
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Mastermind Capital Limited (the “Company”), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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



MASTERMIND CAPITAL LIMITED

慧德投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

**(I) OPEN OFFER ON THE BASIS OF TWO OFFER SHARES
FOR EVERY ONE EXISTING SHARE
HELD ON THE RECORD DATE;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Underwriters to the Open Offer

**China Tian Di Xing
Logistics Holdings Limited**



**金利豐證券
KINGSTON SECURITIES**

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



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

A letter from the Board is set out on pages 12 to 36 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 37 to 38 of this circular. A letter from Donvex Capital containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 39 to 59 of this circular.

A notice convening the EGM to be held at 12:00 noon on Tuesday, 21 July 2015 at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

If any of the Underwriters terminate the Underwriting Agreement in accordance with the provisions as set out in the section headed “Termination of the Underwriting Agreement” in this circular, or the conditions of the Open Offer as set out in the section headed “Conditions of the Open Offer” in this circular are not fulfilled, the Open Offer will not proceed. Accordingly, the Open Offer may or may not proceed.

Shareholders should note that the Shares will be dealt with on an ex-entitlement basis commencing from Thursday, 23 July 2015 and that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

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

26 June 2015

* for identification purposes only

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 13 May 2015 in relation to, among other matters, the Open Offer
“Application Form(s)”	the form(s) of application to be used by the Qualifying Shareholders to apply for the Offer Shares in the agreed form
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Mastermind Capital Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Complying Applications”	valid applications under the Application Forms made in accordance with the terms of the Prospectus Documents together with cheques or cashier’s orders or other remittances for the full amount payable in respect of the Offer Shares being applied for under such Application Forms which are honoured on first or, at the discretion of the Underwriters, subsequent presentation
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company

DEFINITIONS

“Donvex Capital” or “Independent Financial Adviser”	Donvex Capital Limited, a corporation licensed to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer (including the absence of excess application arrangement) and the Underwriting Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held at 12:00 noon on Tuesday, 21 July 2015 at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve, amongst others, the Open Offer (including the absence of excess application arrangement), the Underwriting Agreement and the transactions contemplated respectively thereunder
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising Mr. Man Kong Yui, Mr. Fung Wai Ching and Mr. Poon Wai Hoi, Percy, all being independent non-executive Directors, constituted to advise the Independent Shareholders on the Open Offer (including the absence of excess application arrangement) and the Underwriting Agreement
“Independent Shareholders”	Shareholder(s) other than TDX, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates

DEFINITIONS

“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with or acting in concert (as defined in the Takeovers Code) with any directors, chief executive or Substantial Shareholder(s) of the Company or any of its subsidiaries and their respective associates
“Kingston Securities”	Kingston Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activity under the SFO, being one of the Underwriters
“Last Full Trading Day”	11 May 2015, being the last full trading day for the Shares immediately prior to the date of the Announcement and the date of the Underwriting Agreement
“Last Trading Day”	12 May 2015, being the last trading day on which the trading in the Shares on the Stock Exchange was halted at 1:00 p.m.
“Latest Acceptance Date”	Monday, 17 August 2015 or such other day as may be agreed between the Company and the Underwriters, being the latest date for the acceptance of, and payment for, the Offer Shares
“Latest Practicable Date”	24 June 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Latest Time for Acceptance”	the latest time for acceptance for the Offer Shares at 4:00 p.m., on Monday, 17 August 2015 or such other time as may be agreed between the Company and the Underwriters
“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement at 4:00 p.m., on Friday, 21 August 2015, being the fourth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriters
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange
“Offer Shares”	not less than 935,215,800 new Shares and not more than 937,564,736 new Shares to be allotted and issued pursuant to the Open Offer
“Open Offer”	the proposed issue by way of open offer to the Qualifying Shareholders on the basis of two (2) Offer Shares for every one (1) existing Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Optionholders”	the holders of the 3,319,149 outstanding Options
“Optionholder Undertaking”	the irrevocable undertaking given by Mr. Mung to the Company and the Underwriters under the Underwriting Agreement for not exercising the 2,144,681 Options held by him from the date of the Underwriting Agreement to the close of business on the Record Date
“Options”	the options issued or to be issued under the Share Option Scheme adopted on 12 January 2009
“Options Shares”	a maximum of 1,174,468 new Shares to be allotted and issued upon the exercise of all the outstanding 1,174,468 Options (other than the 2,144,681 outstanding Options held by Mr. Mung)
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside of Hong Kong
“Mr. Mung”	Mr. Mung Kin Keung, the Chairman, an executive Director of the Company and the controlling shareholder of TDX, through which holds 117,000,000 Shares as at the date of the Underwriting Agreement and he is a holder of 2,144,681 Options

DEFINITIONS

“PRC”	The People’s Republic of China
“Prohibited Shareholder(s)”	the Overseas Shareholder(s) whose address is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to such Overseas Shareholders
“Prospectus”	the document containing details of the Open Offer to be despatched to the Qualifying Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Monday, 3 August 2015 or such later date as may be agreed between the Underwriters and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders (or the Prospectus only in case of Prohibited Shareholder(s))
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Prohibited Shareholders
“Record Date”	Friday, 31 July 2015, or such other date as may be agreed between the Company and the Underwriters for determining entitlements to the Open Offer
“Registrar”	Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrars of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 12 January 2009
“Share(s)”	ordinary share(s) of HK\$0.25 each in share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.30 per Offer Share
“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“TDX”	China Tian Di Xing Logistics Holdings Limited (中國天地行物流控股集團有限公司), a company incorporated in Hong Kong with limited liability which is principally engaged in investment holdings and is owned as to 99.99% by Mr. Mung and 0.01% by Ms. Sin Lai Ni (who is the spouse of Mr. Mung) as at the date of the Underwriting Agreement and the Latest Practicable Date, being one of the Underwriters
“TDX Undertaking”	the irrevocable undertaking given by TDX to the Company and Kingston Securities under the Underwriting Agreement to take up in full its entitlements under the Open Offer to subscribe for 234,000,000 Offer Shares
“Underwriters”	TDX and Kingston Securities, the underwriters to the Open Offer pursuant to the Underwriting Agreement
“Underwriting Agreement”	the underwriting agreement dated 13 May 2015 and entered into among the Company, the Underwriters and Mr. Mung in relation to the underwriting arrangement in respect of the Open Offer (as amended and supplemented by two extension letters dated 5 June 2015 and 25 June 2015 respectively and entered into by the same parties)
“Underwritten Shares”	the Offer Shares which are fully underwritten by the Underwriters pursuant to the terms and conditions set out in the Underwriting Agreement
“Untaken Shares”	those (if any) of the Underwritten Shares in respect of which Complying Applications have not been received on or before the Latest Time for Acceptance
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Open Offer and the change in board lot size is set below:

Event	2015
Latest time for lodging transfer of shares in order to qualify for attendance and voting at the EGM	4:30 p.m. on Tuesday, 14 July
Closure of register of members of the Company to determine the qualification for attendance and voting at the EGM (both day inclusive)	Wednesday, 15 July to Tuesday, 21 July
Latest time for lodging forms of proxy for the EGM (not less than 48 hours)	12:00 noon on Sunday, 19 July
Record date for attendance and voting at the EGM	Tuesday, 21 July
EGM	12:00 noon on Tuesday, 21 July
Announcement of poll result of EGM	Tuesday, 21 July
Last day of dealings in Shares on cum-entitlements basis of the Open Offer	Wednesday, 22 July
First day of dealings in Shares on ex-entitlements basis of the Open Offer	Thursday, 23 July
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:30 p.m. on Friday, 24 July
Closure of register of members of the Company (both days inclusive) to determine the entitlements to the Open Offer	Monday, 27 July to Friday, 31 July
Record Date for the Open Offer	Friday, 31 July
Register of members reopens	Monday, 3 August
Despatch of Prospectus Documents	Monday, 3 August

EXPECTED TIMETABLE

Event	2015
Latest time for Acceptance	4:00 p.m. on Monday, 17 August
Latest Time for Termination by the Underwriters	4:00 p.m. on Friday, 21 August
Announcement of the results of the Open Offer	Monday, 24 August
Despatch of share certificates for Offer Shares	Tuesday, 25 August
Despatch of refund cheques if the Open Offer is terminated	Tuesday, 25 August
Effective date of change in board lot size from 16,000 Shares to 32,000 Shares	Tuesday, 25 August
Designated brokers starts to stand in the market to provide matching services for sale and purchase of odd lots of Shares	9:00 a.m. on Tuesday, 25 August
Expected first day of dealings in fully-paid Offer Shares on the Stock Exchange	9:00 a.m. on Wednesday, 26 August
Designated brokers ceases to stand in the market to provide matching services for sale and purchase of odd lots of Shares	4:00 p.m. on Tuesday, 15 September

All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or

EXPECTED TIMETABLE

- a “black” rainstorm warning
 - (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day;
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned in the above “EXPECTED TIMETABLE” may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

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

TERMINATION OF THE UNDERWRITING AGREEMENT

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

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

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

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

Any such notice shall be served by any of the Underwriters prior to the Latest Time for Termination.

If prior to the Latest Time for Termination any such notice as is referred to above is given by any of the Underwriters, the obligations of all parties under the Underwriting Agreement, save in respect of any right or liability accrued before such termination, shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

LETTER FROM THE BOARD



MASTERMIND CAPITAL LIMITED

慧德投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

Executive Directors:

Mr. Mung Kin Keung (*Chairman*)

Mr. Mung Bun Man, Alan

Independent Non-executive Directors:

Mr. Man Kong Yui

Mr. Fung Wai Ching

Mr. Poon Wai Hoi, Percy

Registered office:

Ugland House

P.O. Box 309

Grand Cayman, KY1-1104

Cayman Islands

Principal place of business in Hong Kong:

Unit 1611, 16/F, Shun Tak Centre

West Tower

168-200 Connaught Road Central

Hong Kong

26 June 2015

To the Shareholders

Dear Sir or Madam,

**(I) OPEN OFFER ON THE BASIS OF TWO OFFER SHARES
FOR EVERY ONE EXISTING SHARE
HELD ON THE RECORD DATE;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the proposed Open Offer.

The purpose of this circular is to provide the Shareholders, among other things, (i) further details about the Open Offer (including the absence of excess application arrangement) and the Underwriting Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer (including the absence of excess application arrangement) and the Underwriting Agreement; (iii) a letter of advice from Donvex

* for identification purposes only

LETTER FROM THE BOARD

Capital to the Independent Board Committee and the Independent Shareholders on the Open Offer (including the absence of excess application arrangement) and the Underwriting Agreement; and (iv) the notice convening the EGM.

I. PROPOSED OPEN OFFER

Issue statistics

Basis of the entitlement:	Two (2) Offer Shares for every one (1) existing Share held on the Record Date
Subscription Price:	HK\$0.30 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	467,607,900 Shares
Number of Shares in issue assuming all the Option Shares (save for 2,144,681 Options held by Mr. Mung) being allotted and issued on or before the Record Date:	468,782,368 Shares
Number of Offer Shares:	Not less than 935,215,800 Offer Shares and not more than 937,564,736 Offer Shares
Number of Offer Shares to be taken up or procured to be taken up by TDX pursuant to the TDX Undertaking:	TDX has irrevocably undertaken in favour of the Company and Kingston Securities to subscribe for or procure the subscription for the 234,000,000 Offer Shares (representing approximately 25.0% of the maximum number of 937,564,736 Offer Shares to be allotted and issued under the Open Offer) to be allotted to it under its entitlement pursuant to the Open Offer

LETTER FROM THE BOARD

Number of Underwritten Shares:	Not less than 701,215,800 Offer Shares (representing approximately 75.0% of the minimum number of 935,215,800 Offer Shares to be allotted and issued under the Open Offer) and not more than 703,564,736 Offer Shares (representing approximately 75.0% of the maximum number of 937,564,736 Offer Shares to be allotted and issued under the Open Offer). Accordingly, taken into account the TDX Undertaking and the Optionholder Undertaking, the Open Offer is fully underwritten
Number of enlarged Shares in issue upon completion of the Open Offer:	Not less than 1,402,823,700 Shares and not more than 1,406,347,104 Shares

As at the Latest Practicable Date, save for the outstanding 3,319,149 Options, of which 2,144,681 Options are held by Mr. Mung, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares. Pursuant to the Optionholder Undertaking, Mr. Mung has irrevocably undertaken to the Company and the Underwriters not to exercise the 2,144,681 Options held by him from the date of the Underwriting Agreement to the close of business on the Record Date.

The Offer Shares

Assuming (i) no further issue of new Shares or repurchase of Shares and; (ii) all 1,174,468 outstanding Options (other than the 2,144,681 outstanding Options held by Mr. Mung) being exercised and the 1,174,468 Option Shares being allotted and issued on or before the Record Date, the maximum of 937,564,736 Offer Shares will be allotted and issued which represents (i) approximately 200.50% of the Company's issued share capital as at the Latest Practicable Date; and (ii) approximately 66.67% of the Company's issued share capital of 1,406,347,104 Shares as enlarged by the allotment and issue of the 1,174,468 Option Shares and the 937,564,736 Offer Shares (being the maximum number of Offer Shares to be allotted and issued under the Open Offer) immediately after completion of the Open Offer.

The aggregate nominal value of the Offer Shares will be not less than HK\$233,803,950 and not more than HK\$234,391,184.

LETTER FROM THE BOARD

Basis of entitlement

The basis of the entitlement shall be two (2) Offer Shares for every one (1) existing Share held on the Record Date. Acceptance for all or any part entitlement of a Qualifying Shareholder should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being accepted for.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholders must (i) at the close of business on the Record Date be registered on the register of members of the Company; and (ii) not be the Prohibited Shareholders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 24 July 2015.

Subscription Price

The Subscription Price is HK\$0.30 per Offer Share, payable in full upon application.

The Subscription Price represents:

- (i) a discount of approximately 59.5% to the closing price of HK\$0.74 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 53.8% to the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (iii) a discount of approximately 28.1% to the theoretical ex-entitlement price of approximately HK\$0.417 per Share based on the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Last Full Trading Day;

LETTER FROM THE BOARD

- (iv) a discount of approximately 53.3% to the average closing price of approximately HK\$0.642 per Share for the last five consecutive trading days immediately prior to and including the Last Full Trading Day;
- (v) a discount of approximately 54.8% to the average closing price of approximately HK\$0.664 per Share for the last ten consecutive trading days immediately prior to and including the Last Full Trading Day;
- (vi) a discount of approximately 10.2% to the audited consolidated net asset value per Share of approximately HK0.334 (based on the latest published audited net asset value of the Group as at 31 December 2014 and 467,607,900 Shares in issue as at the Latest Practicable Date);
- (vii) a discount of approximately 39.4% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (viii) a discount of approximately 17.8% to the theoretical ex-entitlement price of approximately HK\$0.365 per Share based on the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

In coming up with the current subscription ratio and the Subscription Price for the Open Offer, the Company has considered the following factors:

- (i) a discount to the closing prices of the Share is necessary in order to encourage the Shareholders to participate in the Open Offer;
- (ii) the funding need of not less than HK\$272.0 million;
- (iii) the recent open offers conducted by other Hong Kong listed issuers;
- (iv) the Subscription Price has to be set at a discount level to the closing prices of the Share acceptable to the Underwriters;
- (v) the dilution effect to the independent Shareholders in the event that they do not take up the provisional allotment in full; and
- (vi) the Open Offer is subject to the Independent Shareholders' approval at the EGM.

