full at the Conversion Price of HK\$1.90 per Conversion Share, a maximum of 130,486,842 Conversion Share will be issued, representing (i) approximately 51.7% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 34.1% of the issued share capital of the Company as enlarged by the allotment and issue of such Conversion Shares.

Specific Mandate

The Conversion Shares will be issued and allotted under the Specific Mandate proposed to be sought from the Independent Shareholders by way of poll at the EGM.

LETTER FROM THE BOARD

No application will be made for a listing, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

CB Subscription Conditions

CB Subscription Completion is conditional upon:

- (i) the Share Purchase Completion (details of which are set out in the section headed "Share Purchase Conditions" below);
- (ii) the closing of the Offer;
- (iii) the representations, warranties and undertakings under the Subscription Agreement given by the Company remaining true and accurate in all material respects and not misleading in any material respect as of the date of the Subscription Agreement and the CB Subscription Completion Date by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the CB Subscription Completion Date respectively;
- (iv) the granting of the approval by the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares; and
- (v) any necessary consents and approvals (including but not limited to government or regulatory consent or approval) required by the Offeror to enter into or complete the transactions contemplated in the Share Purchase Agreement or the Subscription Agreement having been obtained on or before 31 July 2013.

Share Purchase Conditions

Share Purchase Completion referred to above is conditional upon:

- (i) the warranties, representations and/or undertakings given by the Vendors in the Share Purchase Agreement remaining true and accurate and not misleading in all material aspects as given as at the date of the Share Purchase Agreement and as at the Share Purchase Completion by reference to the facts and circumstances subsisting as at the date of the Share Purchase Agreement and the Share Purchase Completion Date respectively;
- (ii) (i) the current listing of the Shares not having been withdrawn, (ii) the Shares continuing to be traded on the Stock Exchange prior to the Share Purchase Completion Date (save for any temporary suspension for no longer than seven consecutive trading days or such other period as the Offeror may agree in writing or the temporary suspension in connection with transactions contemplated under any of the Share Purchase Agreement, the Deed of NAV

LETTER FROM THE BOARD

Guarantee and the Subscription Agreement) and (iii) neither the Stock Exchange nor the SFC having indicated before the Share Purchase Completion Date that it will object to such continued listing for reasons related to or arising from the transactions contemplated under any of the Share Purchase Agreement, the Subscription Agreement and the Deed of NAV Guarantee;

- (iii) the passing by the Shareholders of such resolutions as may be necessary in accordance with the Listing Rules approving the Subscription Agreement and the issue and allotment of the Convertible Bonds thereunder in accordance with the Listing Rules, the articles of association of the Company and as required by applicable law;
- (iv) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares;
- (v) the declaration of the Special Dividend at prevailing market exchange rate to the Shareholders with the record date being a date prior to the Share Purchase Completion Date by the Board;
- (vi) the Subscription Agreement remaining in full force and effect and not terminated in accordance with its terms; and
- (vii) the CB Subscription Condition (v) mentioned above.

The Offeror may, at its absolute discretion, waive CB Subscription Condition (iii) and the Share Purchase Conditions (v) and (vii).

The Company shall use its reasonable endeavours to procure the fulfilment of the CB Subscription Conditions (other than the CB Subscription Condition (v)) on or before the CB Subscription Longstop Date. Each of the Vendors shall use his reasonable endeavours to procure the fulfilment of the Share Purchase Conditions (other than Share Purchase Condition (vii)) on or before the Share Purchase Longstop Date. The CB Subscription Condition (v) and Share Purchase Conditions (v) and (vii) have been fulfilled as at the Latest Practicable Date.

If any of the CB Subscription Conditions is not fulfilled (or, where applicable, waived) on or before the CB Subscription Longstop Date, the Subscription Agreement shall lapse and cease to have any effect except certain clauses specified therein and no party to the Subscription Agreement shall have any claim against any of the other parties, except in respect of claims arising out of any antecedent breach of any of the provisions of the Subscription Agreement.

If any of the Share Purchase Conditions is not fulfilled (or, where applicable, waived) on or before the Share Purchase Longstop Date, the Share Purchase Agreement shall lapse and cease to have any effect except certain clauses specified therein and no party to the Share Purchase Agreement shall have any claim against any of the other parties, except in respect of claims arising out of any antecedent breach of any of the provisions of the Share Purchase Agreement.

LETTER FROM THE BOARD

CB Subscription Completion

Completion of the Subscription Agreement is conditional upon the CB Subscription Conditions having been fulfilled (or, where applicable, waived). Completion of the Subscription Agreement shall take place on the fifth Business Day after the day on which the last of the CB Subscription Conditions is fulfilled (or, where applicable, waived) or such other date as may be agreed by the Company and the Subscriber in writing.

Conditional Special Dividend

On 15 August 2013, the Board has declared the Special Dividend in cash of HK\$0.098 per Share, amounting to HK\$24,754,800 in total (equivalent to approximately RMB19,719,673 (at the exchange rate of HK\$1=RMB0.7966)) to Shareholders of the Company, which is conditional upon the Share Purchase Completion. To qualify for the conditional Special Dividend, the Shareholder whose name must appear on the register of members of the Company or who must be a person holding Shares through the Central Clearing and Settlement System at the Special Dividend Record Date. The Special Dividend is expected to be paid within 10 Business Days of the Share Purchase Completion. According to the current memorandum and articles of association of the Company, the declaration of the Special Dividend is not subject to the Shareholders' approval.

After declaration of the Special Dividend, accordingly, Share Purchase Condition (v) above has been satisfied as at the Latest Practicable Date.

As a return to the Shareholders who have invested in the Company before the date of change in controlling shareholder of the Company, i.e. the Share Purchase Completion Date, the Directors considered it appropriate to distribute part of its retained profits to such Shareholders by declaring the Special Dividend, and accordingly, the Special Dividend Record Date is set as a date which is a date prior to the Share Purchase Completion Date so that the Offeror will not be entitled to the Special Dividend by reason of its acquisition of the Sale Shares upon the Share Purchase Completion.

Based on the above, the Board is of the view that setting the Special Dividend Record Date prior to the Share Purchase Completion Date is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Shareholders should note that the Special Dividend is declared and payable conditional upon the Share Purchase Completion and the Share Purchase Completion is conditional upon all the Share Purchase Conditions having been fulfilled (or otherwise waived to the extent capable of being waived). Therefore, even if the Subscription Agreement and the transactions contemplated thereunder shall have been approved by the Independent Shareholders at the EGM in which case Share Purchase Condition (iii) will have been fulfilled, there remains other Share Purchase Conditions which have to be fulfilled before the Share Purchase Completion will occur. Given the Special Dividend Record Date has been fixed to be a date prior to the Share Purchase Completion Date (being the fourth Business Day after the date of the approval sought at the EGM having been obtained) and trading of Shares on an ex-Special Dividend entitlement basis will

LETTER FROM THE BOARD

have commenced on the Business Day immediately preceding the Special Dividend Record Date (“**Ex-Entitlement Date**”), there is a possibility that the Share Purchase Completion may or may not occur as at the Ex-Entitlement Date or thereafter until the Share Purchase Completion has actually occurred. **Shareholders and potential investors are advised to exercise caution in dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

Conversion Price

The Conversion Price of HK\$1.90 is equivalent to the price per Sale Share paid by the Offeror under the Share Purchase Agreement and represents:

- (i) a premium of approximately 17.284% of the closing price of HK\$1.620 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 23.698% over the average of the closing price of HK\$1.536 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 45.743% of the average closing price of HK\$1.304 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 100.822% of the average closing price of HK\$0.946 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 24.836% of the price of HK\$1.522 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.098 per Share had been declared and paid with reference to the closing price of HK\$1.620 per Share as quoted on the Stock Exchange on the Last Trading Day);
- (vi) a premium of approximately 32.128% of the price of HK\$1.438 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.098 per Share had been declared and paid with reference to the average closing price of HK\$1.536 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day);
- (vii) a premium of approximately 57.546% of the price of HK\$1.206 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.098 per Share had been declared and paid with reference to the average closing price of HK\$1.304 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day);

LETTER FROM THE BOARD

- (viii) a premium of approximately 124.057% of the price of HK\$0.848 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.098 per Share had been declared and paid with reference to the average closing price of HK\$0.956 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day);
- (ix) a discount of approximately 4.040% to the closing price of HK\$1.980 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (x) a premium of approximately 141.278% of the audited net asset value per Share as at 31 December 2012.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber, which is the same as the purchase price per Sale Share under the Share Purchase Agreement.

