

13 July 2015

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY FOUR SHARES HELD ON THE RECORD DATE**
- (2) APPLICATION FOR WHITEWASH WAIVER**
- (3) CLOSURE OF REGISTER OF MEMBERS**
- (4) EXEMPT CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING ARRANGEMENT**
- (5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to (1) proposed Open Offer; (2) application for Whitewash Waiver; (3) closure of register of members; (4) exempted connected transaction in relation to the Underwriting Agreement; and (5) appointment of independent financial adviser.

The Company proposes to raise approximately HK\$178 million, before expenses, by issuing 636,196,999 Offer Shares to the Qualifying Shareholders at the Subscription Price of HK\$0.28 per Offer Share under the Open Offer on the basis of one (1) Offer Share for every

four (4) Shares held on the Record Date. The Open Offer is only available to the Qualifying Shareholders. There is no arrangement for application of the Offer Shares by the Qualifying Shareholders in excess of their proportionate assured allotment under the Open Offer.

Save for those Offer Shares which the Underwriter (as holder of 1,036,200,000 Shares as at the Latest Practicable Date) has irrevocably undertaken to take up, the Open Offer is also fully underwritten by the Underwriter.

The purpose of this circular is to provide you with, among other things, (i) further information regarding details of the Open Offer, the Whitewash Waiver and the exempt connected transaction in relation to the Underwriting Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the absence of excess application arrangement and the Whitewash Waiver; (iv) the notice of the EGM; and (v) other information as required under the Listing Rules and the Takeovers Code.

The Board has established an Independent Board Committee comprising all the independent non-executive Directors, to advise the Independent Shareholders on the terms of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver. With the approval of the Independent Board Committee, Veda Capital has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer	One (1) Offer Share for every Four (4) Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	HK\$0.28 per Offer Share
Number of Shares in issue as at the Latest Practicable Date	2,544,787,999 Shares
Number of Offer Shares	636,196,999 Offer Shares (assuming no further issue of any Shares on or before the Record Date)
Number of Offer Shares to be underwritten by the Underwriter	377,146,999 Offer Shares, being all the Offer Shares other than the Committed Shares which have been irrevocably undertaken to be subscribed by the Underwriter as assured entitlement under the Open Offer (assuming no further issue of any Shares on or before the Record Date)

Number of Shares in issue immediately upon completion of the Open Offer	3,180,984,998 Shares (assuming no further issue of any Shares on or before the Record Date)
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As at the Latest Practicable Date, 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 Underwriting Agreement, the Company has undertaken to the Underwriter that it shall not issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire the Shares (other than the Offer Shares) from the date of the Underwriting Agreement until after Monday, 31 August 2015, being the last date of acceptance and payment for Offer Shares.

Assuming (i) no further issue of any Shares; and (ii) no repurchase of any Shares by the Company, on or before the Record Date, the 636,196,999 Offer Shares proposed to be allotted represent approximately 25% of the Company's issued share capital as at the Latest Practicable Date and approximately 20% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and the invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. The Company will deliver the Prospectus Documents to the Qualifying Shareholders upon approval of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver by the Independent Shareholders.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date, and not being an Excluded Shareholder. Shareholders having an address in Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer. Shareholders having an address outside Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer, only if the Board, after making relevant enquiry regarding the legal restrictions under the laws of the relevant place or the requirement of the relevant regulatory body or stock exchange in that place pursuant to Rule 13.36(2)(a) of the Listing Rules, considers that it would not be necessary or expedient to exclude these Shareholders from participating in the Open Offer.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers documents of Shares (together with the relevant share certificates) with the Registrar no later than 4:00 p.m. on Thursday, 6 August 2015.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 28 July 2015 to Monday, 3 August 2015, both dates inclusive for determining the right to attend the EGM.

The register of members of the Company will be closed from Friday, 7 August 2015 to Thursday, 13 August 2015, both dates inclusive for determining the eligibility of the Open Offer.

No transfer of Shares will be registered during the respective book close periods.

Entitlements of the Overseas Shareholders

If, at the close of business on the Record Date, any Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company as at the Latest Practicable Date, there were two Overseas Shareholders whose addresses on the register of members were in the PRC and the United States of America respectively. Pursuant to Rule 13.36(2) of the Listing Rules, the Directors have made enquiry regarding the legal restrictions with respect to the offering of the Offer Shares to the Overseas Shareholders. Based on the opinions of such legal advisers, the Directors have formed the view that (i) it is inexpedient for the Offer Shares to be offered to the Overseas Shareholder in the United States of America, due to the time and costs involved in the registration or filing of the Prospectus Documents or the application for approval from the relevant regulatory authorities in and/or the additional steps the Company and the Overseas Shareholder need to take in order to comply with relevant local legal or regulatory requirements in that territory or legal or regulatory restrictions imposed in that territory; and (ii) it is expedient for the Offer Shares to be offered to the Overseas Shareholders in the PRC, as no local legal or regulatory compliance is required to be made in these jurisdictions. Therefore, the Company will not offer any Offer Shares to the Overseas Shareholder in the United States of America.