LETTER FROM THE BOARD

The management of the Company (the “**Management**”) had negotiated with another securities firm for the Group’s proposed fund raising exercise but it was not interested to become the underwriter for the Open Offer. The Management therefore negotiated with Mr. Mung and Kingston Securities, the latter of which is the underwriter of the previous open offer conducted by the Company as announced on 25 November 2014. After arm’s length negotiations, the fund raising size, the current 2-for-1 subscription ratio and the Subscription Price were agreed and collectively acceptable by the Company and the Underwriters. Taken into account that each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date, the Directors considered that the terms of the Open Offer, including the Subscription Price which has been set at a discount to the recent closing prices of the Shares to encourage existing Shareholders to take up their entitlements and participate in the potential growth of the Company and the structure of the Open Offer with the current 2-for-1 subscription ratio, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. After deducting all relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$0.291.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders. Further information in this connection will be set out in the Prospectus.

The Company will send copies of the Prospectus to the Prohibited Shareholders for their information only, but no Application Form will be sent to them.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer. According, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

LETTER FROM THE BOARD

Ranking of the Offer Shares

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

Share certificates and refund cheques for the Open Offer

Subject to the fulfilment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 25 August 2015. If the Open Offer is terminated, refund cheques will be despatched on or before Tuesday, 25 August 2015 by ordinary post at the respective Shareholders' own risk.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders equal opportunities to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriters.

The Board estimates that an additional cost of approximately HK\$200,000 will have to be put in for the administration of the excess application procedure so as to prevent such procedures not being abused.

The absence of the excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Offer Shares in excess of their assured entitlements. However, the aforesaid should be balanced against the facts that (i) the Subscription Price is set at a discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders who are positive about the future development of the Company to take up their respective assured entitlement of the Offer Shares and participate in the Open Offer; (ii) the Qualifying Shareholders have the first right to decide whether to accept the Open Offer; (iii) the absence of excess application would avoid additional effort and costs to administer the excess application procedures; and (iv) the absence of excess application arrangement for the Offer Shares is subject to approval by the Independent Shareholder at the EGM.

In view of the above, although it is beneficial to have excess application for the Qualifying Shareholders who wish to take up additional Offer Shares, the Board considered that the Open Offer enables the Qualifying Shareholders to maintain their pro-rata interests in the Company should they so wish by applying the Offer Shares according to their shareholding in the Company, and therefore, the absence of the excess application arrangement is fair and reasonable.

LETTER FROM THE BOARD

Fractions of the Offer Shares

Fractional entitlements to the Offer Shares will not be issued to the Qualifying Shareholders but will be aggregated and underwritten by the Underwriters.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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

Closure of register of members

For the purpose of determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 15 July 2015 to Tuesday, 21 July 2015, both dates inclusive, and no transfer of Shares will be registered during such period.

The register of members of the Company will also be closed from Monday, 27 July 2015 to Friday, 31 July 2015, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during such period.

LETTER FROM THE BOARD

The Underwriting Agreement

Date: 13 May 2015

Underwriters: TDX and Kingston Securities

Number of Underwritten Shares: Taking into account the TDX Undertaking and the Optionholder Undertaking, the Open Offer is fully underwritten. The total number of Offer Shares (excluding the 234,000,000 Offer Shares to be taken up or procured to be taken up by TDX pursuant to the TDX Undertaking), being not less than 701,215,800 Offer Shares and not more than 703,564,736 Offer Shares, will be underwritten severally by the Underwriters in the following manner:

- (i) TDX shall have priority to underwrite the first 68,432,000 Underwritten Shares; and
- (ii) Kingston Securities shall underwrite the remaining Underwritten Shares, i.e. not less than 632,783,800 Underwritten Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date) and not more than 635,132,736 Underwritten Shares (assuming no new Share being issued other than full exercise of the Options (save for 2,144,681 Options held by Mr. Mung) and no Share being repurchased by the Company on or before the Record Date)

Such allocation of underwriting commitment between the Underwriters can be modified by mutual agreement between the Underwriters, provided that (i) other obligations of the Underwriters and all other terms and conditions of the Underwriting Agreement shall remain unchanged; and (ii) both the Underwriters shall notify the Company in writing such modification of underwriting commitment forthwith.

LETTER FROM THE BOARD

Commission: Payable by the Company to (i) TDX at 1% of the aggregate Subscription Price in respect of 68,432,000 Underwritten Shares committed to be underwritten by TDX; and (ii) Kingston Securities at 3.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares committed to be underwritten by Kingston Securities.

The commission rates were determined after arms' length negotiations between the Company and the Underwriters with reference to, among other things, the recent underwriting commission rates of open offers in the market, and were agreed between the Company and the Underwriters. The Board considers that the underwriting commission rates are fair and reasonable so far as the Company and the Shareholders are concerned. In the view that the underwriting commission payable to TDX is lower than that payable to Kingston Securities, the Board considers that the underwriting arrangement in which TDX shall have priority to underwrite the first 68,432,000 Underwritten Shares is fair and reasonable and in the interests of the Company and Shareholders as a whole.

As at the date of the Underwriting Agreement and the Latest Practicable Date, Kingston Securities does not hold any Shares. To the best of the Directors' knowledge and information, Kingston Securities and its ultimate beneficial owners are Independent Third Parties.

Under the Underwriting Agreement, in the event of Kingston Securities being called upon to subscribe for or procure subscribers to subscribe for the Untaken Shares:

- (i) Kingston Securities shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer; and
- (ii) Kingston Securities shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (1) shall be Independent Third Party; and (2) save for Kingston Securities itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of voting rights of the Company upon completion of the Open Offer.

LETTER FROM THE BOARD

Irrevocable undertakings given by TDX and Mr. Mung

(1) *TDX Undertaking:*

As at the date of the Underwriting Agreement and the Latest Practicable Date, TDX is interested in 117,000,000 Shares, representing approximately 25.02% of the total issued share capital of the Company. Under the Underwriting Agreement, TDX has irrevocably undertaken to the Company and Kingston Securities:

- (i) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date;
- (ii) to accept or procure the acceptance for the 234,000,000 Offer Shares to be allotted and issued to TDX under its entitlement pursuant to the Open Offer; and
- (iii) to lodge the Application Form(s) in respect of the 234,000,000 Offer Shares referred to in paragraph (ii) above accompanied by the appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

(2) *Optionholder Undertaking:*

As at the date of the Underwriting Agreement and the Latest Practicable Date, Mr. Mung is the holder of 2,144,681 Options. Under the Underwriting Agreement, Mr. Mung has irrevocably undertaken to the Company and the Underwriters not to exercise the 2,144,681 Options held by him from the date of the Underwriting Agreement to the close of business on the Record Date.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

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

LETTER FROM THE BOARD

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

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- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or this circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (8) any moratorium, suspension or material restriction on trading of the shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

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

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

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

Any such notice shall be served by any of the Underwriters prior to the Latest Time for Termination.

If prior to the Latest Time for Termination any such notice as is referred to above is given by any of the Underwriters, the obligations of all parties under the Underwriting Agreement, save in respect of any right or liability accrued before such termination, shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

LETTER FROM THE BOARD

Conditions of the Open Offer

The Open Offer is conditional upon:

- (a) the passing of all the necessary resolution(s) by the Board and the Independent Shareholders at the EGM approving, confirming and ratifying (as appropriate):
 - (1) the Open Offer (including the absence of excess application arrangement under the Open Offer) and the transactions contemplated under the Underwriting Agreement and authorizing the Directors to allot and issue the Offer Shares; and
 - (2) the Underwriting Agreement and the performance of the transactions contemplated thereunder by the Company,

each in accordance with the memorandum and articles of association of the Company and the Listing Rules on or before the Record Date;

- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (e) the Underwriting Agreement is not being terminated by any of the Underwriters pursuant to the terms thereof at or before the Latest Time for Termination;
- (f) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects;

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- (g) compliance with and performance of all undertakings and obligations of TDX under the TDX Undertaking; and
- (h) compliance with and performance of the undertaking of Mr. Mung under the Optionholder Undertaking.

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

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

Shareholding structure of the Company

Set out below is the shareholding structure of the Company before and after the completion of the Open Offer:

- (a) *Assuming that on or before the Record Date (i) no new Shares were issued or repurchased; and (ii) no Option were exercised and no Option Shares were allotted and issued:*

	As at the Latest Practicable Date		Upon completion of the Open Offer (assuming all Offer Shares are subscribed for by the Qualifying Shareholders)		Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders other than TDX) (Note 3)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
TDX and Mr. Mung (Notes 1 & 2) Public	117,000,000	25.02	351,000,000	25.02	419,432,000	29.90
Kingston Securities and the subscribers (other than the Subscribers) procured by Kingston Securities (Note 2)	-	-	-	-	267,775,800	19.09
Subscriber I	-	-	-	-	70,000,000	4.99
Subscriber II	-	-	-	-	70,000,000	4.99
Subscriber III	-	-	-	-	70,000,000	4.99
Subscriber IV and the subscribers procured by Subscriber IV	-	-	-	-	55,008,000	3.92
Subscriber V	-	-	-	-	50,000,000	3.56
Subscriber VI and the subscribers procured by Subscriber VI	-	-	-	-	50,000,000	3.56
Existing public Shareholders	350,607,900	74.98	1,051,823,700	74.98	350,607,900	25.00
Total	467,607,900	100.00	1,402,823,700	100.00	1,402,823,700	100.00

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- (b) Assuming that on or before the Record Date (i) no new Shares were issued or repurchased; and (ii) all Options (save for 2,144,681 Options held by Mr. Mung) were exercised and the Options Shares were allotted and issued:

	As at the Latest Practicable Date		Upon issue of the Option Shares on or before the Record Date		Upon completion of the Open Offer (assuming all Offer Shares are subscribed for by the Qualifying Shareholders)		Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders other than TDX) (Note 3)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
TDX and Mr. Mung (Notes 1 & 2)	117,000,000	25.02	117,000,000	24.96	351,000,000	24.96	419,432,000	29.82
Public								
Kingston Securities and the subscribers (other than the Subscribers) procured by Kingston Securities (Note 2)	-	-	-	-	-	-	270,124,736	19.20
Subscriber I	-	-	-	-	-	-	70,000,000	4.98
Subscriber II	-	-	-	-	-	-	70,000,000	4.98
Subscriber III	-	-	-	-	-	-	70,000,000	4.98
Subscriber IV and the subscribers procured by Subscriber IV	-	-	-	-	-	-	55,008,000	3.91
Subscriber V	-	-	-	-	-	-	50,000,000	3.56
Subscriber VI and the subscribers procured by Subscriber VI	-	-	-	-	-	-	50,000,000	3.56
Optionholders (other than Mr. Mung) (Note 4)	-	-	1,174,468	0.25	3,523,404	0.25	1,174,468	0.08
Existing public Shareholders	<u>350,607,900</u>	<u>74.98</u>	<u>350,607,900</u>	<u>74.79</u>	<u>1,051,823,700</u>	<u>74.79</u>	<u>350,607,900</u>	<u>24.93</u>
Total	<u>467,607,900</u>	<u>100.00</u>	<u>468,782,368</u>	<u>100.00</u>	<u>1,406,347,104</u>	<u>100.00</u>	<u>1,406,347,104</u>	<u>100.00</u>

Notes:

- Pursuant to the TDX Undertaking, TDX has irrevocably undertaken to the Company and Kingston Securities (1) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (2) to accept or procure the acceptance for the 234,000,000 Offer Shares to be allotted and issued to TDX under its entitlement pursuant to the Open Offer; and (3) to lodge the Application Form(s) accompanied by the appropriate remittances in respect of the 234,000,000 Offer Shares prior to the Latest Time for Acceptance.
- Pursuant to the Underwriting Agreement, TDX will underwrite the first 68,432,000 Underwritten Shares. The remaining Underwritten Shares (if any) will be underwritten by Kingston Securities.
- This scenario is for illustrative purpose only.

Under the Underwriting Agreement, in the event of Kingston Securities being called upon to subscribe for or procure subscribers for the Untaken Shares:

- Kingston Securities shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer; and

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- (ii) Kingston Securities shall use its best endeavours to ensure that (1) each of the subscribers of the Untaken Shares procured by it shall be Independent Third Party; and (2) save for Kingston Securities itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of voting rights of the Company upon completion of the Open Offer.

As at the Latest Practicable Date, Kingston Securities has entered into sub-underwriting agreements respectively with 6 sub-underwriters/subscribers (the “**Subscribers**”), comprising 4 individuals and 2 companies who are Independent Third Parties, to sub-underwrite/subscribe an aggregate of 365,008,000 Underwritten Shares. The 365,008,000 Underwritten Shares represents a maximum of approximately 26.02% (assuming no Option were exercised and no Option Shares were allotted and issued) and a minimum of approximately 25.95% (all Options, save for 2,144,681 Options held by Mr. Mung, were exercised and the Options Shares were allotted and issued) of the enlarged share capital of the Company immediately after completion of the Open Offer.

The 365,008,000 Underwritten Shares are allocated as follows: (i) 3 of the individuals (“**Subscriber I**”, “**Subscriber II**” and “**Subscriber III**” respectively) has each procured to subscribe for 70,000,000 Underwritten Shares; (ii) 1 of the companies (“**Subscriber IV**”) has procured to sub-underwrite/subscribe for 55,008,000 Underwritten Shares; and (iii) 1 of the individuals (“**Subscriber V**”) has procured to subscribe for and 1 of the companies (“**Subscriber VI**”) has procured to sub-underwrite/subscribe for 50,000,000 Underwritten Shares. All the sub-underwriters and subscribers are or shall be Independent Third Parties. None of the sub-underwriters or subscribers will, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold more than 10.0% or more of voting rights of the Company upon completion of the Open Offer.

4. The Company is unable to ascertain whether each of the Optionholders has any shareholding in the Company as at the Latest Practicable Date. Therefore, for illustrative purpose, it is assumed that all the Optionholders (save for Mr. Mung, through TDX) do not have any shareholding in the Company.
5. It is expected that the sub-underwriter or subscribers to be procured by Kingston Securities will be Independent Third Parties. Therefore, not less than 25% of the issued share capital of the Company will be held by the public in accordance to Rule 8.08(1)(a) of the Listing Rules.

Reasons for the Open Offer and use of proceeds

The principal activity of the Company is to act as an investment holding company. The Group principally invests in listed and unlisted companies.

The gross proceeds from the Open Offer will not be less than approximately HK\$280.56 million and not more than approximately HK\$281.27 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be not less than HK\$272.00 million but not more than HK\$272.70 million.

The Company intends to apply the proceeds from the Open Offer for future investment activities when such investment opportunities arise.