FINANCIAL INFORMATION ON THE GROUP

The following table is a summary of certain audited financial information of the Group for the two financial years ended 31 December 2011 and 31 December 2012, respectively.

	Year ended 31 December 2011 RMB'000	Year ended 31 December 2012 RMB'000
Turnover	116,730	105,747
Gross profit	82,894	75,628
Profit before taxation	22,134	8,186
Profit for the year	20,970	4,765
Consolidated net asset value	163,924	158,452

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the main board of the Stock Exchange. The principal activity of the Company is investment holding and the principal activities of its subsidiaries are research, development and distribution of software, and provision of related maintenance, usage and information services.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong with limited liability on 17 June 1993 and its principal activity is investment holding. Hebei New Cooperation Group Holdings Limited (河北省新合作控股集團有限公司) (“**Hebei New Cooperation**”) (“**河北新合作**”) and Hebei Agricultural Means of Production Company Limited (河北省農業生產資

LETTER FROM THE BOARD

料有限公司) (“Hebei AMP”) (“河北農資”) currently hold 49% and 51% of the equity capital in the Subscriber, respectively. Hebei New Cooperation principally engages in the business of logistics, finance and property development as well as the supply and distribution of agriculture products such as salt and cotton. Hebei AMP is an integrated production, logistics and distribution enterprise that principally engages in the production and sales of agricultural production materials, including fertilisers, pesticides, agriculture films, seeds and agriculture machines.

The Subscriber’s ultimate controlling shareholder, Hebei Supply and Marketing Cooperative (河北省供銷總社) (“HSMC”) (“河北供銷社”), is an institutional organisation of the People’s Government of Hebei Province of the PRC. It is empowered by the provincial government to exercise its administrative functions relating to the formulation of development policies and administrative guidelines for and supervision of more than 1,500 supply and marketing cooperatives of various sizes within Hebei Province. The areas in which guidelines are given include but not limited to the procurement and sales of agricultural products such as wool, fertilisers and pesticides in Hebei Province. It is responsible for the coordination, management and procurement of resources important to society such as fertilisers, cotton, wool and other agricultural products in Hebei Province.

REASONS FOR THE CB SUBSCRIPTION

Share Purchase Agreement together with CB Subscription and declaration of the Special Dividend is in substance a package offer of the Offeror for the Offeror’s acquisition of the controlling interests in the Company which may also bring benefits to the Company and the Shareholders as a whole. Pursuant to the Share Purchase Agreement, Share Purchase Completion is conditional upon, among others: (i) Shareholders’ approval of the Subscription Agreement and the issue and allotment of the Convertible Bonds thereunder being obtained; and (ii) the declaration of the Special Dividend, and upon the Share Purchase Completion, the Offer would be triggered. The CB Subscription Completion is conditional on, amongst other things, the Share Purchase Completion and the closing of the Offer. Hence, the Company will not proceed to issue the Convertible Bonds unless the Offer is made.

The Board considers the Offer to be in the best interests of the Shareholders as a whole as considering the Offer Price of HK\$1.90 per Share and the Special Dividend of HK\$0.098 per Share respectively, the Shareholders can potentially realize their investment with an aggregate amount of HK\$1.998 per Share which represents a premium of approximately 23.33% of the closing price of HK\$1.620 per Share as quoted on the Stock Exchange on the Last Trading Day, such value of the Shares is the highest price since the Shares has been listed on the Main Board of the Stock Exchange.

Further, as disclosed in the Company’s interim report for the six months ended 30 June 2013, due to the effect of the changes and developments in the financial sector and the financial services industry, the Company is facing increasing market competitions in the financial information services industry. In response to the challenges, the Company has further expanded research and development of new products as well as the development of new markets in the first half of this year. However, as some new products are still in trial stage, it will take some time to become profitable. In addition, the Directors

LETTER FROM THE BOARD

(including the independent non-executive Directors) believe that the Offeror would have material influence on the future direction of the Group should it become the controlling Shareholder upon the Share Purchase Completion which would allow the Offeror to consider and explore potential opportunities for the Group. Notwithstanding the aforesaid, as at the Latest Practicable Date, to the best of the Directors' information, knowledge and belief after due enquiry with the Offeror, the Offeror had no concrete plan for any acquisition of assets and/or business by the Group. Having considered the relatively slow growth of the business of the Group in the recent years, the prevailing market factors forth-mentioned and the background of the Offeror, the Directors consider that the CB Subscription together with the Offeror's acquisition of the controlling interests in the Company through the Share Purchase Completion and the Offer are in the interests of the Company and the Shareholders as a whole. All the Directors (including all the independent non-executive Directors but excluding all those Directors who are also the Vendors having abstained from voting) have approved the resolutions for the CB Subscription at the board meeting of the Company. Although Ms. Liao Min Yin, Angela is an executive Director and also a daughter of Mr. Liao (one of the Vendors), given Ms. Liao is not a Vendor and does not have any interest in the Share Purchase Agreement or the Subscription Agreement and is over 18 and independent from Mr. Liao, Ms. Liao does not have any conflict of interest in the CB Subscription. Therefore, it is not necessary for Ms. Liao to abstain, and Ms. Liao has not abstained, from voting at the Board meeting on the resolutions approving the Subscription Agreement.

USE OF PROCEEDS

Assuming the maximum principal amount of the Convertible Bonds is HK\$247,925,000, the net proceeds (after deducting estimated expenses) from the issue of the Convertible Bonds is expected to be approximately HK\$245,425,000 and the net price per Conversion Share is approximately HK\$1.88. It is intended that the net proceeds will be applied for funding for new investments which the Group may from time to time identify and for general working capital purposes. Although no specific needs were identified as at the Latest Practicable Date, the Directors considered it is desirable to utilise the net proceeds from the issue of the Convertible Bonds as the Company's additional general working capital and, in the meantime, the Company is formulating development plans including but not limited to investments, and such funds will provide solid foundation for implementing the Company's plans going forward.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising exercises in the past twelve months immediately before the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Purchase Completion (and assuming there are no changes to the issued share capital of the Company from the Latest Practicable Date to the Share Purchase Completion); (iii) immediately after completion of the Offer (assuming the Offeror acquired all the Offer Shares and hence no Convertible Bonds will be issued); and (iv) immediately after conversion the whole of the principal amount of the Convertible Bonds by the Offeror (assuming there is no Independent Shareholder accepting the Offer or lapse of the Offer):

Name of Shareholders	(i) As at the Latest Practicable Date		(ii) Upon Share Purchase Completion		(iii) Upon completion of the Offer (assuming the Offeror acquired all the Offer Shares and hence no Convertible Bonds will be issued)		(iv) Upon conversion the whole of the principal amount of the Convertible Bonds (assuming there is no Independent Shareholder accepting the Offer or lapse of the Offer) <i>(note 2) (note 3)</i>	
	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue
	Mr. Chou Shih-Chung	32,948,000	13.04	32,948,000	13.04	-	-	32,948,000
The Offeror and parties acting in concert with it	-	-	87,250,000	34.54	252,600,000	100.00	217,736,842	56.84
The Vendors	87,250,000	34.54	-	-	-	-	-	-
Public Shareholders	132,402,000	52.42	132,402,000	52.42	-	<i>(note 1)</i>	132,402,000	34.56
Total	252,600,000	100.00	252,600,000	100.00	252,600,000	100.00	383,086,842	100.00

Note 1: In the event that the public float of the Company falls below 25% after the completion of the Offer, the new Directors who are nominated by the Offeror to be appointed as Directors and the then directors of the Offeror will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible.