Accordingly, for the purposes of the Open Offer and as at the Latest Practicable Date, the Excluded Shareholders are any Overseas Shareholder:

- (a) whose name appeared in the register of members of the Company at the Record Date and whose address as shown in such register is in the United States of America; and
- (b) who, at that time, are otherwise known by the Company to be resident in the territory specified in paragraph (a) above.

The Company will send the Overseas Letter and the Prospectus to the Excluded Shareholders for information only, if the Independent Shareholders approve the Open Offer, the Underwriting Agreement, the absence of excess application arrangement and the Whitewash Waiver. As long as the Excluded Shareholders are Independent Shareholders, they are entitled to vote on all resolutions at the EGM.

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

Subscription Price

The Subscription Price is HK\$0.28 per Offer Share, payable in full by a Qualifying Shareholder upon acceptance of the assured allotment under the Open Offer. The Subscription Price represents:

- (a) a discount of approximately 24.32% to the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 24.12% to the average closing price of HK\$0.369 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 22.22% to the average of the closing prices of HK\$0.36 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 16.42% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (e) a discount of approximately 13.58% to the theoretical ex-entitlement price of approximately HK\$0.324 per Share based on the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (f) a premium of approximately 60.92% to the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$0.174 per Share as at 31 December 2014.

Each Offer Share will have a par value of HK\$0.004.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the then market environment, market price of the Shares prior to the Last Trading Day and the recent financial condition of the Group. The Directors (including the independent non-executive Directors whose opinion on the matter is set out in the "Letter from the Independent Board Committee" on pages 29 to 30 in this circular after having been advised by Veda Capital in this regard) consider 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 with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Group, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price (after deducting all expenses related to the Open Offer) per Offer Share upon full acceptance of the assured allotment of Offer Shares will be approximately HK\$0.274 (assuming no further issue of Shares on or before the Record Date).

Fractions of Offer Shares

Fractions of the Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be round down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fraction of Offer Shares will be aggregated and taken up by the Underwriter.

Odd lot arrangement

The Shares are currently traded on the Stock Exchange in board lots of 20,000 Shares each. There will be no odd lots arrangement in relation to and as a result of the Open Offer.

Status of the Offer Shares

The Offer Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment of the Offer Shares. Holders of the 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.

No application for excess Offer Shares

There is no arrangement for application of the Offer Shares by Qualifying Shareholders in excess of their proportionate assured allotments under the Open Offer. Considering that each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Open Offer, the Company considers that if excess application of the Offer Shares is arranged, the Company would require putting in additional effort and costs to administer the excess application procedures. Accordingly, after arm's length negotiation with the Underwriter, the Board has decided that no excess application of the Offer Shares will be offered to the Qualifying Shareholders. Any Untaken Shares will be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement. In compliance with Rule 7.26A(2) of the Listing Rules, the absence of excess application arrangement and the alternative arrangement for the disposal of the Offer Shares not being subscribed must be specifically approved by the Independent Shareholders at the EGM.

Share certificates for the Open Offer

Subject to the fulfilment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted to Qualifying Shareholders by ordinary post at their own risk on or before Tuesday, 8 September 2015. Each Shareholder will receive one share certificate for all allotted Offer Shares.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Conditions of the Open Offer

The Open Offer is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following being fulfilled:

- (i) the passing by the Independent Shareholders by way of poll at the EGM of ordinary resolutions to approve the Open Offer, the absence of excess application arrangement and the Whitewash Waiver by no later than the Posting Date;
- (ii) the Executive having granted, and not having withdrawn or revoked such grant, the Whitewash Waiver, and the fulfilment of all conditions (if any) attached to the Whitewash Waiver;
- (iii) 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 (WUMP) Ordinance not later than the Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Overseas Letter and the Prospectus to the Excluded Shareholders, if any, for information purpose only on the Posting Date;
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listings of and permission to deal in all the Offer Shares or subject to such conditions as the Company may accept, in all cases prior to 9 September 2015, being the expected date of commencement of dealings in the Offer Shares (or such other date as may be agreed between the Company and the Underwriter);

- (vi) all requirements and conditions imposed by the Stock Exchange or the SFC or under the Listing Rules, the Takeovers Code or otherwise in connection with the Open Offer and the transactions contemplated thereunder (if any) having been fulfilled or complied with;
- (vii) compliance by the Company with all of its obligations under the Underwriting Agreement;
- (viii) compliance with and performance of the Irrevocable Undertakings by Mr. Han and the Underwriter; and
- (ix) the Underwriter has not terminated the Underwriting Agreement in accordance with its terms.

None of the above conditions can be waived by the Company or the Underwriter.

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

In the event that the above conditions have not been satisfied on or before the respective dates aforesaid or by 4:00 p.m. on Tuesday, 1 September 2015 (or such other dates as the Underwriter and the Company may agree), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement and the Open Offer will not proceed.