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Although there is no specific investment target identified as at the Latest Practicable Date, the Company intends to invest in local and PRC stock market which would provide an opportunity to the Group to broaden its revenue base. The Board intends to apply the net proceeds of the Open Offer as to (i) approximately HK\$200 million for the investment of the financial instruments available in local financial market and/or listed or unlisted companies in Hong Kong; and (ii) approximately \$72 million for the investment of the financial instruments available in the PRC financial markets.

The Company is an investment company listed on the Main Board under Chapter 21 of the Listing Rules. The principal activity of the Company is to act as an investment holding company and the Group is principally engaged in investment of listed and unlisted companies. Accordingly, it is crucial for the Company to have sufficient fund for any investment activities when such investment opportunities arise and/or increase the size of the investment portfolio to diversify the risks of its investments.

Since the launch of Shanghai-Hong Kong Stock Connect scheme on 17 November 2014, both the Hong Kong Hang Seng Index and the Shanghai Stock Exchange Composite Index have risen significantly, from 23,797.08 on 17 November 2014 to 27,316.28 on 8 June 2015 (representing a growth of approximately 14.8%) and from 2,474.00 on 17 November 2014 to 5,131.88 on 8 June 2015 (representing a growth of approximately 107.4%) respectively. These reflect the general rapid growths in the Hong Kong and Shanghai capital markets. The Shanghai-Hong Kong Stock Connect scheme also promotes the two-way trade in the capital markets, which provides opportunities for the Company to invest in the PRC capital market more easily. In view of the above, the Directors are of the view that the Company should maintain sufficient fund in order to capture any potential investment opportunities, especially when the market sentiments of the local and PRC capital markets are encouraging in the recent period.

Taken into consideration that the Open Offer can maintain the financial flexibility of the Group to grasp any investment opportunities in a timely manner may any of them arise, the Directors are of the view that the Open Offer is in the interests of the Company and the Shareholders as a whole.

As stated in the prospectus of the Company dated 16 December 2014, the Company intends to invest in the long-term interest bonds or debentures which would provide a stable interest to the Group, including the high yield preference shares/bond issued by China's companies, and Chinese A stocks that are trading under the Shanghai-Hong Kong Stock Connect scheme.

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As at the Latest Practicable Date, the Company has utilized part of the proceeds from the previous open offer for the purchase of the following bonds:

Issuer Name	Place of incorporation/ listing	Particulars of equity interest held	Trading currency	Yield	Maturity Date	Cost <i>HK\$'000</i>	Market value as at 30 April 2015 <i>HK\$'000</i>
Evergrande Real Estate	Cayman Islands/ Hong Kong	1,700,000	RMB	9.25%	19 January 2016	2,146	2,105
Evergrande Real Estate	Cayman Islands/ Hong Kong	200,000	USD	8.75%	30 October 2018	1,517	1,439
Evergrande Real Estate	Cayman Islands/ Hong Kong	300,000	USD	12%	17 February 2020	2,340	2,238

As disclosed in the announcement of the Company dated 17 June 2015, in view of the recent positive and encouraging market sentiments in the Hong Kong stock market and in order to capture any potential investment opportunities, the Board proposed to apply the unutilised net proceeds from the previous open offer for the abovementioned future investment activities of approximately HK\$54.0 million to the investment in the listed companies in Hong Kong in addition to the investment in the long-term interest bonds or debentures, including the high yield preference shares/bond issued by China's companies and Chinese A stocks that are trading under the Shanghai-Hong Kong Stock Connect scheme as originally intended. As at the Latest Practicable Date, the Company has utilized approximately HK\$54.0 million for the purchase of shares of Hong Kong listed companies.

Having considered (i) the positive market sentiment and increasing trading capability of the local stock market after the launch of Shanghai-Hong Kong Stock Connect scheme as disclosed above; (ii) net proceeds of approximately HK\$60.0 million from the previous open offer has been used to invest in the long-term interest bonds or debentures and listed companies in Hong Kong; and (iii) the Group requires sufficient financial resources not only to increase the size of its investment portfolio but also to capture new investment opportunities in local and PRC stock markets, the Board considers that the Open Offer would provide the Company with more sufficient financial resources to capture and invest on new opportunities that offers attractive returns when such opportunities arise.

The Board has considered other alternative means of fund raising before resolving to the Open Offer, including but not limited to debt financing, placing and rights issue, and is of the view that:

- (i) debt financing or bank loan would be subject to lengthy negotiation process and would result in additional interest burden and finance cost to the Group;

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- (ii) placing would only be available to certain placees who would not necessarily be the existing Shareholders and therefore would dilute the existing shareholder's interests in the Company without giving an opportunity to them for maintaining their respective shareholding interests; and
- (iii) although rights issue is similar to an open offer except that it enables the Shareholders to trade in nil-paid rights, trading arrangement is required to be set up with the share registrar at the expense of the Company and would involve extra administrative work and cost from the Company.

Based on the above, the Board considers that the Open Offer would be the most appropriate means for the fund raising exercise.

At present, the Company has no intention to further raise funds according to its existing business plan.

The Board also considers that the Open Offer represents an opportunity for the Group to raise funding for future investment activities, which is the principal activity of the Company, while broadening its shareholder and capital base thereby increasing the liquidity of the Shares. As such, the Directors (including the independent non-executive Directors after taking into account of the advice of Donvex Capital) consider that the Underwriting Agreement is entered into upon normal commercial terms and that the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

LETTER FROM THE BOARD

Fund raising exercise of the company in the past 12 months

Date of Announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
25 November 2014	Open offer on the basis of one (1) Offer Share for every two (2) Shares at HK\$0.45 per Offer Share	Approximately HK\$67.34 million	(i) as to approximately HK\$60.00 million for future investment activities; and (ii) as to approximately HK\$7.34 million for general working capital (<i>Note</i>)	Approximately HK\$6.0 million was used for investment in bond, approximately HK\$54.0 million was used for the purchase of shares of Hong Kong listed companies and approximately HK\$4.2 million was used as working capital; the remaining balance of approximately HK\$3.14 million are kept in bank and securities companies. Further details of the actual use of proceeds are set out under the section headed "Reasons for the Open Offer and the use of proceeds" above
16 October 2014	Placing of 51,952,000 existing Shares and subscription of 51,952,000 Shares at a placing price of HK\$0.54 per Share	Approximately HK\$26.70 million	For new investment of the Company and/or general working capital	Approximately HK\$25.2 million was used for the purchase of share of Hong Kong listed companies and approximately HK\$1.5 million was used for general working capital of the Company

Note: As disclosed in the announcement of the Company dated 17 June 2015, in view of the recent positive and encouraging market sentiments in the Hong Kong stock market and in order to capture any potential investment opportunities, the Board proposed to apply the unutilised net proceeds from this previous open offer for the abovementioned future investment activities of approximately HK\$54.0 million to the investment in the listed companies in Hong Kong in addition to the investment in the long-term interest bonds or debentures, including the high yield preference shares/bond issued by China's companies and Chinese A stocks that are trading under the Shanghai-Hong Kong Stock Connect scheme as originally intended.

Save for the above, the Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the date of the Announcement and up to the Latest Practicable Date.

LETTER FROM THE BOARD

II. CHANGE IN BOARD LOT SIZE

The board lot size of the Shares for trading on the Stock Exchange will be changed from 16,000 Shares to 32,000 Shares with effect from 9:00 a.m. on Tuesday, 25 August 2015.

The change in board lot size will not result in any change in the relative rights of the Shareholders.

Based on the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Last Full Trading Day, the market value of each existing board lot is HK\$10,400. Based on the theoretical ex-entitlement price of approximately HK\$0.417 per Share (calculated based on the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Last Full Trading Day, the estimated market value of each proposed new board lot will increase to HK\$13,344. The change in board lot size will increase the value of each board lot of Shares and reduce the overall transaction and handling costs for dealings in the Shares. Accordingly, the Board considers that the change in board lot size is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Based on the closing price of HK\$0.495 per Shares as quoted on the Stock Exchange as at the Latest Practicable Date, the market value of each existing board lot is HK\$7,920 and the estimated market value of each proposed new board lot is HK\$15,480.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed Cinda International Securities Limited as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Tuesday, 25 August 2015 to 4:00 p.m. on Tuesday, 15 September 2015 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Mr. Leung Siu Wa of Cinda International Securities Limited at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong (telephone: (852) 2235 7801 and facsimile: (852) 2907 6390) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

If any of the Underwriters terminate the Underwriting Agreement in accordance with the provisions as set out in the section headed "Termination of the Underwriting Agreement" in this circular, or the conditions of the Open Offer as set out in the section headed "Conditions of the Open Offer" in this circular are not fulfilled, the Open Offer will not proceed. Accordingly, the Open Offer may or may not proceed.

LETTER FROM THE BOARD

Shareholders should note that the Shares will be dealt with on an ex-entitlement basis commencing from Thursday, 23 July 2015 and that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

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

GENERAL

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on approval by Independent Shareholders in the EGM by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour.

As no excess application for the Offer Shares is available under the Open Offer and the Open Offer is underwritten by TDX, pursuant to Rule 7.26A(2) of the Listing Rules, specific approval shall be obtained from the Independent Shareholders at the EGM in respect of the absence of such excess application arrangement.

Since the Company has no controlling Shareholder, all Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) approving the Open Offer and the absence of the excess application arrangement.

As at the Latest Practicable Date, TDX, which is owned as to 99.99% by Mr. Mung and 0.01% by Ms. Sin Lai Ni (who is the spouse of Mr. Mung), is interested in 117,000,000 Shares, representing approximately 25.02% of the issued share capital of the Company. TDX, being an associate of Mr. Mung (as an executive Director and the chairman of the Company) will therefore be required to abstain from voting in favour of the resolution(s) approving the Open Offer (including the absence of the excess application arrangement), the Underwriting Agreement and the transactions contemplated respectively thereunder at the EGM. Save as disclosed above, there are no other Directors (excluding independent non-executive Directors), chief executive of the Company nor respective associates of any of them holding any Shares.

As the underwriting commission, which amounted to approximately HK\$0.21 million, to be payable to TDX pursuant to its obligation under the Underwriting Agreement is on normal commercial terms and all applicable percentage ratios (as defined in the Listing Rules) are less than 0.1%, the payment of underwriting commission by the Company to TDX is therefore exempted from the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

LETTER FROM THE BOARD

The Company has established the Independent Board Committee, which comprises all independent non-executive Directors in compliance with the Listing Rules, to advise the Independent Shareholders as to whether the terms of the Open Offer (including the absence of excess application arrangement) and the Underwriting Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. Donvex Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held at 12:00 noon on Tuesday, 21 July 2015 at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong for the Independent Shareholders to consider, and if thought fit, to approve, among other things, the Open Offer (including the absence of excess application arrangement), the Underwriting Agreement and the transactions contemplated respectively thereunder by way of poll.

The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in an event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting should you so wish.

Upon approval of the Open Offer by the Independent Shareholders at the EGM, the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on Monday, 3 August 2015 and the Prospectus will be despatched to the Prohibited Shareholders for information only. No Application Form will be sent to the Prohibited Shareholders.

RECOMMENDATION

The Directors (including the independent non-executive Directors after taking into account of the advice of Donvex Capital) are of the opinion that the terms of the Open Offer (including the absence of excess application arrangement and the Underwriting Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors after taking into account of the advice of Donvex Capital) recommend the Independent Shareholders to vote in favour of all resolution(s) to be proposed at the EGM.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders set out on pages 37 to 38 of this circular and the letter from Donvex Capital containing its recommendation to the Independent Shareholders and the principal factors which it has considered in arriving at its recommendation with regard to the Open Offer, as set out on pages 39 to 59 of this circular.

ADDITIONAL INFORMATION

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

By Order of the Board
Mastermind Capital Limited
Mung Kin Keung
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Open Offer.



MASTERMIND CAPITAL LIMITED

慧德投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

26 June 2015

To the Independent Shareholders

Dear Sirs or Madams,

OPEN OFFER ON THE BASIS OF TWO OFFER SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

We refer to the circular of the Company to the Shareholders dated 26 June 2015 (the “**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members to constitute the Independent Board Committee and to advise the Independent Shareholders in respect of the Open Offer (including the absence of excess application arrangement).

Donvex Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Open Offer (including the absence of excess application arrangement) and the Underwriting Agreement are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 39 to 59 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 12 to 36 of the Circular.

* for identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, Donvex Capital as set out in the “Letter from Donvex Capital” in the Circular, we are of the opinion that the terms of the Open Offer (including the absence of excess application arrangement) and the Underwriting Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Open Offer (including the absence of excess application arrangement), the Underwriting Agreement and the transactions contemplated respectively thereunder.

Yours faithfully,

The Independent Board Committee

Mr. Man Kong Yui

Independent

non-executive Director

Mr. Fung Wai Ching

Independent

non-executive Director

Mr. Poon Wai Hoi, Percy

Independent

non-executive Director

LETTER FROM DONVEX CAPITAL

The following is the full text of the letter from Donvex Capital setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1305, 13th Floor,
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

26 June 2015

*The Independent Board Committee and the Independent Shareholders of
Mastermind Capital Limited*

Dear Sirs,

**OPEN OFFER ON THE BASIS OF TWO OFFER SHARES
FOR EVERY ONE EXISTING SHARE
HELD ON THE RECORD DATE**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Open Offer, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular of the Company dated 26 June 2015 to the Shareholders (the “Circular”), of which this letter forms part. Capitalized terms used herein have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

As stated in the Letter from the Board, the Company proposed to raise not less than approximately HK\$280.56 million and not more than approximately HK\$281.27 million before expenses by issuing not less than 935,215,800 Offer Shares and not more than 937,564,736 Offer Shares at the Subscription Price of HK\$0.30 per Offer Share on the basis of two Offer Shares for every one existing Share held on the Record Date.

LETTER FROM DONVEX CAPITAL

Assuming (i) no further issue of new Shares or repurchase of Shares; and (ii) all 1,174,468 outstanding Options (other than the 2,144,681 outstanding Options held by Mr. Mung) being exercised and the 1,174,468 Option Shares being allotted and issued on or before the Record Date, a maximum of 937,564,736 Offer Shares will be allotted and issued which represents (i) approximately 200.50% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 66.67% of the issued share capital of the Company of 1,406,347,104 Shares as enlarged by the allotment and issue of the 1,174,468 Option Shares and the 937,564,736 Offer Shares (being the maximum number of Offer Shares to be allotted and issued under the Open Offer) immediately after completion of the Open Offer.

As the Open Offer will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.24(5)(a) of the Listing Rules, the Open Offer must be made conditional on approval by Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour.

As no excess application for the Offer Shares is available under the Open Offer and the Open Offer is underwritten by TDX, pursuant to Rule 7.26A(2) of the Listing Rules, specific approval shall be obtained from the Independent Shareholders at the EGM in respect of the absence of such excess application arrangement.