Note 2: If the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

Note 3: Pursuant to the terms of the Subscription Agreement, no exercise of conversion rights attaching to the Convertible Bonds is allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules, or (ii) such conversion is prohibited under the Takeovers Code, including Rule 31.1(a) which prohibits the Bondholder to convert the Convertible Bonds within 12 months from the date on which the Offer is withdrawn or lapsed (as the case may be), except with the consent of the Executive.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Pursuant to the Share Purchase Agreement, the Offeror has agreed to acquire the Sale Shares, which represent approximately 34.54% of the issued share capital of the Company as at the Latest Practicable Date. As such, the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion.

The CB Subscription Completion is conditional upon, among other things, the Share Purchase Completion. As the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion and therefore a connected person of the Company, the entering into of the Subscription Agreement between the Company and the Offeror constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules which requires the approval of the Independent Shareholders voting by way of a poll at the EGM.

As the Subscriber will become a connected person of the Company upon Share Purchase Completion and will have a material interest in the Subscription Agreement, the Subscriber and its associates are required to abstain from voting for the relevant resolution to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. Each of Mr. Yang, Mr. Fan Ping-Yi, Mr. Chen Ming-Chuan, Mr. Yu Shih-Pi, and Mr. Liao is beneficially interested in approximately 9.70%, 9.70%, 7.27%, 5.89% and 1.98% of the existing entire issued share capital of the Company, respectively, as at the date of this circular. The Vendors and their respective associates will also abstain from voting for the relevant resolution to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

EGM

The EGM will be convened before the Share Purchase Completion at which an ordinary resolution will be proposed for the purpose of considering, if thought fit, approve, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the Conversion Shares under Specific Mandate.

A notice convening the EGM is set out on pages 54 to 56 of this circular. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

The ordinary resolution to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Subscription Agreement are fair and reasonable and the entering into the Subscription Agreement 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 resolution to approve the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the Conversion Shares under Specific Mandate. The text of the letter from the Independent Board Committee is set out on pages 27 to 28 of this circular.

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Qianlong Technology International Holdings Limited
Liao Chao-Ping
Chairman



Qianlong Technology International Holdings Limited

(乾隆科技國際控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

13 September 2013

To the Independent Shareholders

Dear Sir or Madam,

**POSSIBLE CONNECTED TRANSACTION IN RELATION TO
THE CONDITIONAL AGREEMENT IN RELATION TO
ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE BY
QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED TO
PARKO (HONG KONG) LIMITED**

We refer to the circular (the “Circular”) of Qianlong Technology International Holdings Limited dated 13 September 2013, of which this letter forms part. The terms used in this letter shall have the same meanings as defined in this circular unless the context otherwise requires.

As the Independent non-executive Directors who are independent of the parties to the Subscription Agreement and the transactions contemplated thereunder, we have been appointed to form this Independent Board Committee to advise you as to whether, in our opinion, the respective terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Veda Capital Limited has been appointed as the Independent Financial Adviser to advise this Independent Board Committee on the fairness and reasonableness of the respective terms of the Subscription Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board, as set out on pages 8 to 26 of the Circular, and the letter of advice from the Independent Financial Adviser, as set out on pages 29 to 47 of the Circular, both of which provide details of the Subscription Agreement and the transactions contemplated thereunder. Having considered the advice rendered by the Independent Financial Adviser and the principal factors and reasons taken into consideration by it in arriving its advice, we are of the opinion that the terms of the Subscription Agreement and transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable. Accordingly,

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) which will be proposed at the EGM to approve the respective terms of the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the Conversion Shares under Specific Mandate.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Qianlong Technology International Holdings Limited
Chiu Kam Hing, Hsieh Billy Shao-Ven,
Tsai Jeng-Yang
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreement, which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3711, 37/F
Tower II, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

13 September 2013

*To the Independent Board Committee and the Independent Shareholders of
Qianlong Technology International Holdings Limited*

Dear Sirs,

**POSSIBLE CONNECTED TRANSACTION IN RELATION TO
THE CONDITIONAL AGREEMENT IN RELATION TO
ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE BY
QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED TO
PARKO (HONG KONG) LIMITED**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreement, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular issued to the Shareholders by the Company dated 13 September 2013 (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 15 July 2013, the Company and the Offeror entered into the Subscription Agreement pursuant to which the Company has agreed to issue and the Offeror has agreed to subscribe in cash for the Convertible Bonds.

Pursuant to the Share Purchase Agreement, the Offeror has agreed to acquire the Sale Shares, which represent approximately 34.54% of the issued share capital of the Company as at the Latest Practicable Date. As such, the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion. The CB Subscription Completion is conditional upon, among other things, the Share Purchase Completion.

The maximum total consideration payable by the Offeror under the Offer is HK\$314,165,000 (being the Offer Price of HK1.90 per Share multiplied by 165,350,000 Shares (being the total number of the Offer Shares)). The principal amount of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Convertible Bonds will be determined upon the closing of the Offer by deducting the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer, being the number of Shares represented by such acceptances multiplied by the Offer Price, from the Initial Principal Amount.

As the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion and therefore a connected person of the Company, the entering into of the Subscription Agreement between the Company and the Offeror constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which requires the approval of the Independent Shareholders voting by way of a poll at the EGM. The EGM will be convened before the Share Purchase Completion to approve, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares. The Offeror and its associates are required to abstain from voting for the relevant resolution to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. Each of the Vendors is beneficially interested in approximately 9.70%, 9.70%, 7.27%, 5.89% and 1.98% of the existing entire issued share capital of the Company, respectively, as at the Latest Practicable Date. The Vendors and their respective associates will also abstain from voting on the resolution to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to recommend the Independent Shareholders in respect of the terms of the Subscription Agreement. We, Veda Capital Limited, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the date of the EGM. If we come to know material changes, if any, to the statements, information and/or representations contained in the Circular prior to the date of the EGM, we will inform the Shareholders of such as soon as possible. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreement, we have taken into consideration the following principal factors and reasons:

I. Financial highlights of the Group

The principal activities of the Company is investment holding and the principal activities of its subsidiaries are research, development and distribution of software, and provision of related maintenance, usage and information services.

1. *For the six months ended 30 June 2013*

As set out in the interim report of the Company (“**IR 2013**”) for the six months ended 30 June 2013, the Group recorded an unaudited revenue of approximately RMB47.02 million, representing a decrease of approximately 8.88% from that for the six months ended 30 June 2012 of approximately RMB51.61 million. As noted from IR 2013, the slight decrease in revenue was mainly due to the reduction in revenue recognised from the category of (i) maintenance service and usage fees; and (ii) the information service fees.

The Group recorded an unaudited loss attributable to the Shareholders of approximately RMB6.53 million for the six months ended 30 June 2013 while an unaudited profit attributable to the Shareholders of approximately RMB5.0 million was recorded for the six months ended 30 June 2012. As noted from the IR 2013, the loss was mainly caused by (i) the decrease in turnover by RMB4.58 million; (ii) the consultation fees for business development and the possible transaction between the Company and an independent third party; and (iii) the inflation in the PRC led to the continued growth in costs.