As at the Latest Practicable Date, TDX, which is owned as to 99.99% by Mr. Mung and 0.01% by Ms. Sin Lai Ni (who is the spouse of Mr. Mung), is interested in 117,000,000 Shares, representing approximately 25.02% of the issued share capital of the Company. TDX, being the associate of Mr. Mung (as an executive Director and the chairman of the Company) will therefore be required to abstain from voting in favour of the resolution(s) approving the Open Offer (including the absence of the excess application arrangement), the Underwriting Agreement and the transactions contemplated respectively thereunder at the EGM. Save as disclosed above, there are no other Directors (excluding the independent non-executive Directors), chief executive of the Company nor respective associates of any of them holding any Shares.

The Independent Board Committee, comprising Mr. Man Kong Yui, Mr. Fung Wai Ching and Mr. Poon Wai Hoi, Percy, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Open Offer (including the absence of excess application arrangement) and the Underwriting Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser in respect thereof. Being the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM DONVEX CAPITAL

Apart from normal professional fees for our services to the Company in connection with this engagement, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. We are independent from, and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give an independent advice in respect of the Open Offer. In the past two years, we did not act as independent financial adviser to other transactions of the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in 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 assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of the Circular, Shareholders would be notified as soon as possible.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group.

We have not considered the tax consequences on the Qualifying Shareholders arising from the subscription for, holding of or dealing in the Offer Shares, other otherwise, since these are particular to their own circumstances. We will not accept responsibility for any tax effect on, or liabilities of, any person resulting from the subscription for, holding of or dealing in the Open Shares. In particular, Qualifying Shareholders subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Open Offer and, if in any doubt, should consult their own professional advisers.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Open Offer and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM DONVEX CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Company

Principal business

The principal activity of the Company is to act as an investment holding company. The Group principally invests in listed and unlisted companies.

Historical financial information

Set out below is a summary of the financial results of the Group for each of the two years ended 31 December 2014 as extracted from the annual report for the financial year ended 31 December 2014 (the “Annual Report”).

	For the year ended	
	31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,759	1,027
(Loss)/profit for the year attributable to owners of the Company	(17,604)	14,426
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company during the year		
Basic (<i>HK cent(s)</i>)	(6.74)	6.47
Diluted (<i>HK cent(s)</i>)	(6.74)	6.47
	As at 31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	254,653	54,448
Total liabilities	98,482	1,118
Net assets	156,171	53,330

LETTER FROM DONVEX CAPITAL

As stated above, the Group recorded a loss attributable to owners of the Company of approximately HK\$17.6 million, compared to a profit attributable to owners of the Company of approximately HK\$14.4 million in the corresponding period of 2013. The increase in loss was mainly due to (i) the write back of impairment provision on deposits paid decreased by approximately HK\$24.9 million for the year ended 31 December 2014; and (ii) reclassification from equity to profit or loss on impairment of available-for-sale financial assets at fair value increased by approximately HK\$4.9 million for the year ended 31 December 2014.

As at 31 December 2013 and 2014, the major investments of the Group were HK\$9.4 million and HK\$127.0 million of a portfolio of listed equity securities, respectively, and HK\$19.3 million and HK\$14.5 million of direct investment in unlisted equity securities, respectively. The investment portfolio of the Group comprises equity securities in Hong Kong, Canada, the United States of America and the PRC.

As at 31 December 2014, the Group had cash and cash equivalents of approximately HK\$104.6 million (2013: approximately HK\$20.3 million). As at 31 December 2014, the Group had other financial liability and unsecured loan of approximately HK\$9.8 million (2013: nil) and HK\$80.0 million (2013: nil), respectively.

As advised by the management of the Company, during the year of 2014, the Group recorded losses and had negative cash flows from operating activities, however, it is the Company's policy to maximize returns to the Shareholders, the Group, from time to time, maintains a sufficient amount of funds for working capital so to enhance and/or expand the investment portfolio of the Group, it would be in the interests of the Company and its Shareholders to raise additional funds by various measures, which shall include the issue of new Shares.

2. Reasons for the Open Offer and use of proceeds

As stated in the Letter from the Board, the Company intends to apply the proceeds from the Open Offer for future investment activities when such investment opportunities arise. We have discussed with the management of the Company regarding the Open Offer, the Board considers that it is practical to finance the sustainable growth of the Company by long-term funding, preferably in the form of equity, as it will not increase the finance costs of the Company. The Open Offer provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position. Furthermore, it allows the Qualifying Shareholders to maintain their respective pro-rata shareholdings in the Company without being diluted.

LETTER FROM DONVEX CAPITAL

As advised by the management of the Company, the market sentiments of the local and PRC capital markets are encouraging in the recent period. In view of the rapid growths in the local and PRC capital markets, if any listed and/or unlisted investment opportunities arise, investment decisions have to be made by the Group promptly. The Group is therefore required to have sufficient resources to finance such investment opportunities, otherwise the Group may lose the chance to capture the growth of the investments.

We noted that the Company is an investment company listed on the Main Board under Chapter 21 of the Listing Rules with its primary objective of achieving earnings in form of capital appreciation, by investing in listed and unlisted companies in major markets around the world. Owing to the nature of the Group's business which is investment, the Group requires extensive cash to grow and increase the size of its investment portfolio, we therefore consider that the increase in fund size will enable the Group to diversify the portfolio risks of its investments by capturing more suitable investment opportunities.

As stated in the Letter from the Board, the Board intends to apply the net proceeds of the Open Offer as to (i) approximately HK\$200 million for the investment of the financial instruments available in local financial market and/or listed or unlisted companies in Hong Kong; and (ii) approximately HK\$72 million for the investment of the financial instruments available in the PRC financial markets. In view of the large portion of investment in local financial market to be made by the Company for its development of investment business, we have performed research on the publication released by the Stock Exchange with respect to the securities market in Hong Kong. Since the launch of Shanghai-Hong Kong Stock Connect scheme on 17 November 2014, both the Hong Kong Hang Seng Index and the Shanghai Stock Exchange Composite Index have risen significantly, from 23,797.08 on the date of launch to 27,316.28 on 8 June 2015 (representing a growth of approximately 14.8%) and from 2,474.00 on the date of launch to 5,131.88 on 8 June 2015 (representing a growth of approximately 107.4%) respectively.

In terms of the trading volume in Hong Kong stock market, the average daily turnover for the first five months of 2015 was approximately HK\$121.4 billion, an increase of approximately 86.2% as compared with approximately HK\$65.2 billion for the same period last year. According to the statistics published by the Stock Exchange in respect of the Shanghai-Hong Kong Stock Connect scheme, it showed that up to 8 June 2015 about 40.2% of the aggregate quota of RMB250 billion for southbound investors and about 50.9% of the RMB300 billion limit for the northbound link had been utilized since the program commenced. The record transactions showed cross-border trading program has benefited both cities and it will keep growing in anticipation of continued heavy capital inflow to the local and PRC stock markets. Knowing that a similar equity link with the stock exchange in Shenzhen may start soon, we concur with the Directors' view that the outlook of securities market in Hong Kong and the PRC remain positive.

LETTER FROM DONVEX CAPITAL

Having considered (i) the encouraging atmosphere and increasing trading capability of the local stock market after the launch of Shanghai-Hong Kong Stock Connect scheme; (ii) the Shanghai-Hong Kong Stock Connect promotes two-way trade in the capital markets, which provides an opportunity for the Group to expand its investment channels; (iii) there are uncertainties in the global investment market caused by different paces of economic recovery in individual countries, hence a portion of net proceeds from the Open Offer to be invested in the PRC financial markets would enable the Group to broaden its revenue base and diversity its portfolio risks; and (iv) the Open Offer can maintain the financial flexibility of the Group to grasp any investment opportunities in a timely manner may any of them arise, we concur with the Directors' view that the Group is in the genuine need for funding for its potential investment in both local and PRC stock markets, as investment opportunities may not be available for a period of time or wait until the Group has obtained sufficient funding, which allows the Group to respond promptly should any investment opportunities arise.

Other than the aforementioned investments to be made in the stock market, the Company intended to invest in the long-term interest bonds or debentures which would provide a stable interest to the Group, including the high yield preference shares/bond issued by PRC's companies and Chinese A stocks that are trading under the Shanghai-Hong Kong Stock Connect scheme. As stated in the Letter from the Board, the Company has utilized approximately HK\$6.0 million from the previous open offer for the investment in bonds, approximately HK\$54.0 million for the purchase of shares of Hong Kong listed companies and approximately HK\$4.2 million as general working capital.

As disclosed in the announcement of the Company dated 17 June 2015, in view of the recent positive and encouraging market sentiments in the local stock market after the launch of Shanghai-Hong Kong Stock Connect scheme as discussed above, the Company proposed to apply the unutilized net proceeds from the previous open offer to the investment in listed companies in Hong Kong in addition to the investment in the long-term interest bonds or debentures. As at the Latest Practicable Date, the Company has utilized approximately HK\$54.0 million for the purchase of shares of Hong Kong listed companies. Having considered (i) the encouraging atmosphere and increasing trading capability of the local stock market after the launch of Shanghai-Hong Kong Stock Connect scheme; (ii) the net proceeds from the previous open offer was used to invest in the long-term interest bonds or debentures and listed companies in Hong Kong; and (iii) the Group requires sufficient financial resources not only to increase the size of its investment portfolio but also to capture new investment opportunities in local and PRC stock markets, we consider that the current funding needs of the Company is justifiable.

Take into consideration of the funding needs of the Group to broaden its capital base thereby increase the liquidity of the Shares, we are of the view that the estimated net proceeds from the Open Offer will be utilized to invest in accordance to the investment objectives and policies of the Group and the conduct of the Open Offer is in the interests of the Company and the Shareholders as a whole.

LETTER FROM DONVEX CAPITAL

3. Other fund raising alternatives considered by the Group and the reasons for choosing the Open Offer as funding method

Having discussed with the management of the Company, we are given to understand that apart from the Open Offer, the Board had also considered other means of fund raising, including alternative means of equity financing (such as rights issue or placing of new Shares) and debt financing. However, the Open Offer, which is on a fully underwritten basis, will remove a certain degree of uncertainty as compared to best-efforts placing. Although rights issue is similar to open offer and the rights issue enables the Qualifying Shareholders to trade in the nil-paid rights in the market for economic benefits, the management of the Company considers that setting up the trading arrangements of the nil-paid rights, which would involve additional administration costs to the Group for trading of nil-paid rights and would require additional time for splitting and trading of nil-paid rights shares as well as reviewing relevant documents and liaising with other professional parties for such preparation to be put in place to facilitate such trading, which in turn would require longer time to complete. Compared to the rights issue, Open Offer is more cost-effective and efficient. Furthermore, in order to raise such large amount of proceeds from the Open Offer, the management of the Company is of the view that conducting the placing of new Shares would not confer the Qualifying Shareholders the equal rights to participate in the capital exercise and their interests would be diluted without having an opportunity to maintain their percentage interests.

In addition to the equity financing, the Directors are also of the opinion that bank borrowing and/or debt financing will usually incur interest burden to the Group and may not be achievable on favourable terms on a timely basis, due to possibility of being subject to, including but not limited to, lengthy due diligence and negotiations with banks as well as pledge of assets by the Group. We noted that the Company had drawn a loan of HK\$80.0 million since 30 December 2014, which is unsecured with interest bearing at 8% per annum. Assuming the loan will be drawn in full for the year ending 31 December 2015, the finance costs of the Group will be approximately HK\$6.4 million, which may reduce the profit from operations of the Group. Moreover, in view of the fluctuating financial performance of the Group, the Directors consider that it may be difficult to obtain bank borrowings or debt financing with terms which the management of the Company consider acceptable to the Group, and incurring additional debts will further increase the Group's liabilities burden. As discussed with management of the Company regarding the combination of funding measures in form of both consideration issue and/or promissory note, we understand that the consideration issue will bring dilution effect to the existing Shareholders while the issue of promissory notes or other means of debt instrument will incur liabilities and may have interest burden to the Group. As such, we consider that (i) the other means of equity financing other than Open Offer; (ii) debt financing; and (iii) combination of equity and debt financing are not fair and reasonable to the Shareholders, and are of the view that the Open Offer is a suitable source of financing over the aforementioned alternatives.

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Regarding the current structure of the Open Offer, we have discussed with the management of the Company and they are of the view that by increasing the Subscription Price and lowering the subscription ratio, the attractiveness of the Qualifying Shareholder to subscribe for the Offer Shares will be reduced. In view of the recent trend of the open offer transactions in the prevailing market condition, we have compared the Subscription Price and current subscription ratio for the Open Offer to the Comparables as shown in the paragraph headed “Comparison with other open offers” below, in order to assess the fairness of the current structure of the Open Offer. We noted that (i) the discount of approximately 59.5% as represented by the Subscription Price to the closing price of the Shares on the Last Trading Day is higher than the Comparables’ average discount of approximately 49.0%; (ii) a deeper discount of Subscription Price to the prevailing market price of the Shares than the Comparables’ average discount is necessary to attract more Qualifying Shareholders to participate in the Open Offer as a result of a previous open offer has been conducted by the Company in the past twelve months; (iii) the discount of approximately 28.1% as represented by the Subscription Price to the theoretical ex-entitlement price of the Shares on the Last Trading Day is slightly lower than the Comparables’ average discount of approximately 31.2%. In the event that a higher Subscription Price or a lower subscription ratio was set by the Company, its discount represented would be significantly lower than the Comparables’ average discount, we therefore consider that setting a higher Subscription Price and lowering the subscription ratio are both not practical under the prevailing market condition.

Under the current subscription ratio, the Company requires to offer a discount to the Qualifying Shareholders that is in line with the market practice. We understand that if those Qualifying Shareholders do not wish to take up all or part of their provisional allotment entitlements to the Offer Shares, their corresponding interest in the Company will be diluted. However, the Open Offer is on the basis that all Qualifying Shareholders have been offered the equal opportunity to maintain their proportional interests in the Company. On the balance of the funding need of proceeds from the Open Offer and its possible dilution effect to the Shareholders, it is reasonable to justify the interests of the Company and the Shareholders as a whole in terms of the net tangible assets of the Group rather than just consider the percentage of their shareholding interests. In view that the Open Offer will enhance the net tangible assets and improve the liquidity position of the Group, we consider that the current structure of Open Offer with a reasonable discount of the Subscription Price is still in the interest of the Company and the Shareholders as a whole.

Having taken into account (i) the estimated net proceeds from the Open Offer will be utilized to finance for the investments which is in line with the investment objectives and policies of the Group; (ii) the Open Offer will allow the Company to broaden its capital base and increase its liquidity without incurring finance costs and increase its gearing ratio; (iii) the Open Offer allows the Qualifying Shareholders to maintain their respective pro-rata provisional entitlement of the Offer Shares and an equal opportunity to participate in the enlargement of the capital base of the Group; and (iv) the Open Offer is a preferred source of financing over other alternative funding methods, we concur with the Directors’ view that raising funds by means of Open Offer is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

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4. Principal terms of the Open Offer

The table below summarizes the issue statistics of the Open Offer:

Basis of the Open Offer	:	Two (2) Offer Shares for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.30 per Offer Share
Number of Shares in issue as at the Latest Practicable Date	:	467,607,900 Shares
Number of Shares in issue assuming all the Option Shares (save for 2,144,681 Options held by Mr. Mung) being allotted and issued on or before the Record Date	:	468,782,368 Shares
Number of Offer Shares	:	Not less than 935,215,800 Offer Shares and not more than 937,564,736 Offer Shares
Number of enlarged Shares in issue upon completion of the Open Offer	:	Not less than 1,402,823,700 Shares and not more than 1,406,347,104 Shares

As at the Latest Practicable Date, save for the outstanding 3,319,149 Options, of which 2,144,681 Options are held by Mr. Mung, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming (i) no further issue of new Shares or repurchase of Shares; and (ii) all 1,174,468 outstanding Options (other than the 2,144,681 outstanding Options held by Mr. Mung) being exercised and the 1,174,468 Option Shares being allotted and issued on or before the Record Date, the maximum of 937,564,736 Offer Shares will be allotted and issued which represents (i) approximately 200.50% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 66.67% of the issued share capital of the Company of 1,406,347,104 Shares as enlarged by the allotment and issue of the 1,174,468 Option Shares and the 937,564,736 Offer Shares (being the maximum number of Offer Shares to be allotted and issued under the Open Offer) immediately after completion of the Open Offer.

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Subscription Price

The Subscription Price of HK\$0.30 per Offer Share will be payable in full upon application. The Subscription Price represents:

- (i) a discount of approximately 59.5% to the closing price of HK\$0.74 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 53.8% to the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (iii) a discount of approximately 28.1% to the theoretical ex-entitlement price of approximately HK\$0.417 per Share based on the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (iv) a discount of approximately 53.3% to the average closing prices of approximately HK\$0.642 per Share for the last five consecutive trading days immediately prior to and including the Last Full Trading Day;
- (v) a discount of approximately 54.8% to the average closing prices of approximately HK\$0.664 per Share for the last ten consecutive trading days immediately prior to and including the Last Full Trading Day;
- (vi) a discount of approximately 10.2% to the audited consolidated net asset value per Share of approximately HK\$0.334 (based on the latest published audited net asset value of the Group as at 31 December 2014 and 467,607,900 Shares in issue as at the Latest Practicable Date);
- (vii) a discount of approximately 39.4% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (viii) a discount of approximately 17.8% to the theoretical ex-entitlement price of approximately HK\$0.365 per Share based on the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Historical share price performance

According to the management of the Company, the Subscription Price was determined after arm's length negotiations between the Company and the Underwriters with reference to, among others, the prevailing market price of the Shares.

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In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the trading price of the Shares for a twelve-month period from 13 May 2014, up to the Last Trading Day and prior to the date of the Underwriting Agreement (the “Review Period”), which is an appropriate benchmark to reflect the recent market sentiment of the investment community. During the Review Period, the Company had completed share consolidation with every ten shares consolidated into one consolidated share. The chart below illustrates the daily closing price of the Shares versus the Subscription Price of HK\$0.30 during the Review Period (adjustment to the Share price has been made taking into account of the share consolidation):



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

As shown in the above chart, we noted that there was a general downward trend of closing price of the Shares since August 2014, it reached to the lowest of HK\$0.41 per Share and bounced back to an upward trend from April 2015. During the Review Period, the highest closing price and the lowest closing price of the Shares were HK\$0.74 on 12 May 2014 and HK\$0.41 on 20 January 2015, respectively. The Subscription Price of HK\$0.30 is lower than all the daily closing price of the Shares during the Review Period, representing a discount of approximately 59.5% and 26.8% to such highest and lowest closing prices of the Shares respectively during the Review Period. As stated in the Letter from the Board, the Directors consider that the Subscription Price which has been set at a discount to the recent closing prices of Shares can encourage existing Shareholders to take up their entitlements and participate in the potential growth of the Company. Having taken into consideration that it is common for the listed issuers in Hong Kong to issue offer shares at a discount to the market price so as to enhance the attractiveness of an open offer transaction as discussed in section headed “Comparison with other open offers” below, we have assessed the discount level determined by the Company, and noted that the Subscription Price is lower than the market price of the Shares, which the discounts represented by the Subscription Price to all

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the closing price of the Shares during the Review Period falls within the market range, hence the determination of the Subscription Price is in line with common market practice and we consider it is acceptable.

As the Offer Shares are offered to all Qualifying Shareholders, we are advised by the Directors that they would like to set and maintain the Subscription Price at the current discount level that would attract all the Qualifying Shareholders and encourage them to participate in the Open Offer and accordingly maintain their shareholdings in the Company and participate in the future growth of the Company.

Having considered (i) the past share price performance of the Company as shown above; (ii) the need of increasing the attractiveness of the Open Offer to the Qualifying Shareholders and the Underwriters; and (iii) it is a common market practice that the subscription price represents a discount to the prevailing market prices of the relevant shares as discussed in section headed “Comparison with other open offers” below, we consider that the proposed discount rate of the Subscription Price to the prevailing market price of the Shares is appropriate and in line with general market practice.

Comparison with other open offers

To further assess the fairness and reasonableness of the Open Offer, we have selected and identified an exhaustive list of 16 open offers conducted by companies (the “Comparables”) listed on the Stock Exchange for the three-month period from 13 February 2015 up to and including the date of the Underwriting Agreement (the “Comparable Period”), for comparison purpose. We are of the view that the Comparable Period could provide us with the recent relevant information on the market condition and sentiment, which plays an important role in the determination of the subscription price of an open offer in general. Furthermore, we consider that the selection of the three-month Comparable Period is appropriate for our analysis as a result of such period represents the recent structure of open offer transactions in the Hong Kong stock market under the prevailing market condition.

However, given the discrepancies of the Comparables with the Group in terms of business nature, financial performance, financial position as well as funding requirements, the Comparables might not constitute close reference with the Open Offer, but a market general reference for the recent market practice in relation to the issue prices under other open offers as compared to the relevant prevailing market share prices.

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We noted that the business activities of the Comparables are not directly comparable to those carried out by the Group and the terms of the open offer of the Comparables may vary from companies with different financial position, business performance and future prospects. However, based on (i) the Comparables are the most recent open offer transactions announced to the public; (ii) the terms of the Comparables were determined under similar market condition and sentiment and they might be able to reflect the recent trend of open offer transactions in the Hong Kong stock market; and (iii) the size of Comparables is adequate with sufficient number of samples for the purpose of comparison during the Comparable Period, we consider that the Comparables are fair and representative samples to illustrate the recent trend and terms of the open offer transactions under common market practice. Details regarding the Comparables are set out below:

Date of announcement	Company	Stock code	Basis of entitlement	Excess application	Discount of	Discount of	Underwriting commission (%)	Potential
					subscription price to closing price on last trading day or the date of announcement (approximate %) (Note 1)	subscription price to the theoretical ex-entitlement price on last trading day or the date of announcement (approximate %) (Note 1)		maximum dilution of shareholding (%) (Note 2)
8/5/2015	Merdeka Mobile Group Limited	8163	2 for 1	Yes	76.6	52.1	2.5	66.7
4/5/2015	China Vehicle Components Technology Holdings Limited	1269	1 for 1	Yes	86.8	76.6	2.0	50.0
28/4/2015	Hua Han Bio-Pharmaceutical Holdings Limited	587	1 for 2	Yes	43.5	33.9	2.5	33.3
24/4/2015	RCG Holdings Limited	802	5 for 1	No	78.4	37.8	2.0	83.3
17/4/2015	China Culiangwang Beverages Holdings Limited	904	2 for 1	No	77.8	53.8	HK\$20,635,167 or 2.5 (Note 3)	66.7
17/4/2015	Media Asia Group Holdings Limited	8075	1 for 2	Yes	38.8	29.8	1.5	33.3
14/4/2015	Century Sunshine Group Holdings Limited	509	1 for 2	No	47.4	37.5	1.5	33.3
13/4/2015	Jun Yang Solar Power Investments Limited	397	1 for 2	No	25.7	18.8	2.5	33.3
8/4/2015	Seamless Green China (Holdings) Limited	8150	1 for 2	No	17.1	12.1	1.5	33.3
1/4/2015	Richly Field China Development Limited	313	1 for 3	No	0	0	0	25.0

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Date of announcement	Company	Stock code	Basis of entitlement	Excess application	Discount of subscription price to the theoretical ex-entitlement price on last trading day or the date of announcement		Underwriting commission (%)	Potential maximum dilution of shareholding (%)
					(approximate %) (Note 1)	(approximate %) (Note 1)		
31/3/2015	EPI (Holdings) Limited	689	1 for 2	No	45.1	35.3	1.0	33.3
31/3/2015	Powerwell Pacific Holdings Limited	8265	1 for 2	No	24.7	17.9	2.0	50.0
24/3/2015	Chinese Energy Holdings Limited	8009	1 for 1	No	40.5	25.4	2.5	50.0
18/3/2015	Celebrate International Holdings Limited	8212	30 for 1	Yes	92.9	29.7	3.0	96.8
13/3/2015	Capital VC Limited	2324	7 for 1	No	76.6	28.6	1.0	87.5
27/2/2015	Heng Fai Enterprises Limited	185	1 for 10	Yes	11.5	10.6	2.5	9.1
				Maximum	92.9	76.6		
				Minimum	0	0		
				Average	49.0	31.2		
	The Company		2 for 1	No	59.5	28.1	1.0 & 3.5 (Note 4)	66.7

Source: The Stock Exchange

Notes:

- Based on the figures disclosed in the initial announcement of the Comparables respectively.
- Maximum dilution effect of each open offer is calculated as: (number of new shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the new shares under the basis of entitlement + number of new shares to be issued under the basis of entitlement) x 100%.
- The commission amount was fixed at HK\$20,635,167, which represents approximately 2.5% of the subscription price of the maximum number of the underwritten shares.
- There are two Underwriters for the Open Offer conducted by the Company. The underwriting commissions to TDX and Kingston Securities are 1% and 3.5% respectively.

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As shown on the above list of the Comparables, the subscription prices of almost all of the Comparables are set at discounts to relevant market price, ranging from a discount of approximately 0% to 92.9%, with an average discount of approximately 49.0%. The maximum discount represented by the Subscription Price to the closing price of the Shares on the Last Trading Day of approximately 59.5% is above the discount and within the range of discounts of the Comparables. We also noted that out of the 16 Comparables, 6 of which set the subscription price of the offer shares at discount deeper than the average discount of the Comparables.

Having taken into account (i) the maximum discount represented by the Subscription Price to the closing price of the Shares on the Last Trading Day/Last Full Trading Day falls within the relevant range of the Comparables; (ii) the discount represented by the Subscription Price to the theoretical ex-entitlement price of the Shares on the Last Full Trading Day is lower than the average but falls within the relevant range of the Comparables; (iii) it is the common practice by the Comparables to set their subscription prices at a discount to the prevailing market prices of the relevant shares in order to enhance the attractiveness of an open offer exercise; (iv) the potential 66.7% dilution effect by the Open Offer as stated above is not prejudicial to the Independent Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Offer Shares, as it is an opportunity of participating in the future benefits which may be brought by the Group for investing in the listed and unlisted securities; and (v) the Open Offer is fair and reasonable when compare to other alternatives as stated in the section headed "Other fund raising alternatives considered by the Group and the reasons for choosing the Open Offer as funding method" above, we consider it is inevitable for the Company to set the Subscription Price at discount so as to increase the attractiveness of the Open Offer to all the Qualifying Shareholders and to induce the Underwriters to participate the underwriting of the Open Offer.

Assuming the amount of fund raising maintains at the range of net proceeds from a minimum of approximately HK\$272.0 million to a maximum of approximately HK\$272.7 million by the Open Offer, in the event that the subscription ratio were set at lesser proportion (such as one Offer Shares for ten Shares held on the record date), the subscription price of such open offer would have to be higher than the Subscription Price or set the subscription price with less discount rate to the prevailing market price of the Share and thus the attractiveness of the Open Offer would be greatly reduced. Moreover, it is reasonable to consider that the scenario of maximum dilution effect is unlikely to occur since it assumes that the Independent Shareholders have voted in favour of the Open Offer at the EGM which is a complete misalignment between the voting behaviour of the Independent Shareholders and their willingness to participate in the Open Offer. As a result of an appropriate discount rate of the Subscription Price to the prevailing market price of the Shares is necessary to encourage the Qualifying Shareholders to participate in the Open Offer, we consider that the current structure of the Open Offer is in the best interests of the Company and the Shareholders as a whole.

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Having considered the abovementioned and that all Qualifying Shareholders are offered an equal opportunity to participate in the Open Offer and to take up their entitlements in full at the same price to maintain their respective shareholdings in the Company, we are of the opinion and concur with the Directors' view that the discount rate of the Subscription Price as compared to the recent market prices of the Shares would encourage Shareholders to participate in the Open Offer and that the Subscription Price is fair and reasonable and the maximum dilution effect of the Open Offer as stated in the section headed "Potential dilution effect on the interests of the Independent Shareholders" is acceptable so far as the Independent Shareholders are concerned.

5. Underwriting Agreement

Pursuant to the Underwriting Agreement, the total number of Offer Shares (excluding the 234,000,000 Offer Shares to be taken up or procured to be taken up by TDX pursuant to TDX Undertaking), being not less than 701,215,800 Offer Shares and not more than 703,564,736 Offer Shares, will be underwritten severally by the Underwriters in the following manner:

- (i) TDX shall have priority to underwrite the first 68,432,000 Underwritten Shares; and
- (ii) Kingston Securities shall underwrite the remaining Underwritten Shares, i.e. not less than 632,783,800 Underwritten Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date) and not more than 635,132,736 Underwritten Shares (assuming no new Share being issued other than full exercise of the Options (save for 2,144,681 Options held by Mr. Mung) and no Share being repurchased by the Company on or before the Record Date)

The underwriting commission will be payable by the Company to (i) TDX at 1% of the aggregate Subscription Price in respect of 68,432,000 Underwritten Shares committed to be underwritten by TDX; and (ii) Kingston Securities at 3.5% of the aggregate Subscription Price in respect of the maximum amount of Underwritten Shares committed to be underwritten by the Kingston Securities. As stated in the Letter from the Board, the commission rates were determined after arm's length negotiations between the Company and the Underwriters with reference to the recent underwriting commission rates of open offers in the market. In addition, in the view that the underwriting commission payable to TDX is lower than that payable to Kingston Securities, the Board considers that the underwriting arrangement in which TDX shall have priority to underwrite the first 68,432,000 Underwritten Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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The Directors are of the opinion that the commission rates given to the Underwriters are fair as compared to the market practice and commercially reasonable as agreed between the Company and the Underwriters. In order to assess the fairness and reasonableness of the commission rates, we have reviewed the announcements published by the companies listed on the Stock Exchange which have announced open offer exercises in the past six-month period prior to the Last Trading Day. In view of the Group had an open offer exercise as disclosed in the announcement dated 25 November 2014, we consider that a six-month period is an appropriate timeframe so to include the previous open offer of the Group and have more representative population of samples for comparison on the commission rates in our assessment. During the past six-month period, we noted that the underwriting commission of open offers for all the underwriters showed a range of nil to 4%. In the view that (i) the 3.5% commission rate payable to Kingston Securities, the highest rate among the Comparables based on the table in the paragraph headed “Comparison with other open offers”, is also the rate agreed in the previous open offer of the Group, which was determined with reference to other open offers conducted by other listed companies in the Stock Exchange; and (ii) both the commission rates of 1% and 3.5% fall within the range charged by other underwriters in the past six-month period, we consider the underwriting commission is in line with the market and is fair and reasonable as far as the Company and the Independent Shareholders are concerned.