2. *For the year ended 31 December 2012*

As set out in the 2012 annual report of the Company (“**AR 2012**”) for the financial year ended 31 December 2012, the Group recorded revenue of approximately RMB105.75 million, representing a slight decline of approximately 9.41% from that for the year ended 31 December 2011 of approximately RMB116.73 million. As set out in the AR 2012, the slight decrease was the result of the 13.47% reduction of sale of basic securities analysis products (Online Edition and LINUX platform version), 13.40%

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reduction from products sold to 'individual A-share investors and 19.8% reduction of the sales of products relating to Hong Kong stock market.

The Group recorded profit attributable to the Shareholders of approximately RMB4.77 million for the year ended 31 December 2012, representing a decrease of 77.28% when compared with a profit attributable to the Shareholders of approximately RMB20.97 million for the year ended 31 December 2011. As set out in AR 2012, the decrease in profit was mainly due to the decline in turnover and increase in costs as a result of the domestic inflation.

3. *For the year ended 31 December 2011*

As set out in the 2011 annual report of the Company ("**AR 2011**") for the financial year ended 31 December 2011, the Group recorded revenue of approximately RMB116.73 million, representing a slight increase of approximately 3.82% from that for the year ended 31 December 2010 of approximately RMB112.44 million. As set out in the AR 2011, the slight increase was mainly due to increase in maintenance service and software usage fees for the year.

The Group recorded profit attributable to the Shareholders of approximately RMB20.97 million for the year ended 31 December 2011, representing a slight reduction of 7.11% when compared with a profit attributable to the Shareholders of approximately RMB22.57 million for the year ended 31 December 2010. As set out in AR 2011, the decrease in profit was mainly due to the turnover increased steadily while costs grew significantly due to inflation as well as in the areas of research and development and staff compensation.

II. Reasons for the Subscription Agreement

As set out in the Board Letter, Share Purchase Agreement together with CB Subscription and declaration of the Special Dividend is in substance a package offer of the Offeror for the Offeror's acquisition of the controlling interests in the Company which may also bring benefits to the Company and the Shareholders as a whole. Pursuant to the Share Purchase Agreement, Share Purchase Completion is conditional upon, among others: (i) Shareholders' approval of the Subscription Agreement and the issue and allotment of the Convertible Bonds thereunder being obtained; and (ii) the declaration of the Special Dividend, and upon the Share Purchase Completion, the Offer would be triggered. The CB Subscription Completion is conditional on, amongst others, the Share Purchase Completion and the closing of the Offer. Hence, the Company will not proceed to issue the Convertible Bonds unless the Offer is made.

The Board considers the Offer to be in the best interests of the Shareholders as a whole as considering the Offer Price of HK\$1.90 per Share and the Special Dividend of HK\$0.098 per Share respectively, the Shareholders can potentially

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realize their investment with an aggregate amount of HK\$1.998 per Share which represents a premium of approximately 23.33% of the closing price of HK\$1.620 per Share as quoted on the Stock Exchange on the Last Trading Day.

As further disclosed in the IR 2013, due to the effect of the changes and developments in the financial sector and the financial services industry, the Company is facing increasing market competitions in the financial information services industry. In response to the challenges, the Company has further expanded research and development of new products as well as the development of new markets in the first half of this year. However, as some new products are still in trial stage, it will take some time to become profitable. In addition, the Directors (including the independent non-executive Directors) believe that the Offeror would have material influence on the future direction of the Group should it become the controlling Shareholder upon the Share Purchase Completion which would allow the Offeror to consider and explore potential opportunities for the Group. Notwithstanding the aforesaid, as at the Latest Practicable Date, to the best of the Directors' information, knowledge and belief after due enquiry with the Offeror, the Offeror had no concrete plan for any acquisition of assets and/or business by the Group. Having considered the relatively slow growth of the business of the Group in the recent years, the prevailing market factors forth-mentioned and the background of the Offeror, the Directors consider that the CB Subscription together with the Offeror's acquisition of the controlling interests of the Company through the Share Purchase Completion and the Offer are in the interests of the Company and the Shareholders as a whole.

The amount of gross proceeds from the issue of the Convertible Bonds depends on the level of valid acceptances under the Offer and thus ranges from HK\$0 to HK\$247,925,000. As set out in the Board Letter, assuming the maximum principal amount of the Convertible Bonds is HK\$247,925,000, the net proceeds (after deducting estimated expenses) from the issue of the Convertible Bonds is expected to be approximately HK\$245,425,000. It is intended that the net proceeds will be applied for funding for new investments which the Group may from time to time identify and for general working capital purposes. Although no specific needs were identified as at the Latest Practicable Date, the Directors considered it is desirable to utilise the net proceeds from the issue of the Convertible Bonds as the Company's additional general working capital and, in the meantime, the Company is formulating development plans including but not limited to investments, and such funds will provide solid foundation for implementing the Company's plans going forward.

We noted from the AR 2012 that, with the market downturn, securities companies have cut operating costs, reducing number of business offices as well as monitoring closely the scale of new business developments. Consequently, the sale of the Group's floor trading software was adversely affected and the revenue declined year-on-year. In addition, the Group's competitors have increased capital investment, introducing and developing new products and such fierce competition in the securities software industry resulted in a loss of the Group's market share. Also, as understood from the AR 2012, the stock market has been encountering a

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downturn and has been adversely affecting the growth of the existing business of the Group, as the existing business is closely linked to the performance of the stock market.

As noted from the Board Letter, the Offeror is a company incorporated in Hong Kong with limited liability on 17 June 1993. The Offeror is an investment holding company. Hebei New Cooperation Group Holdings Limited (河北省新合作控股集團有限公司) (“**Hebei New Cooperation**”) and Hebei Agricultural Means of Production Company Limited (河北省農業生產資料有限公司) (“**Hebei AMP**”) currently hold 49% and 51% of the equity capital in the Offeror, respectively. Hebei New Cooperation principally engages in the business of logistics, finance and property development as well as the supply and distribution of agriculture products such as salt and cotton. Hebei AMP is an integrated production logistics and distribution enterprise that principally engages in the production and sales of agricultural production materials, including fertilisers, pesticides, agriculture films, seeds and agriculture machines. The Offeror’s ultimate controlling shareholder, Hebei Supply and Marketing Cooperative (河北省供銷總社) (“**HSMC**”), is an institutional organisation of the People’s Government of Hebei Province of the PRC. It is empowered by the provincial government to exercise its administrative functions relating to the formulation of development policies and administrative guidelines for and supervision of more than 1,500 supply and marketing cooperatives of various sizes within Hebei Province. The areas in which guidelines are given include but not limited to the procurement and sales of agricultural products such as wool, fertilisers and pesticides in Hebei Province. It is also responsible for the coordination, management and procurement of resources important to society such as fertilisers, cotton, wool and other agricultural products in Hebei Province. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, HSMC is third party independent of the Company and its connected persons.

As noted from the Joint Announcement, the Offeror intends to continue the existing businesses of the Company. Besides, the Offeror will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. The Offeror will, following the completion of the Offer, conduct a more detailed review of the operations of the Group with a view to developing corporate strategy to broaden its income stream, which may include further securities investment and expansion of the scope of business of the Company should appropriate opportunities arise.

We also noted that the Board has declared the conditional Special Dividend, which is one of the Share Purchase Conditions, as a return to the Shareholders who have invested in the Company before the date of change in controlling shareholder of the Company i.e. the Share Purchase Completion Date and the Offeror will not be entitled to the Special Dividend by reason of its acquisition of the Sale Shares upon the Share Purchase Completion. As further noted from the Board Letter, the Special Dividend is declared and payable conditional upon the Share Purchase Completion. As such, the Share Purchase Agreement together with the CB Subscription provide an opportunity to the Shareholders to realise part of their investments in the Company by receiving the Special Dividend.