As at the Latest Practicable Date, TDX, which is owned as to 99.99% by Mr. Mung and 0.01% by Ms. Sin Lai Ni (who is the spouse of Mr. Mung), is interested in 117,000,000 Shares, representing approximately 25.02% of the issued share capital of the Company, TDX is therefore a connected person of the Company. As each of the applicable percentage ratios in respect of the maximum underwriting commission payable to TDX under the Underwriting Agreement is expected to be less than 0.1% and is therefore exempt from the reporting, announcement and independent shareholders’ approval requirements under Rule 14A.76(1) of the Listing Rules.

6. No application for excess Offer Shares

As stated in the Letter from the Board, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriters. The Directors are of the view that the Open Offer will give the Qualifying Shareholders equal opportunities to maintain their respective pro-rata shareholding interests in the Company so to participate in the future growth and development of the Group. After arm’s length negotiations with the Underwriters, and taking into account that the related administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

We have reviewed the announcement and/or the circulars of the Comparables in relation to the open offer exercises and noted that the above practice (i) is in line with the general market practice (i.e. 10 out of 16 Comparables had no excess application for their open offer exercises); (ii) is able to lower the related administration costs of approximately HK\$200,000 as stated in the

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Letter from the Board in the absence of excess applications; and (iii) allows the Qualifying Shareholders to maintain their respective pro-rata shareholding, we are of the view that such arrangement is fair and reasonable to the Company and the Shareholders as a whole.

7. Potential dilution effect on the interests of the Independent Shareholders

The table which demonstrates the possible shareholding structure of the Company as at the Latest Practicable Date and upon completion of the Open Offer is set out in the section headed “Shareholding structure of the Company” in the Letter from the Board.

Upon completion of the Open Offer, not less than 935,215,800 Offer Shares (assuming no shares have been allotted and issued pursuant to the subscription rights attaching to the 3,319,149 Options on or before the Record Date) and not more than 937,564,736 Offer Shares (assuming a total of 1,174,468 new Shares have been allotted and issued upon full exercise of the subscription rights attaching to the 1,174,468 Options (save for 2,144,681 Options held by Mr. Mung) on or before the Record Date) will be issued.

The Independent Shareholders who are Qualifying Shareholders should note that, if they decide to subscribe for their provisional allotment entitlements of the Offer Shares in full, there would not be any dilution effect on their shareholding interests in the Company. However, we would like to draw the Qualifying Shareholders’ attention to the fact that, for those Qualifying Shareholders who do not wish to take up all or part of their provisional allotment entitlements to the Offer Shares, their corresponding interest in the Company will be diluted. In view that the Company sets the Subscription Price at a substantial discount, the Qualifying Shareholders are more likely to be attracted to participate in the Open Offer so as their shareholding are not to be diluted. Nevertheless, if all the Qualifying Shareholders (other than the Underwriters) still decide not to take up the provisional allotments of the Open Offer and the Underwriters have taken up all the provisional allotments in its capacity as the Underwriters, the percentage of shareholding of the existing Shareholders will be reduced from 75.0% to 24.9% (assuming all Options (save for 2,144,681 Options held by Mr. Mung) are being exercised and the Options Shares are being allotted and issued).

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Having considered that (i) the intended use of proceeds from the Open Offer will enable the Group to broaden its capital base and to invest in listed and unlisted securities, which is part of the principal activities of the Group; (ii) the Subscription Price represents a discount to the Share price as at the Last Trading Day and to the theoretical ex-entitlement price is likely to attract the Qualifying Shareholders to participate in the Open Offer; (iii) the inherent dilutive nature of open offer is a general market practice; and (iv) the Open Offer is on the basis that all Qualifying Shareholders have been offered the equal opportunity to maintain their proportional interests in the Company, we are of the view that the potential dilution effect on the shareholding is fair and reasonable to the Independent Shareholders and is not prejudicial to the Independent Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Offer Shares under the Open Offer.

8. Financial effects of the Open Offer

Net tangible assets

According to the unaudited pro forma financial information of the Group set out in Appendix II to the Circular, the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2014 is approximately HK\$156.17 million. After taking into account the inflow of the estimated net proceeds from the Open Offer, the unaudited pro forma adjusted consolidated net tangible assets will increase to approximately HK\$428.18 million (on the basis that a minimum of 935,215,800 Offer Shares are issued).

According to the unaudited pro forma financial information of the Group set out in Appendix II to the Circular, the consolidated net tangible assets per Share before the Open Offer is approximately HK\$0.50. Immediately after completion of the Open Offer, the total number of Shares would increase to 1,246,954,400 Shares (on the basis that 935,215,800 Offer Shares are issued), the unaudited pro forma adjusted consolidated net tangible assets per Share will decrease to approximately HK\$0.34.

Working capital

According to the Annual Report, the audited net current assets of the Group as at 31 December 2014 are approximately HK\$77.6 million. Immediately after completion of the Open Offer, the net current assets of the Group will increase by not less than HK\$272.0 million. In this regard, we are of the view that the Open Offer will improve the liquidity position of the Group.

Based on the foregoing, although the unaudited pro forma adjusted consolidated net tangible assets per Share will be diminished, the Open Offer will enhance the net asset value and improve the liquidity position of the Group. Hence, we are of the view that the Open Offer is in the interest of the Company and the Shareholders as a whole.

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RECOMMENDATION

Taken into account the principal factors and reasons regarding the Open Offer including:

- (a) the net proceeds from the Open Offer will broaden the capital base of the Group and finance for investment in both listed and unlisted securities in accordance to the investment objectives and policies of the Group;
- (b) the Open Offer would be a preferred method of equity financing as it will allow all the Qualifying Shareholders to maintain their proportional interests in the Company and to participate in the future growth and development of the Company;
- (c) the discount of the Subscription Price to the prevailing market price is necessary to encourage the Qualifying Shareholders to participate in the Open Offer;
- (d) the major terms of the Underwriting Agreement is in line with the general market practice;
- (e) the inherent dilution effect is not prejudicial to the Independent Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Offer Shares under the Open Offer; and
- (f) the Open Offer will enhance the net asset value of the Group and improve the liquidity position of the Group,

we consider that, despite the inherent dilution effect to the Qualifying Shareholders who do not participate in the Open Offer, the terms of the Open Offer and the Underwriting Agreement are on normal and commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Open Offer and the entering into of the Underwriting Agreement are in the interests of the Company and the Shareholders as a whole. 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 ordinary resolution(s) to be proposed at the EGM to approve the Open Offer (including the absence of the excess application arrangement), the Underwriting Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for the year ended 31 December 2012, the year 31 December 2013 and the year ended 31 December 2014 are disclosed on pages 31 to 86 of the 2012 annual report published on 29 April 2013, pages 31 to 84 of the 2013 annual report published on 30 April 2014 and pages 49 to 148 of the 2014 annual report published on 29 April 2015 respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.irasia.com/listco/hk/mastermindcap/>). Please refer to the hyperlinks as stated below:

2012 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0429/LTN201304291247.pdf>

2013 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0430/LTN20140430045.pdf>

2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0429/LTN20150429493.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$90 million comprising an unsecured loan from 21 Holdings Limited, an Independent Third Party of approximately HK\$80 million and unsecured non-convertible bonds of approximately HK\$10 million held by Ms. Li Yan, an Independent Third Party.

As at the close of business on 30 April 2015, the Group has no material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal accruals and other payables in the ordinary course of the business, as at the close of business on 30 April 2015, the Group did not have other outstanding mortgages, charges, or other loan capital, bank overdrafts, loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

The Directors confirmed that no material changes in the indebtedness and contingent liabilities of the Group since 30 April 2015 up to and including the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available and also the estimated net proceeds from the Open Offer, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group was made up.

5. BUSINESSES ACQUIRED AFTER 31 DECEMBER 2014

No business (which would be consolidated into the financial statements of the Group) was acquired by the Group after 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group was made up.

6. FINANCIAL AND TRADING PROSPECT OF THE GROUP

As at 31 December 2014, the major investments of the Group were HK\$127,044,000 of a portfolio of listed equity securities and HK\$14,543,000 of direct investment in unlisted equity securities. The investment portfolio of the Group comprises equity securities in Hong Kong, Canada, the United States of America and China. Dividend from listed equity investments during the year ended 31 December 2014 was approximately HK\$1,301,000.

The Group recorded a revenue of approximately HK\$1,759,000 for the year ended 31 December 2014, as compared with a revenue of approximately HK\$1,027,000 in the corresponding period of 2013. The Group also recorded a loss attributable to owners of the Company of approximately HK\$17,604,000, as compared with a profit attributable to owners of the Company of approximately HK\$14,426,000 in the corresponding period of 2013. The increase in loss was mainly due to (i) the write back of impairment provision on deposits paid decreased by approximately HK\$24,900,000 for the year ended 31 December, 2014; and (ii) reclassification from equity to profit or loss on impairment of available-for-sale financials assets at fair value increased by approximately HK\$4,864,000 for the year ended 31 December, 2014.

Looking ahead, the Board expects the investment market in 2015 to be challenging. The Board will pay attention to the changes in global economy and continue to seek for business opportunities available in the market which can enhance shareholders' value and strengthen the financial position of the Group.

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “Unaudited Pro Forma Financial Information”) prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Open Offer, which issuing not less than 935,215,800 Offer Shares and not more than 937,564,736 Offer Shares at the Subscription Price of HK\$0.30 per Offer Share on the basis of two Offer Shares for every one existing Share held on the Record Date, on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Open Offer had taken place on 31 December 2014.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company derived from the audited consolidated statement of financial position of the Group as at 31 December 2014, as extracted from the published annual report of the Company for the year ended 31 December 2014 and is adjusted for the effect of the Open Offer.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purpose only, based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Open Offer actually been completed as at 31 December 2014 or at any future date.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2014 (Note 1) HK\$'000	Note	Estimated net proceeds from the Open Offer and Option Shares HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets HK\$'000	Note	Unaudited pro forma adjusted consolidated net tangible assets per Share HK\$
Based on 935,215,800 Offer Shares to be issued at Subscription Price of HK\$0.30 per Offer Share	<u>156,171</u>	2	<u>272,011</u>	<u>428,182</u>	4	<u>0.34</u>
Based on 937,564,736 Offer Shares to be issued at Subscription Price of HK\$0.30 per Offer Share	<u>156,171</u>	3	<u>275,820</u>	<u>431,991</u>	5	<u>0.35</u>

Notes:

- 1) As at 31 December 2014, the consolidated net tangible assets per share of the Company is HK\$0.5 which is calculated based on 311,738,600 shares of the Company of HK\$0.25 each in issue on that date.
- 2) The estimated net proceeds from the Open Offer of approximately HK\$272,011,000 is calculated based on 935,215,800 Offer Shares (the Company had 467,607,900 Shares in issue (note 6) on the Latest Practicable Date) on the basis of two offer share for every one share held on 24 June 2015, being the Latest Practicable Date at the Subscription Price of HK\$0.30 per Offer Share, after deduction of the estimated related expenses of approximately HK\$8,554,000.
- 3) The estimated net proceeds from the Open Offer and Option Shares of approximately HK\$275,820,000 is calculated based on 937,564,736 Offer Shares (the Company had 467,607,900 Shares in issue on the Latest Practicable Date and assuming 1,174,468 outstanding Options (excluding the 2,144,681 outstanding Options held by Mr. Mung) being exercised and the 1,174,468 Option Shares being allotted and issued on or before the Latest Practicable Date) on the basis of two offer shares for every one share held on the Latest Practicable Date at the Subscription Price of HK\$0.30 per Offer Share and 1,174,468 Option Shares being issued at the exercise price of HK\$2.644 per Option Shares, after deduction of the estimated related expenses of approximately HK\$8,554,000.
- 4) The unaudited pro forma adjusted consolidated net tangible assets per Share of the Company after the completion of the Open Offer is calculated based on 1,246,954,400 Shares assuming that the Open Offer had been completed on 31 December 2014.
- 5) The unaudited pro forma adjusted consolidated net tangible assets per Share of the Company after the completion of the Open Offer is calculated based on 1,250,477,804 Shares assuming that (i) 1,174,468 outstanding Options (excluding the 2,144,681 outstanding Options held by Mr. Mung) had been exercised and the 1,174,468 Option Shares had been allotted and issued on or before 31 December 2014 and (ii) the Open Offer had been completed on 31 December 2014.
- 6) On 14 January 2015, the Company completed an open offer by issuing 155,869,300 offer shares on the basis of 1 offer share for every 2 existing shares, at a subscription price of HK\$0.45 per offer share. On the same date, the Company had 467,607,900 Shares in issue.
- 7) The unaudited pro forma financial information of the Group presented above does not take account of any trading result or other transactions of the Group entered into subsequent to 31 December 2014.

II. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report from BDO Limited, the independent reporting accountants, in respect of the unaudited pro forma financial information of the Group as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.



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永安中心25樓

The Board of Directors
Mastermind Capital Limited
Units 1611, 16th Floor
Shun Tak Centre, West Tower
168 – 200 Connaught Road
Central, Hong Kong

Dear Sirs

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Mastermind Capital Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets of the Group as at 31 December 2014, and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the Circular issued by the Company dated 26 June 2015. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact in respect of the proposed Open Offer and placing of Shares of the Company (the “Share Offer”) on the Group’s financial position as at 31 December 2014 as if the Share Offer had taken place at 31 December 2014. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s audited consolidated financial statements for the year ended 31 December 2014 which was published on 29 April 2015.

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting accountant's responsibilities

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

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

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

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

BDO Limited

Certified Public Accountants

Hong Kong, 26 June 2015

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include 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. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Open Offer were as follows:

Authorised:

	<i>HK\$</i>
<u>4,000,000,000</u> Shares	<u>1,000,000,000.00</u>

Assuming there is no change to the issued share capital of the Company and none of the outstanding Options are being exercised on or before the Record Date:

	<i>HK\$</i>
467,607,900 Shares in issue as at the Latest Practicable Date	116,901,975
<u>935,215,800</u> Offer Shares to be issued	<u>233,803,950</u>
<u>1,402,823,700</u> Shares in issue and fully paid immediately upon completion of the Open Offer	<u>350,705,925</u>

Assuming all 1,174,468 outstanding Options (other than the 2,144,681 outstanding Options held by Mr. Mung) are being exercised and the 1,174,468 Option Shares are being allotted and issued on or before the Record Date;

Issued and fully paid or credited as fully paid

		<i>HK\$</i>
	467,607,900 Shares in issue as at the Latest Practicable Date	116,901,975
	1,174,468 Option Shares to be issued	293,617
	<u>937,564,736</u> Offer Shares to be issued	<u>234,391,184</u>
	Shares in issue and fully paid immediately upon completion of the Open Offer	<u>351,586,776</u>
	<u>1,406,347,104</u>	

As at the Latest Practicable Date, save for the outstanding 3,319,149 Options the Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

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

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

All the Offer Shares when allotted, issued and fully paid, will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Open Offer.