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We have reviewed the terms of the CB Subscription and the timetable as set out in the Board Letter. Assuming that the CB Subscription is approved at the EGM and all other Share Purchase Conditions are satisfied, the Share Purchase Completion will take place and the Special Dividend will be paid. As a result of the Share Purchase Completion, the Offeror will be required to make the Offer. The Offer is conditional upon valid acceptances being received which will result in the Offeror and parties acting in concert with it holding more than 50% of the issued share capital of the Company. At the close of the Offer, (i) if the Offer will become unconditional, the principal amount of the Convertible Bonds will be the balance after deducting the consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer from the Initial Principal Amount and thus the minimum principal amount of the Convertible Bonds will be zero; and (ii) if the Offer will not become unconditional and the Offer will lapse, the Offeror will return the Shares to the Independent Shareholders who have accepted the Offer pursuant to the Takeover Codes and the principal amount of the Convertible Bonds will be HK\$247,925,000.

Having considered that the Share Purchase Agreement together with CB Subscription and declaration of the Special Dividend is in substance a package offer of the Offeror and having taken into account that (i) if the CB Subscription, which is one of the Share Purchase Conditions, is not approved by the Independent Shareholders, the Special Dividend will not be paid; (ii) the Offer could provide an opportunity to the Shareholders to realize their investment in the Company; (iii) the Group is facing a fierce market condition and with the Offeror's influencing background in the PRC, it is expected this can bring in material influence on the future direction of the Group, given that the Offeror, who will become the new controlling Shareholder, can consider and explore potential opportunities for the Group with the influence background in the PRC; and (iv) if the Offer will not become unconditional, the Company will also have the net proceeds from the issue of the Convertible Bonds which will provide solid foundation for implementing the Company's plans going forward, we concur with the Directors that the entering of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

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III. Principal terms of the Subscription Agreement

Principal terms of the Convertible Bonds are summarized as follows:

Principal amount : To be determined upon the close of the Offer, equivalent to the balance after deducting the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer, being the number of Shares represented by such acceptances multiplied by the Offer Price, from the Initial Principal Amount, being HK\$247,925,000.

Depending on the level of valid acceptances under the Offer, the principal amount would be in the range of HK\$0 (in case of the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer being equal to or more than the Initial Principal Amount but in any event not more than HK\$314,165,000) to HK\$247,925,000 (in case of no Independent Shareholder accepting the Offer or lapse of the Offer (in the event that the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period results in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, therefore the Offer does not become unconditional)).

Maturity date : The fifth anniversary of the date of issue of the Convertible Bonds.

Interest : The Convertible Bonds will bear interest on the outstanding principal amount thereof from the date of issue at a rate equal to 3% per annum.

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Conversion rights : The Bondholder will have the right, on any Business Day during the period commencing from the date of issue of the Convertible Bonds to the Maturity Date to convert the whole or part of the principal amount of the Convertible Bonds (in amount of not less than HK\$1,000,000 at any one time, unless the outstanding principal amount of the Convertible Bonds to be converted is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be converted) into the Conversion Shares at the Conversion Price (subject to adjustments).

No exercise of the conversion rights attaching to the Convertible Bonds shall be allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules; or (ii) such conversion is prohibited under the Takeovers Code.

The Conversion Shares will be allotted and issued under the Specific Mandate. The Conversion Shares shall rank pari passu with all other existing Shares in issue as at the date of conversion and be entitled to all dividends, bonus and other distributions the record date of which falls on a date on or after the date of conversion.

Conversion Price : The initial Conversion Price will be equal to HK\$1.90 per Conversion Share, subject to anti-dilution adjustment provisions as summarised below.

Anti-dilution adjustments : The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following:

- i. consolidation, sub-division or re-classification of the Shares;
- ii. capitalisation of profits or reserves;
- iii. capital distribution to holders of Shares;

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- iv. offer to Shareholders new Shares for subscription by way of rights, or grant to Shareholders any options, warrants or other rights to subscribe for any new Shares at a price which is less than 80% of the market price as at the date of the announcement of the terms of the offer or grant;
- v. issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 80% of the market price as at the date of the announcement of the terms of issue of such securities;
- vi. when the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (v) above are modified so that the total effective consideration per Share initially receivable for such securities will be less than 80% of the market price as at the date of the announcement of such proposal;
- vii. when the Company issue wholly for cash any Shares at a price per Share which is less than 80% of the market price as at the date of the announcement of the terms of such issue; and
- viii. when the Company issue Shares for the acquisition of assets at a total effective consideration per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue.

Voting : The Bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the bondholder.

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- Transferability : The Convertible Bonds may be assigned or transferred by the bondholder (whether in whole or in part(s)) at any time before the Maturity Date, provided that (i) the assignee or transferee of the Convertible Bond shall not be a connected person (as defined in the Listing Rules) of the Company, unless otherwise approved by the Stock Exchange, and (ii) such assignment or transfer of the Convertible Bond shall be in compliance with the conditions under the terms and conditions of the Convertible Bonds and further subject to (where applicable) the conditions, approvals, requirements and any other provisions or under (1) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or its rules and regulations; and (2) the Listing Rules and applicable laws and regulations). Any assignment or transfer of the Convertible Bonds may be in respect of the whole or part of the principal of the Convertible Bonds (which should be in at least HK\$1,000,000 or in integral multiples of HK\$1,000,000, unless the amount of outstanding Convertible Bonds is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be transferred or assigned).
- Redemption : Save for occurrence of any events of default, the Convertible Bonds are not redeemable prior to the Maturity Date and the Company shall repay the outstanding principal amount of the Convertible Bond to the bondholder together with all interests accrued thereon on the Maturity Date.

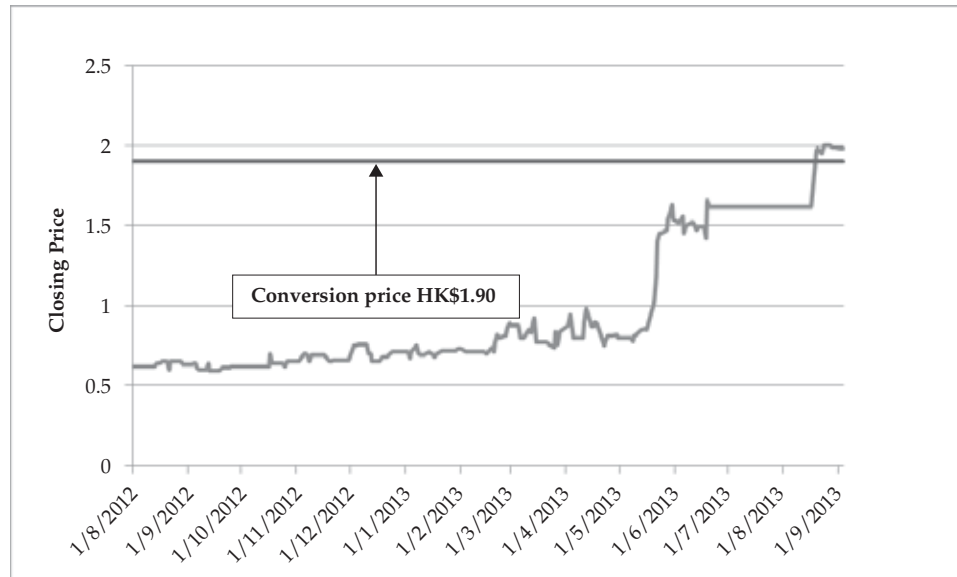
Further details of other principal terms of the Subscription Agreement are set out in the section headed "The Subscription Agreement" in the Board Letter.