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

3. DISCLOSURE OF INTERESTS

(i) Directors

(a) *Directors' interests in the Company*

As at the Latest Practicable Date, the interests of the Directors in the Shares and the underlying Shares and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers of the Listing Rules were as follows:

Name of Director	Capacity	Number of Shares or underlying Shares held	Approximate % of interest held
Mr. Mung	Beneficial owner	2,114,681 (Notes 2 and 4)	0.16% (Note 1)
	Interest of controlled corporation	419,432,000 (Notes 3 and 4)	29.82% (Note 1)

Notes:

- The percentage shareholding in the Company is calculated by reference to the number of Shares in issue immediately following the completion of the Open Offer (assuming no Shares, other than the maximum number of Offer Shares and the 1,174,468 new Shares allotted and issued upon the exercise of all the outstanding 1,174,468 Options, are allotted and issued from the Latest Practicable Date to the completion of the Open Offer), that is, 1,406,347,104.
- These underlying Shares represent the 2,114,681 Options held by Mr. Mung.
- Mr. Mung owns 99.99% of the entire issued share capital of TDX and the remaining 0.01% is held by Ms. Sin Lai Ni (who is the spouse of Mr. Mung). By virtue of the SFO, Mr. Mung is deemed to be interested in all the Shares held by TDX. These Shares comprise (i) 117,000,000 Shares held by TDX; (ii) 234,000,000 Offer Shares to be allotted to TDX under its entitlement under the Open Offer pursuant to the TDX Undertaking; and (iii) 68,432,000 Offer Shares in which TDX as the underwriter is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer.
- Ms. Sin Lai Ni, being the spouse of Mr. Mung, is deemed to be interested in all the Shares and underlying Shares in which Mr. Mung is interested under the SFO.

All interests stated above represent long positions.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Directors' interests in assets and contracts of the Company

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to member of the Group since 31 December 2014, being the date to which the latest published audited accounts of the Group were made up.

Save for Mr. Mung in the TDX Undertaking and the Optionholder Undertaking, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

(c) Directors' service contracts

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

(d) Directors' interests in competing businesses

As at the Latest Practicable Date, none of the Directors or their respective associates were interested in any business apart from the Group's businesses, which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group.

(ii) Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the following persons (other than the Directors or chief executives of the Company) had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name	Capacity	Number of Shares or underlying Shares held	Approximate % of interest held
Kingston Securities Limited	Beneficial owner	635,132,736 <i>(Note 2)</i>	45.16% <i>(Note 1)</i>
Galaxy Sky Investments Limited	Interest of controlled corporation	635,132,736 <i>(Note 2)</i>	45.16% <i>(Note 1)</i>
Kingston Capital Asia Limited	Interest of controlled corporation	635,132,736 <i>(Note 2)</i>	45.16% <i>(Note 1)</i>
Kingston Financial Group Limited	Interest of controlled corporation	635,132,736 <i>(Note 2)</i>	45.16% <i>(Note 1)</i>
Active Dynamic Limited	Interest of controlled corporation	635,132,736 <i>(Note 2)</i>	45.16% <i>(Note 1)</i>
Chu Yuet Wah	Interest of controlled corporation	635,132,736 <i>(Note 2)</i>	45.16% <i>(Note 1)</i>
TDX	Beneficial owner	419,432,000 <i>(Notes 3 and 4)</i>	29.82%

All interests stated above represent long positions.

Notes:

1. The percentage shareholding in the Company is calculated by reference to the number of Shares in issue immediately following the completion of the Open Offer (assuming no Shares, other than the maximum number of Offer Shares and the 1,174,468 new Shares allotted and issued upon the exercise of all the outstanding 1,174,468 Options, are allotted and issued from the Latest Practicable Date to the completion of the Open Offer), that is, 1,406,347,104.
2. The 635,132,736 Shares are the Offer Shares which Kingston Securities Limited as the underwriter is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. Kingston Securities Limited is a wholly owned subsidiary of Galaxy Sky Investments Limited, which is wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly owned by Kingston Financial Group Limited. Active Dynamic Limited owns 42.90% interest in Kingston Financial Group Limited. Chu Yuet Wah owns 100% interest in Active Dynamic Limited.
3. Mr. Mung owns 99.99% of the entire issued share capital of TDX and the remaining 0.01% is owned by Ms. Sin Lai Ni (who is the spouse of Mr. Mung). By virtue of the SFO, Mr. Mung is deemed to be interested in all the Shares held by TDX. These Shares comprise (i) 117,000,000 Shares held by TDX; (ii) 234,000,000 Offer Shares to be allotted to TDX under its entitlement under the Open Offer pursuant to the TDX Undertaking; and (iii) 68,432,000 Offer Shares in which TDX as the underwriter is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer.
4. Ms. Sin Lai Ni, being the spouse of Mr. Mung, is deemed to be interested in all the Shares and underlying Shares in which Mr. Mung is interested under the SFO.

Other than disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the Company had not been notified of any other interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

As at the Latest Practicable Date, save and except for information above, no other Director nor any parties acting in concert with any of them was interested in any Shares or any convertible securities, warrants, options or derivative in respect of Shares.

4. CORPORATE INFORMATION**Board of Directors***Executive Directors*

Mr. Mung Kin Keung

Mr. Mung Bun Man, Alan

Independent Non-executive Directors

Mr. Man Kong Yui

Mr. Fung Wai Ching

Mr. Poon Wai Hoi, Percy

*Audit Committee*Mr. Poon Wai Hoi, Percy (*Committee Chairman*)

Mr. Man Kong Yui

Mr. Fung Wai Ching

*Remuneration Committee*Mr. Fung Wai Ching (*Committee Chairman*)

Mr. Mung Kin Keung

Mr. Man Kong Yui

Mr. Poon Wai Hoi, Percy

*Nomination Committee*Mr. Man Kong Yui (*Committee Chairman*)

Mr. Mung Kin Keung

Mr. Fung Wai Ching

Mr. Poon Wai Hoi, Percy

Registered office

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

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

Unit 1611

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Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

Company secretary	Mr. Lee Chan Wah (A member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants)
Compliance officer	Mr. Mung Bun Man, Alan
Authorised representatives	Mr. Mung Bun Man, Alan and Mr. Lee Chan Wah Unit 1611 16/F., West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Auditors	BDO Limited <i>Certified Public Accounts</i> 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Principal Banker	Shanghai Commercial Bank Ltd. Basement, Manning House 48 Queen's Road Central Hong Kong
Stock code	905
Website	http://www.irasia.com/listco/hk/mastermindcap/

5. PARTIES INVOLVED IN THE OPEN OFFER

The Company	Mastermind Capital Limited Unit 1611 16/F., West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Underwriters	Kingston Securities Limited Suite 2801, 28th Floor One International Finance Centre 1 Harbour View Street Hong Kong China Tian Di Xing Logistics Holdings Limited Room 13, 10/F, Wing On Plaza 62 Mody Road Kowloon Hong Kong
Financial adviser to the Company	Nuada Limited Unit 1805-08, 18/F. OfficePlus @Sheung Wan 93-103 Wing Lok Street Sheung Wan Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Donvex Capital Limited Unit 1305, 13th Floor Carpo Commercial Building 18-20 Lyndhurst Terrace Central Hong Kong
Legal advisers to the Company	<i>As to Hong Kong Law:</i> Michael Li & Co. 19/F., Prosperity Tower No. 39 Queen's Road Central Central Hong Kong

Reporting Accountants	BDO Limited <i>Certified Public Accountants</i> 25th Floor Wing On Centre 111 Connaught Road Central Hong Kong
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong

6. LITIGATION

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

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

- (1) the placing and subscription agreement dated 31 March 2014 entered into between the Company, the Underwriter and TDX in relation to the placing of 400,000,000 existing shares of HK\$0.025 each and the subscription of new shares of HK\$0.025 each on a best effort basis to placees at the placing and subscription price of HK\$0.10 per share of HK\$0.025 each, which was completed on 4 April 2014;
- (2) the subscription agreement dated 16 April 2014 entered into between the Company as issuer and the Independent Third Party as subscriber in relation to the subscription of the 2% (subject to adjustment) unsecured and non-convertible bond in the aggregate principal amount of HK\$10,000,000;
- (3) the loan agreement dated 6 October 2014 entered into between Mega Way International Limited, a direct wholly-owned subsidiary of the Company, as the borrower and Ms. Zhang Jin, an Independent Third Party, as the lender in relation to an unsecured loan in the principal amount of HK\$18 million granted by the lender to the borrower with an interest rate of 3% per annum;

- (4) the placing and subscription agreement dated 16 October 2014 entered into between the Company, the Underwriter and TDX in relation to the placing of 51,952,000 existing Shares and the subscription of new Shares each on a best effort basis to places at the placing and subscription price of HK\$0.54 per Share, which was completed on 22 October 2014 and 28 October 2014 respectively;
- (5) the disposal agreement dated 19 November 2014 entered into between Billion City Investment Limited, a direct wholly-owned subsidiary of the Company, as the vendor and Mr. Han Jinfeng (“**Mr. Han**”), an Independent Third Party, as the purchaser in relation to the disposal of 7% equity interest of GOGC Petroleum (China) Limited at a cash consideration of HK\$29,837,500 which was terminated by the deed of termination entered into between Billion City Investment Limited and Mr. Han on 12 January 2015;
- (6) the underwriting agreement dated 25 November 2014 entered into among the Company, the Underwriter, TDX and Mr. Mung in relation to the underwriting arrangement in respect of the open offer of not less than 155,869,300 Shares and not more than 156,444,300 Shares at a subscription price of HK\$0.45 per Share on the basis of one (1) Share of every two (2) existing Shares held which was completed on 8 January 2015;
- (7) the loan agreement dated 4 December 2014 entered into between the Company as the borrower and 21 Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1003), as the lender in relation to an unsecured loan in the principal amount of HK\$80 million conditionally granted by the lender to the borrower for a term of two years from the date of drawdown with an interest rate of 8% per annum;
- (8) a deed of termination dated 12 January 2015 entered into between Billion City Investment Limited, a direct wholly-owned subsidiary of the Company, as the vendor and Mr. Han as the purchaser in relation to termination of the disposal of 7% equity interest of GOGC Petroleum (China) Limited;
- (9) the disposal agreement dated 23 April 2015 entered into between the Company, as the vendor and Mr. Cao Yingfeng, an Independent Third Party, as the purchaser in relation to the disposal of 100% equity interest of Billion City Investment Limited at a cash consideration of HK\$30,000,000; and
- (10) the Underwriting Agreement and two extension letters dated 5 June 2015 and 25 June 2015 respectively and entered into among the Company, the Underwriters and Mr. Mung to revise certain dates in connection with the Open Offer, details of which are set out in the announcements of the Company dated 5 June 2015 and 25 June 2015 respectively.

8. PARTICULARS OF DIRECTORS

Mr. Mung Kin Keung, aged 54, was appointed as an executive Director on 9 March 2007. He holds a Conferment of Honorary Doctoral Degree from Sinte Gleska University of California. In November 2007, Mr. Mung was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has extensive experience in areas of business management, strategic planning and development. He was appointed as an executive director of Bestway International Holdings Limited (stock code: 718) (“**Bestway**”) on 9 March 2007, a company listed on the Stock Exchange. He has resigned as an executive director of Bestway with effect from 18 June 2015. Mr. Mung was appointed as an executive director of Well Way Group Limited (stock code: 8063) a company listed on the Growth Enterprise Market of the Stock Exchange on 19 June 2014. Mr. Mung was appointed as an executive director of HNA International Investment Holdings Limited (formerly known as Shougang Concord Technology Holdings Limited, stock code: 521) (“**HNA**”), the shares of which are listed on the Main Board of the Stock Exchange, on 16 February 2009. He was redesignated as the vice-chairman and the chairman of HNA on 10 May 2010 and 24 October 2013 respectively. Mr. Mung has resigned as an executive director and the co-chairman of HNA with effect from 3 June 2015. Mr. Mung was appointed as a co-chairman and an executive director of China Star Entertainment Limited (stock code: 326), a company listed on the Main Board of the Stock Exchange, from 8 July 2014 to 30 April 2015. Mr. Mung was also an executive director of Hong Kong Resources Holdings Company Limited (stock code: 2882), the shares of which are listed on the Main Board of the Stock Exchange, from 31 October 2008 to 7 November 2012. Save as disclosed above, Mr. Mung did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Mung is the father of Mr. Mung Bun Man, Alan, an executive Director.

Mr. Mung Bun Man, Alan (“Mr. Alan Mung”), aged 28, was an executive director during the period from 12 November 2010 to 3 April 2013 and was appointed as an executive Director on 31 March 2014 and the chief executive officer of the Company on 9 February 2015. He holds a Bachelor of Arts Degree in Business Economics from University of California-Santa Barbara and a Master Degree in Finance from Peking University. Mr. Alan Mung has extensive working experience in investment and asset management. He is an executive director of Bestway. In addition, he is an executive director of Well Way Group Limited (stock code: 8063), a company listed on the Growth Enterprise Market of the Stock Exchange. He was an executive director of HNA for the period from 24 November 2013 to 6 February 2015. Save as disclosed above, Mr. Alan Mung did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Alan Mung is the son of Mr. Mung.

Mr. Man Kong Yui, aged 54, was appointed as an independent non-executive Director on 26 September 2014. He has been involved in the investment and financial industries for over 35 years and has extensive experience in bullion, foreign exchange, securities, futures and asset management business. He has held various senior positions with prominent banks, international financial institutions and listed companies in Hong Kong. He holds a Bachelor Degree in Business Administration from The Chinese University of Hong Kong. He is currently a general manager of securities brokerage firm. Mr. Man has been an independent non-executive director of each of Get Nice Holdings Limited (stock code: 64) since 3 October 2005 and 21 Holdings Limited (stock code: 1003) since 10 April 2014, both are companies listed on the Main Board of the Stock Exchange. Save as disclosed above, Mr. Man did not hold any directorships in any other listed public companies in the last three years.

Mr. Fung Wai Ching, aged 44, was appointed as an independent non-executive Director on 10 October 2014. He is presently an owner of a printing company in Hong Kong. He has over 17 years' experience in managing paper, packaging and printing industries in both China and Hong Kong markets. Mr. Fung is an independent non-executive director of China Star Cultural Media Group Limited (stock code: 8172) and Well Way Group Limited (stock code: 8063), both of which are companies whose shares are listed on the Growth Enterprise Market of the Stock Exchange. Save as aforesaid, Mr. Fung did not hold any directorship in other listed public companies in the last three years.

Mr. Poon Wai Hoi, Percy, aged 49, was appointed as an independent non-executive Director on 10 October 2014. He was graduated from Lingnan University (previously known as Lingnan College) with an Honours Diploma in Accountancy and obtained his Master of Science degree in E-Commerce from the Hong Kong Polytechnic University. Mr. Poon is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Poon is currently a proprietor of a certified public accountant practice. He had worked for various international accounting firms, corporation and consultant company in Hong Kong. Mr. Poon's experience covered audit and assurance, internal controls, accounting and information technology. Mr. Poon is now an independent non-executive director of Sino Credit Holdings Limited (stock code: 628), a company whose shares are listed on the Main Board of the Stock Exchange. Save as aforesaid, Mr. Poon did not hold any directorship in other listed public companies in the last three years.

None of the directors or any associate of the directors is or will become entitled to receive any part of any brokerage charged to the Company, or any re-allowance of other types on purchases charged to the Company.

9. MISCELLANEOUS

- (i) The business address of all Directors is Unit 1611, 16/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (ii) The registered office of the Company is located at P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and having its head office and principal business of business in Hong Kong at Unit 1611, 16/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (iii) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside of Hong Kong.
- (iv) As at the Latest Practicable Date, save for the TDX Undertaking, the Board had not received any information from any Substantial Shareholders of their intention to take up the Offer Shares to be provisionally allotted or offered to them under the Open Offer.
- (v) The English text of this circular shall prevail over the Chinese text.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice contained in this circular:

Name	Qualification
BDO Limited	Certified Public Accountants
Donvex Capital	Licensed corporation to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO

Each of BDO Limited and Donvex Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which it appear.

Each of BDO Limited and Donvex Capital does not have any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group.

Each of BDO Limited and Donvex Capital does not have or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited accounts of the Group were made up.

11. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges, registration and other related expenses, are estimated to amount to approximately HK\$8.55 million and are payable by the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Unit 1611, 16/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays from the date of this circular, up to and including the Latest Time of Acceptance:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” to this appendix;
- (c) the annual reports of the Company for each of the three financial years ended 31 December 2012, 2013 and 2014;
- (d) the letter of recommendation from the Independent Board Committee to the Independent Shareholders. the text of which is set out on pages 37 to 38 of this circular;
- (e) the letter of advice from Donvex Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 39 to 59 of this circular;
- (f) the independent reporting accountants’ assurance report on the compilation of unaudited pro forma financial information of the Group, the text of which is set out in appendix II to this circular;
- (g) the written consent of the experts referred to in the section headed “Experts and Consents” in this appendix; and
- (h) this circular.

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

INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

Set out below are the investment objectives, policies and restrictions of the Company:

- i. Investments will normally be made in listed and unlisted companies;
- ii. the Company makes investments with a short to long term perspective with the objective of making capital gain as well as income from dividend or interests. Over the years, the Company invests in listed and unlisted securities, bonds, direct investments, projects, properties and structured products. Investments are also made in special or recovery situations;
- iii. there is no restriction on the proportion of the Company's assets which may be invested in any specific sector or company save for the restriction that the Company will not make an investment in any company which represents more than 20 per cent. of the consolidated net assets of the Company at the time such investment is made;
- iv. the Company will not either on its own or in conjunction with any connected person take legal, or effective, management control of underlying investments and that in any event the investment company will not own or control more than 30 per cent (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the voting rights in any one company or body; and
- v. the Directors do not intend to seek bank borrowings until substantially all the Company's funds have been invested and that the Company borrows, the Directors do not intend to borrow amounts representing in aggregate more than the consolidated net assets of the Company at the time the borrowing is made.

All investment objectives or policies or restrictions as set out above can be altered without Shareholders' approval pursuant to the memorandum and articles of association of the Company. However, investment restrictions numbered (iii) and (iv) above are required by Rule 21.04(3)(a) and (b) of the Listing Rules, which must not be changed at all while the Company remains listed on the Stock Exchange.

The Company does not currently have any distribution policy.

FOREIGN EXCHANGE POLICY

The Company held equities mostly denominated in Hong Kong Dollars (HKD) and United States Dollars (USD). Since USD has a fixed exchange rate with HKD, the Board believes the risk of foreign exchange exposure is minimal, as the fluctuation of the value of the equities due to the changes in exchange rates is minimal. The Company at present does not have any contracts to hedge against its foreign exchange risks. Should the Company consider its exposure and fluctuation in foreign currency justify hedging, the Company may use forward or hedging contracts to reduce the risks.

TAXATION

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

INFORMATION ON THE INVESTMENT MANAGER

The Company currently does not have a custodian, investment adviser, distribution Company, alternate custodian or an investment manager nor have any engagement with any custodian, investment advisor, distribution company or alternate custodian.

RISK FACTORS OF INVESTING IN THE COMPANY

Investors should be aware that an investment in the Company involves certain degree of risk. These risks include the following:

- a) The Company's success is dependent on a number of factors which include the general economic and political conditions in the global capital market and properties market;
- b) It is expected that a significant part of the Company's investment portfolio can comprise unlisted investments which may not be readily realisable;
- c) The Company's portfolio comprises significant investments in listed equities in the global market. A significant down turn of the global stock market or any stock market, or any significant rise in interest rate can considerably impair the value of the Group's equities investments.

In order to retain profit to grow its capital, the Company has not declared dividend in the past, and adopts a stringent dividend policy. Shareholders expecting regular income may find that Shares of the Company may not be able to meet their investment objective.

BORROWING POWERS

There is no borrowing restriction of the Company under the articles of association of the Company.

INVESTMENT PORTFOLIO

Set out below are the details of the ten largest investments of the Group as at 31 December 2014, which include all listed investments as at 31 December 2014. Save for the investments disclosed herein, there are no other listed investments or other investments with a value of more than 5% of the Company's gross assets as at 31 December 2014.

Name	Notes	Place of incorporation/ listing	Particulars of equity interest held	Percentage of equity interest held	Cost HK\$'000	Market value as at 31 December 2014 HK\$'000	Percentage of the Group's net assets as at 31 December 2014
China Jiu hao Health Industry Corp Ltd ("Jiu hao Health")	(i)	Hong Kong	42,900,000 ordinary shares	Less than 2%	22,909	30,030	19.22%
KuangChi Science Limited ("KuangChi")	(ii)	Hong Kong	3,400,000 ordinary	Less than 1%	17,912	17,885	11.45%
Brockman Mining Limited ("Brockman")	(iii)	Hong Kong	50,000,000 ordinary shares	Less than 1%	17,056	17,500	11.21%
Qihoo 360 Technology Company Limited ("Qihoo 360")	(iv)	PRC/New York	26,255 ordinary shares	Less than 1%	18,539	11,806	7.56%
Kaisun Energy Group Limited ("KEGL")	(v)	Hong Kong	55,550,000 ordinary shares	Less than 3%	9,999	4,777	3.06%
Nexteer Automotive Group Limited ("Nexteer")	(vi)	Cayman Islands/ Hong Kong	532,000 ordinary shares	Less than 1%	3,408	3,532	2.26%
China Lesso Group Holdings ("Lesso")	(vii)	Cayman Islands/ Hong Kong	876,000 ordinary shares	Less than 1%	3,719	3,329	2.13%
Shenzhou International Group Holdings Limited ("SIGHL")	(viii)	Cayman Islands/ Hong Kong	126,000 ordinary shares	Less than 1%	3,374	3,226	2.06%
21 Holdings Limited ("21 Holdings")	(ix)	Bermuda/Hong Kong	2,630,000 ordinary shares	Less than 1%	2,694	3,156	2.02%
China Construction Bank ("CCB")	(x)	PRC/Hong Kong	480,000 ordinary shares	Less than 1%	2,676	3,058	1.94%

Notes:

- (i) Jiu hao Health is principally engaged in the health industry, media business and properties investment through joint ventures. No dividend was received during the year. Based on the published annual results of Jiu hao Health, the audited consolidated net assets as at 31 December, 2014 were approximately HK\$3,044,914,000.

- (ii) KuangChi is principally engaged in manufacturing and trading of paper packaging products and paper gift items and the printing of paper promotional materials. No dividend was received during the year. Based on the published annual results of KuangChi, the audited consolidated net assets as at 31 December 2014 were approximately HK\$1,718,241,000.
- (iii) Brockman is principally engaged in the acquisition, exploration and development of iron ore in Australia; and in the exploitation, processing and sales of mineral resources, including copper ore concentrates and other mineral ore products. No dividend was received during the year. Based on the published interim results of Brockman Mining Limited, the unaudited consolidated net assets as at 31 December 2014 were approximately HK\$2,268,101,000.
- (iv) Qihoo 360 is principally engaged in internet and mobile security products and services. No dividend was received during the year. Based on the latest published annual results of Qihoo 360, the unaudited consolidated net assets as at 31 December 2014 were approximately HK\$8,909,690,400 (equivalent to approximately US\$1,142,268,000).
- (v) KEGL is principally engaged in the trading of coal and provision for supply chain management services for mineral business. No dividend was received during the year. Based on the latest published annual results of KEGL, the unaudited consolidated net assets as at 31 December 2014 were approximately HK\$261,177,800.
- (vi) Nexteer is principally engaged in the design and manufacture of steering and driveline systems and components for automobile manufacturers and other automotive-related companies. Dividend received was approximately HK\$34,000 during the year. Based on the latest published annual results of Nexteer, the unaudited consolidated net assets as at 31 December 2014 were approximately HK\$5,522,548,000 (equivalent to approximately US\$708,019,000).
- (vii) Lesso is principally engaged in the manufacture and sale of plastic pipes and pipe fittings. Dividend received was approximately HK\$78,000 during the year. Based on the latest published annual results of Lesso, the unaudited consolidated net assets as at 31 December 2014 were approximately HK\$10,701,699,000 (equivalent to approximately RMB8,549,723,000).
- (viii) SIGHL is principally engaged in the manufacture and sale of knitwear products. No dividend was received during the year. Based on the latest published annual results of Shenzhou, the unaudited consolidated net assets as at 31 December 2014 were approximately HK\$14,784,237,000 (equivalent to approximately RMB11,811,326,000).
- (ix) 21 Holdings is principally engaged in provision of property agency and related services and securities trading and investments. No dividend was received during the year. Based on the latest published annual results of 21 Holdings, the audited consolidated net assets as at 31 December 2014 were approximately HK\$336,110,000.
- (x) CCB is principally engaged in a range of banking services and related financial services. Dividend received was approximately HK\$306,007 during the year. Based on the published annual results of CCB, the audited consolidated net assets as at 31 December 2014 were approximately HK\$1,567,582,767,000 (equivalent to approximately RMB1,252,363,000,000).

The table below shows the provisions for diminution in value of investments of the Company as at 31 December 2014:

Name of investment	Cost (HK\$)	Provision made (HK\$)	Book value (HK\$)	Reason for the provision
Koffman Asset Holding Limited	3,063,720	(3,063,720)	–	Koffman Asset Holding Limited was in financial difficulties and had ceased operations since 2004.
乳源瑤族自治縣二灣水電站	2,746	(1,133)	1,613	The present value of the estimated future cash flow of this investment was lower than the carrying value
乳源瑤族自治縣坪坑仔水電站	4,306	(2,693)	1,613	The present value of the estimated future cash flow of this investment was lower than the carrying value
乳源瑤族自治縣天泉水電站	1,886	(274)	1,612	The present value of the estimated future cash flow of this investment was lower than the carrying value
乳源瑤族自治縣上山水電站	2,291	(679)	1,612	The present value of the estimated future cash flow of this investment was lower than the carrying value

NOTICE OF EGM



MASTERMIND CAPITAL LIMITED

慧德投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Mastermind Capital Limited (the “**Company**”) will be held at 12:00 noon on Tuesday, 21 July 2015 at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon fulfillment of all the conditions precedent set out in the underwriting agreement dated 13 May 2015 (as amended and supplemented by two extension letters dated 5 June 2015 and 25 June 2015 respectively and entered into by the parties thereto) (the “**Underwriting Agreement**”, a copy of which marked “UA” has been produced to the EGM and signed by the chairman of the EGM for identification purpose) and entered into between the Company, China Tian Di Xing Logistics Holdings Limited and Kingston Securities Limited as the underwriters (the “**Underwriters**”) and Mr. Mung Kin Keung:

- (a) the issue by way of an open offer (the “**Open Offer**”) of not less than 935,215,800 new shares of HK\$0.25 each in the share capital of the Company (the “**Shares**”) as offer shares (the “**Offer Shares**”) at the subscription price of HK\$0.30 per Offer Share (the “**Subscription Price**”) in the proportion of two Offer Shares for every one existing Share to the qualifying shareholders of the Company (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company on 8 July 2015 or such other date as may be agreed between the Company and the Underwriters (the “**Record Date**”), other than those shareholders of the Company whose addresses on the register of members of the Company are in a place outside Hong Kong on the Record Date where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it is necessary or expedient on account either of legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them (the “**Prohibited Shareholders**”) (including the absence of excess application) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified, and that the Open Offer shall not be extended to the Prohibited Shareholders and their Offer Shares shall be taken up by the Underwriters, be and are hereby approved, confirmed and ratified;

* for identification purposes only

NOTICE OF EGM

- (b) the directors of the Company (the “**Directors**”) be and are hereby authorised to allot and issue the Offer Shares pursuant to the Open Offer notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to the Prohibited Shareholders as they deem necessary, desirable or expedient to having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong;
- (c) the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the unsubscribed Offer Shares, if any, by the Underwriters) be and are hereby approved, confirmed and ratified;
- (d) the absence of any arrangements for application for the Offer Shares by the Qualifying Shareholders in excess of their entitlements under the Open Offer be and are hereby approved, confirmed and ratified; and
- (e) any Director be and is hereby authorised to sign or execute such documents and do all acts and things in connection with the allotment and issue of the Offer Shares, the implementation of the Open Offer and the Underwriting Agreement, the exercise or enforcement of any of the Company’s rights under the Underwriting Agreement and to make and agree to make such variations of the terms of the Underwriting Agreement as he may in his discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders.”

By Order of the Board
Mastermind Capital Limited
Mung Kin Keung
Chairman

Hong Kong, 26 June 2015

NOTICE OF EGM

Notes:

1. Any shareholder entitled to attend and vote at the extraordinary general meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not to be a shareholder of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the extraordinary general meeting (or any adjournment thereof).
3. Completion and delivery of a form of proxy shall not preclude a shareholder from attending and voting in person at the extraordinary general meeting and in such event, the instrument appoint a proxy shall be deemed to be revoked.
4. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled hereto; but if more than one of such joint holders be present at the extraordinary general meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.
5. A form of proxy for use at the extraordinary general meeting is attached herewith.
6. Any voting at the extraordinary general meeting shall be taken by poll.
7. The form of proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other.

As at the date of this notice, the board of Directors comprise:

Executive Directors:

Mr. Mung Kin Keung (*Chairman*)

Mr. Mung Bun Man, Alan

Independent non-executive Directors:

Mr. Man Kong Yui

Mr. Fung Wai Ching

Mr. Poon Wai Hoi, Percy