The initial Conversion Price is the same as the purchase price per Sale Share under the Share Purchase Agreement and was arrived at after arm's length negotiations between the Offeror and the Company.

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1. Historical closing prices

In order to assess the fairness and reasonableness of the Conversion Price, we have reviewed the movements in the trading price of the Shares during the period from 15 July 2012 (being the 12 calendar months period prior to the date of the Subscription Agreement) to the Latest Practicable Date (the “**Review Period**”). The closing prices of the Shares during the Review Period are set out below:



Source: Bloomberg

Note: The trading of the Shares was suspended from 21 June 2013 to 16 August 2013.

The closing prices of the Shares ranged from the lowest of HK\$0.59 on 13 to 18 September 2012 to the highest of HK\$2.00 on 23 August 2013, 26 August 2013, 27 August 2013 and 9 September 2013 during the Review Period. The average closing price of the Shares during the Review Period was approximately HK\$0.976. The Subscription Price represents (i) a discount of approximately 5.00% to the highest closing price of the Share; (ii) a premium of approximately 94.67% to the average closing price of the Share; and (iii) a premium of approximately 220.03% over the lowest closing price of the Share during the Review Period.

By taking into account the above analysis on the historical price performance of the Shares, we consider that the Conversion Price, which lies above the average closing price of the Shares during the Review Period, is fair and reasonable so far as the Independent Shareholders are concerned.

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2. Comparison with comparables

In order to assess the fairness and reasonableness of the terms of the Subscription Agreement, to the best of our knowledge, we have researched and covered all companies (the “**Comparables**”) listed on the Main Board and the Growth Enterprise Market of the Stock Exchange which have announced the issue of convertible bonds/notes in the past three months immediately preceding the date of the Subscription Agreement, for reference. As the terms of the Comparables are determined under similar market conditions and sentiments as the Convertible Bonds, we consider the Comparables are fair and representative samples.

Comparable (stock code)	Date of announcements	Premium/ (discount) of subscription price over/(to) the closing price on the last trading day (%)	Interest rate per annum (%)	Maturity (years)	Whether convertible bonds/notes were issued to connected person(s) (Yes/No)
1. Haitong International Securities Group Limited (665)	10/7/2013	13.00	1.25	5	No
2. Pizu Group Holdings Limited (8053)	8/7/2013	1.65	0	3	Yes
3. Great Harvest Maeta Group Holdings Limited (3683)	5/7/2013	(0.50)	4	5	Yes
4. Kingsoft Corporation Limited (3888)	3/7/2013	25.27	3	5	No
5. Shunfeng Photovoltaic International Limited (1165)	28/6/2013	(20.52)	8	10	Yes
6. Pearl Oriental Oil Limited (632)	28/6/2013	14.58	0	3	No
7. DINGYI GROUP INVESTMENT LIMITED (508)	28/6/2013	(42.11)	0	2	Yes
8. Phoenitron Holdings Limited (8066)	26/6/2013	(1.82)	10	2	No
9. China Household Holdings Limited (692)	26/6/2013	0.00	2	2.5	No
10. New Focus Auto Tech Holdings Limited (360)	26/6/2013	(54.40)	5	5	No
11. DINGYI GROUP INVESTMENT LIMITED (508)	20/6/2013	(42.11)	5	1.5	No
12. China Oriental Culture Group Limited (2371)	20/6/2013	(12.12)	8	2	No
13. China Resources and Transportation Group Limited (269)	14/6/2013	4.92	9	2	No
14. Dore Holdings Limited (628)	13/6/2013	6.10	8	1	No
15. Zall Development Group Ltd (2098)	11/6/2013	17.55	5.5	5	No

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Comparable (stock code)	Date of announcements	Premium/ (discount) of subscription price over/(to) the closing price on the last trading day (%)	Interest rate per annum (%)	Maturity (years)	Whether convertible bonds/notes were issued to connected person(s) (Yes/No)
16. Chinlink International Holdings Limited (997)	10/6/2013	41.51	7.5	2	No
17. New Times Energy Corporation Limited (166)	7/6/2013	21.54	8	2	No
18. Hua Lien International (Holding) Company Limited (969)	31/5/2013	11.11	0	5	Yes
19. Mobile Telecom Network (Holdings) Limited (8266)	30/5/2013	7.69	4	2	Yes
20. C Y Foundation Group Limited (1182)	24/5/2013	(28.60)	3	3	Yes
21. Hengan International Group Company Limited (1044)	21/5/2013	35.00	0	5	No
22. United Gene High-Tech Group Limited (399)	15/5/2013	(8.05)	0	10	Yes
23. China Daye Non-Ferrous Metals Mining Limited (661)	9/5/2013	28.21	0.5	5	No
24. King Stone Energy Group Limited (663)	1/5/2013	86.30	0	3	No
25. Mongolia Investment Group Limited (402)	29/4/2013	(1.96)	0	5	No
26. Man Wah Holdings Limited (1999)	17/4/2013	14.58	5	5	No
27. National Arts Entertainment and Culture Group Limited (8228) (Formerly known as National Arts Holdings Limited)	16/4/2013	19.79	7.5	2	No
28. Applied Development Holdings Limited (519)	16/4/2013	(17.65)	0	5	Yes
Maximum		86.30	10	10	
Minimum		(54.40)	0	1	
Mean		4.25	3.72	3.86	
The Convertible Bonds		17.28	3	5	

Source: Website of the Stock Exchange

(i) Conversion Price

As shown in the above table, the discount/premium represented by the conversion price per conversion share of the Comparables to the respective closing price on the last trading day ranges from a discount

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of approximately 54.40% to a premium of approximately 86.30% (the “LTD Range”) with a mean of approximately 4.25% (the “LTD Mean”). It is noted that the premium of approximately 17.28% represented by the Conversion Price to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day falls within the LTD Range and is above the LTD Mean.

(ii) Interest rate

As shown in the above table, the interest rate per annum of the convertible bonds/notes issued by the Comparables ranges from 0 to 10% (the “Interest Range”), with a mean of approximately 3.72% (the “Interest Mean”). It is noted that the interest rate of the Convertible Bonds (i.e. 3%) falls within the Interest Range and is below the Interest Mean. Having considered that (i) the availability of the CB Subscription to the Offeror is a package offer of the Offeror for the Offeror’s acquisition of the controlling interests in the Company which will allow the Offeror to consider and explore potential opportunities for the Group and it is expected that the Offeror would have material influence of the Group given the Offeror’s influence background in the PRC; and (ii) the interest rate of the Convertible Bonds falls within the Interest Range and below the Interest Mean, we are of the view that the interest rate of the Convertible Bonds is fair and reasonable so far as the Independent Shareholders are concerned.

(iii) Maturity

As shown in the above table, the maturity of the convertible bonds/notes issued by the Comparables ranges from 1 year to 10 years, with a mean of approximately 3.86 years. It is noted that the maturity of the Convertible Bonds (i.e. 5 years) falls within the aforesaid range and above mean.

(iv) Other terms

We have also reviewed other principal terms of the Convertible Bonds and aware that the principal amount of the Convertible Bonds is depending on the level of valid acceptances under the Offer. We are of the view that this arrangement is not on normal commercial term but are fair and reasonable so far as Independent Shareholders are concerned (basis of which is set out in the section headed “Reasons for the Subscription Agreement” in this letter).

Save as abovementioned, we are not aware of any terms which are unusual. Based on the above analysis, we considered the key terms of the Convertible Bonds (except the principal amount) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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After taken into account the above and the reasons for, and benefits of, the entering into of the Subscription Agreement as discussed in the above section, we are of the view that the terms of the Subscription Agreement (except the principal amount) are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

IV. Potential dilution to the shareholding of the public Shareholders

As at the Latest Practicable Date, the Company has 252,600,000 Shares in issue. The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Purchase Completion (and assuming there are no changes to the issued share capital of the Company from the Latest Practicable Date to the Share Purchase Completion); (iii) immediately after completion of the Offer (assuming the Offeror acquired all the Offer Shares and hence no Convertible Bonds will be issued); and (iv) immediately after conversion the whole of the principal amount of the Convertible Bonds by the Offeror (assuming there is no Independent Shareholder accepting the Offer or lapse of the Offer):

Shareholders Name of Shareholders	(i) As at the Latest Practicable Date		(ii) Upon Share Purchase Completion		(iii) Upon completion of the Offer (assuming the Offeror acquired all the Offer Shares and hence no Convertible Bonds will be issued)		(iv) Upon conversion the whole of the principal amount of the Convertible Bonds (assuming there is no Independent Shareholder accepting the Offer or lapse of the Offer (note 2)) (note 3)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Chou Shih-Chung	32,948,000	13.04	32,948,000	13.04	-	-	32,948,000	8.60
The Offeror and parties acting in concert with it	-	-	87,250,000	34.54	252,600,000	100.00	217,736,842	56.84
The Vendors	87,250,000	34.54	-	-	-	-	-	-
Public Shareholders	132,402,000	52.42	132,402,000	52.42	-	(note 1)	132,402,000	34.56
Total	252,600,000	100.00	252,600,000	100.00	252,600,000	100.00	383,086,842	100.0

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Note 1: In the event that the public float of the Company falls below 25% after the completion of the Offer, the new Directors who are nominated by the Offeror to be appointed as Directors and the then directors of the Offeror will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible.

Note 2: If the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

Note 3: Pursuant to the terms of the Subscription Agreement, no exercise of conversion rights attaching to the Convertible Bonds is allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules, or (ii) such conversion is prohibited under the Takeovers Code, including Rule 31.1(a) which prohibits the Bondholder to convert the Convertible Bonds within 12 months from the date on which the Offer is withdrawn or lapsed (as the case may be), except with the consent of the Executive.

As noted from the Board Letter, the Share Purchase Completion is conditional upon, among others, the Subscription Agreement is approved by the Shareholders at the EGM and remaining in full force and effect and not terminated in accordance with its terms while the completion of the Subscription Agreement is conditional upon, among others, the Share Purchase Completion. Upon completion of both the Share Purchase Agreement and the Subscription Agreement, the principal amount of the Convertible Bonds will depend on the level of valid acceptance under the Offer. If all the Independent Shareholders accept the Offers in full, all of the Shares owned by the Independent Shareholders will be acquired by the Offeror at the Offer Price of HK\$1.90 per Share and relevant shareholding structure of the Company is illustrated at column (iii) of the above table. If no Independent Shareholder accepts the Offer or the Offer lapses, the Convertible Bonds in the principal amount of HK\$247,925,000 will be issued at Conversion Price of HK\$1.90 per Conversion Shares. As illustrated at column (iv) of the above table, assuming full conversion of the Convertible Bonds into 130,486,842 Conversion Shares, the shareholding of the Independent Shareholders (including Mr. Chou Shih-Chung and the public Shareholders) will be diluted from approximately 65.46% to approximately 43.16%. Although the issue of the Convertible Bonds will have potential dilution effect on the shareholding of the public Shareholders, however, having taken into account that (i) the terms of the Convertible Bonds are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the availability of the CB Subscription to the Offeror is a package offer of the Offeror for the Offeror's acquisition of the controlling interests in the Company, we are of the view that the aforementioned level of dilution to the shareholding of the public Shareholders is acceptable.

V. Financial impacts of the issue of the Convertible Bonds

1. *Net assets*

As advised by the Company, the Convertible Bonds will be recognised in separate components, being a liability component and an equity component, on the Group's balance sheet at initial recognition. Accordingly, the Group's net assets are expected to be affected by the difference between the face value of the Convertible Bonds and fair value of the liability component of the Convertible Bonds, which is to be determined upon the issue of the Convertible Bonds.

2. *Earnings*

As advised by the Company, since the interest rate of the Convertible Bonds is 3% per annum, interest expenses (after notional adjustment to a market level from 3% coupon rate under FRS32 or 39) of the Convertible Bonds will be charged to the consolidated income statement subsequent to the completion of the Subscription and will be continuously incurred by the Group until the conversion and/or redemption of the Convertible Bonds in full.

Separately, the Group's earnings are expected to be affected by the annual revaluation of the fair value of the Convertible Bonds against the carrying value of the Convertible Bonds.

3. *Liquidity and working capital*

As advised by the Company, immediately upon the completion of the Subscription, the Group's cash in hand would be increased by the amount of the net proceeds raised from the issue of the Convertible Bonds and the liability component will be treated as a non-current liability of the Group. Accordingly, the liquidity and working capital position of the Group are expected to be improved.

Separately, the Group's working capital is expected to be negatively affected by cash outflow of interest expenses of the Convertible Bonds of 3% per annum before maturity or redemption or conversion.

It should be noted that the aforementioned information (i) is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon the issue of the Convertible Bonds; (ii) would not affect our opinion on the issue of the Convertible Bonds; and (iii) serves to provide additional information to the Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the Subscription Agreement are on normal commercial terms (except that the principal amount of the Convertible Bonds is depending on the level of valid acceptances under the Offer) and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole and that the issue of the Convertible Bonds is not in the ordinary and usual course of business of the Company. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) *Directors' interests and short positions in Shares, underlying Shares and debentures of the Company*

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, section 341 of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers adopted by the Company were as follows:

Name	Capacity/Nature of interest	Number of Shares interested (Note 1)	Percentage of the issued share capital of the Company
Mr. Yang (Note 2)	Interest in a controlled company	24,500,000 ^(L)	9.70%
Mr. Fan Ping-Yi (Note 3)	Interest in a controlled company	24,500,000 ^(L)	9.70%
Mr. Chen Ming-Chuan (Note 4)	Interest in a controlled company	18,375,000 ^(L)	7.27%
Mr. Yu Shih-Pi (Note 5)	Interest in a controlled company	14,875,000 ^(L)	5.89%
Mr. Liao	Beneficial owner	5,000,000 ^(L)	1.98%

Notes:

1. The letter "L" denotes a long position in the Shares.
2. These Shares are registered in the name of and beneficially owned by Legend Isle Technology Limited, the entire issued share capital of which is registered in the name of and beneficially owned by Mr. Yang Ching-Shou. Under the SFO, Mr. Yang Ching-Shou is deemed to be interested in all the Shares held by Legend Isle Technology Limited.
3. These Shares are registered in the name of and beneficially owned by Sapphire World Investment Limited, the entire issued share capital of which is registered in the name of and beneficially owned by Mr. Fan Ping-Yi. Under the SFO, Mr. Fan Ping-Yi is deemed to be interested in all the Shares held by Sapphire World Investment Limited.
4. These Shares are registered in the name of and beneficially owned by Star Channel Technology Limited, the entire issued share capital of which is registered in the name of and beneficially owned by Mr. Chen Ming-Chuan. Under the SFO, Mr. Chen Ming-Chuan is deemed to be interested in all the Shares held by Star Channel Technology Limited.
5. These Shares are registered in the name of and beneficially owned by Star Orient Global Limited, the entire issued share capital of which is registered in the name of and beneficially owned by Mr. Yu Shih-Pi. Under the SFO, Mr. Yu Shih-Pi is deemed to be interested in all the Shares held by Star Orient Global Limited.

Save as disclosed in this paragraph, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest which any such Director was taken or deemed to have under section 344 of the SFO) or which were required, pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests and short positions in Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, Shareholders (other than Directors or chief executives of the Company) who had, or were deemed or taken to have, an interests or short positions in the Shares and 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, or who were, directly or indirectly, interested in 10% or more of the

nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital:

Name	Capacity/Nature of interest	Number of Shares interested (Note 1)	Percentage of the issued share capital of the Company
The Offeror (Note 2 and 3)	Beneficial owner	217,736,842	86.20%
Hebei AMP (河北農資) (Note 3)	Interest of controlled corporation	217,736,842	86.20%
Hebei New Cooperation (河北新合作) (Note 3)	Interest of controlled corporation	217,736,842	86.20%
Mr. Chou Shih-Chung	Beneficial owner	32,948,000	13.04%

Notes:

- The letter "L" denotes a long position in the Shares.
- These interests represent (i) an interest in 87,250,000 Shares, representing approximately 34.54% of the issued share capital of the Company as at the Latest Practicable Date, that the Offeror conditionally agreed to acquire pursuant to the Share Purchase Agreement; and (ii) an interest in respect of 130,486,842 underlying Shares, representing approximately 51.66% of the issued share capital of the Company as at the Latest Practicable Date, issuable to the Offeror upon the conversion of the Convertible Bonds. The Offeror is wholly owned by Million Rich Hong Kong Holdings Company Limited
- The Offeror is wholly owned by Million Rich Hong Kong Holdings Company Limited. Million Rich Hong Kong Holdings Company Limited is beneficially owned as to 49% by Hebei New Cooperation (河北新合作) and beneficially owned as to 51% by Hebei AMP (河北農資).

Save as disclosed in this paragraph, as at the Latest Practicable Date, there was no person known to the Directors or the chief executive of the Company other than Directors or the chief executive of the Company, who had an interest or short position in the Shares and 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.

Save as disclosed in paragraph 2(a) above headed "Directors' interests and short positions in Shares, underlying Shares and debentures of the Company", none of the Directors, and save as disclosed in this paragraph 2(b) and to the best knowledge of the Directors after having made due enquiries with the Offeror, none of the proposed directors of the Company by the Offeror, as at the Latest Practicable

Date, is a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group. As informed by the Offeror, there are no proposed directors of the Company as at the Latest Practicable Date.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE COMPANY

Save as disclosed in this Circular, as at the Latest Practicable Date:

- (a) none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).
- (b) none of the Directors had any direct or indirect interest in any assets which had been, since the date to which the latest published audited accounts of the Company were made up (being 31 December 2012), 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.
- (c) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which was significant in relation to the business of the Group.

5. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since the date to which the latest published audited combined financial statements of the Group were made up (being 31 December 2012).

6. LITIGATION

As at the Latest practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claim which would materially and adversely affect the operations of the Company is known to the Directors to be pending or threatened by or against any member of the Group.

7. EXPERT AND CONSENT

- (a) The following is the qualification of the expert who has given opinion or advice which is contained or referred to in this circular:

Name	Qualifications
Veda Capital Limited	a licensed corporation to conduct type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, Veda Capital Limited did not have any shareholding in any Shares or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.
- (c) As at the Latest Practicable Date, Veda Capital Limited did not have any direct or indirect interest in any assets which had been, since the date to which the latest published audited accounts of the Company were made up (being 31 December 2012), acquired or disposed of by, or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) Veda Capital Limited has given and has not withdrawn its written consent to inclusion of its letter dated 13 September 2013 in this circular and the references to its name included herein in the form and context in which it appears.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 19/F, Nan Dao Commercial Building 359–361 Queen's Road, Central, Sheung Wan, Hong Kong on weekdays (Saturdays and public holidays excepted) up to and including 2 October 2013:

- (a) the Share Purchase Agreement;
- (b) the Subscription Agreement;
- (c) the memorandum of articles of association of the Company;
- (d) the annual reports of the Company for the last two financial years ended 31 December 2012;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 27 to 28 of this circular;

- (f) the letter from the Independent Financial Adviser, the text of which is set out on pages 29 to 47 of this circular; and
- (g) the letter of consent from the Independent Financial Adviser referred to in the above paragraph headed “Expert and Consent” in this Appendix.

9. MISCELLANEOUS

- (a) The Group is principally engaged in research, development and distribution of software, and the provision of related maintenance, usage and information services;
- (b) The company secretary of the Company is Mr. Ip Pui Sum.
- (c) The registered office of the Company is at P.O. Box 309, Uglan House, Grand Cayman KY1-1104 Cayman Islands and the principal place of business of the Company is at 19/F, Nan Dao Commercial Building 359–361 Queen’s Road, Central, Sheung Wan, Hong Kong;
- (d) The principal share registrar and transfer office of the Company is Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Island. The branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong; and
- (e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

NOTICE OF EGM



Qianlong Technology International Holdings Limited

(乾隆科技國際控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Qianlong Technology International Holdings Limited (the “Company”) will be held at Room 3–5, United Conference Centre, 10/F United Centre, 95 Queensway, Hong Kong on Wednesday, 2 October 2013 at 2:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the terms of the subscription agreement dated 15 July 2013 (as supplemented by a supplemental agreement dated 16 August 2013) (the “**Subscription Agreement**”) entered into between the Company and Parko (Hong Kong) Limited as the subscriber (the “**Subscriber**”) (details relating to the Subscription Agreement are set out in the circular of the Company dated 13 September 2013 and a copy of the Subscription Agreement marked “A” has been produced to the EGM and initialled by the chairman of the EGM for the purpose of identification), be and are hereby ratified, confirmed and approved;
- (b) the creation and issue by the Company, pursuant to the Subscription Agreement, of the maximum principal amount of HK\$247,925,000 of its 3% convertible bonds due on the fifth (5th) anniversary of the date of issue of the Convertible Bonds (the “**Convertible Bonds**”) to the Subscriber, be and are hereby approved;
- (c) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in the New Shares (as defined below) to be allotted and issued upon the conversion of the Convertible Bonds, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue, credited as fully paid, a maximum of 130,486,842 ordinary shares (the “**New Shares**”) in the capital of the Company as may be required to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds

* For identification purposes only

NOTICE OF EGM

at an initial conversion price of HK\$1.90 per Share (subject to adjustment pursuant to the terms and conditions of the Convertible Bonds), on and subject to the terms and conditions of the Convertible Bonds, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 21 June 2013;

- (d) all transactions contemplated under the Subscription Agreement and in connection with the issue of the Convertible Bonds (collectively referred to as the “**Transactions**”) be and are hereby approved; and
- (e) the Directors be and are hereby authorised to do all such acts and things and sign and execute all such documents as they consider necessary or expedient in connection with the issue of the Convertible Bonds, the allotment and issue of the New Shares upon conversion of the Convertible Bonds and/or to give effect to the terms of, or the Transactions contemplated by, the Subscription Agreement.”

By Order of the Board
Qianlong Technology International Holdings Limited
Liao Chao-Ping
Chairman

Hong Kong, 13 September 2013

Registered office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
19/F, Nan Dao Commercial Building
359–361 Queen’s Road Central
Sheung Wan
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the EGM is enclosed herewith. Whether or not you intend to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

NOTICE OF EGM

4. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, then 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.
5. All the resolutions are to be voted by way of poll.
6. The Board of the Company comprises six executive Directors, being Mr. Liao Chao-Ping, Mr. Fan Ping-Yi, Mr. Yang Ching Shou, Mr. Chen Ming-Chuan, Mr. Yu Shih-Pi and Ms. Liao Angela Min-Yin, and three independent non-executive Directors, being Ms. Chiu Kam Hing Kathy, Mr. Tsai Jeng-Yang and Mr. Hsieh Billy Shao-Ven.