The Underwriting Agreement

Date: 3 June 2015

Underwriter: Junyi Investments Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is wholly and ultimately beneficially owned by Mr. Han (an executive Director and the chairman of the Company) and the ordinary course of business of which does not include underwriting. As at the Latest Practicable Date, Junyi Investments Limited owned 1,036,200,000 Shares (equivalent to approximately 40.72% of the issued share capital of the Company) and is therefore the controlling shareholder and a connected person of the Company.

Number of Offer Shares underwritten by the Underwriter: 377,146,999 Offer Shares, being all the Offer Shares other than the Committed Shares which have been irrevocably undertaken to be subscribed by the Underwriter as assured entitlement under the Open Offer (assuming no further issue of any Shares on or before the Record Date)

Underwriting commission: No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement

Save for the Committed Shares which the Underwriter (as holder of 1,036,200,000 Shares as at the Latest Practicable Date) has irrevocably undertaken to take up, the Open Offer is fully underwritten by the Underwriter.

Before the entering into of the Underwriting Agreement with the Underwriter, the Company had approached one independent third party underwriter. But after preliminary discussion with such independent third party underwriter, the terms of underwriting (in particular, the underwriting commission rate) offered by it were not agreeable by the Company. Hence, the Underwriter, being the controlling Shareholder, has decided to undertake the role of an underwriter for the Open Offer without charging any underwriting commission, which directly reduces the costs to be incurred by the Company in connection with the Open Offer. Also, the controlling Shareholder's acting as the underwriter for the Open Offer can show to the public its confidence and support in the Company and its long-term business development, which is also conducive to enhancing the market image of the Company.

Having taken into account the aforesaid factors, the Board (including the independent non-executive Directors after considering the opinion of Veda Capital) considers the terms of the Underwriting Agreement accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

The Underwriter may terminate the underwriting arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on Tuesday, 1 September 2015, if there occurs:

- (i) in the reasonable opinion of the Underwriter, 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 reasonable opinion of the Underwriter 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 hereof) of a political, military, financial, economic or other nature, 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 reasonable opinion of the Underwriter 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

- (ii) 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 reasonable opinion of the Underwriter 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
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter 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
- (iv) 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
- (v) 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
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Open Offer.

If prior to 4:00 p.m. on Tuesday, 1 September 2015 any such notice referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall cease and determine and no party to the Underwriting Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided however that the Company shall remain liable to pay the costs, charges and expenses related or incidental to the Open Offer.

If the Underwriting Agreement is terminated by the Underwriter prior to 4:00 p.m. on Tuesday, 1 September 2015 or does not become unconditional, the Open Offer will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

Irrevocable Undertakings

Pursuant to the Irrevocable Undertakings contained in the Underwriting Agreement:

- (i) the Underwriter irrevocably undertakes to the Company that:

- (a) it will subscribe and pay for all the Committed Shares; and
 - (b) the 1,036,200,000 Shares owned by it will remain beneficially owned by it at the close of business on the Record Date and that it will not change its registered address in the register of members of the Company;
- (ii) Mr. Han irrevocably undertakes to the Company that within the period commencing from the date of the Underwriting Agreement and ending on the Settlement Date:
- (a) he will not transfer or otherwise dispose of, or create any right in respect of, any of his shareholding in the Underwriter; and
 - (b) he will procure the Underwriter not to transfer or otherwise dispose of, or create any right in respect of, any Shares held by the Underwriter.

Mr. Han owns the entire issued share capital of the Underwriter and is therefore able to exercise control over the Underwriter.

Except for the Committed Shares which the Underwriter has irrevocably undertaken to take up, the Company has not received any information or irrevocable undertaking from any Shareholders of their intention in relation to the Offer Shares to be offered to them under the Open Offer.

Information of the Underwriter and parties acting in concert with it

The Underwriter is an investment holding company incorporated under the laws of the British Virgin Islands. As at the Latest Practicable Date, the Underwriter owned 1,036,200,000 Shares, representing approximately 40.72% of the issued share capital of the Company. As at the Latest Practicable Date, the entire issued share capital of the Underwriter is wholly and ultimately beneficially owned by Mr. Han.

Mr. Han is an executive Director and the chairman of the Company. As at the Latest Practicable Date, except his deemed interest in the 1,036,200,000 Shares under the SFO by virtue of his holding of the entire issued share capital of the Underwriter, Mr. Han did not hold, control or have directions over any Shares, convertible securities, warrants or options of the Company or any outstanding derivatives in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

INTENTION OF THE UNDERWRITER

It is the intention of the Underwriter that the Group will continue its current business and that the employment of the employees of the Group will also be continued.

Save and except that the Company has been actively exploring profitable projects including but not limited to real estate developments, city development, medicare, environmental protection and education, and identified some investment opportunities and is in preliminary discussions with the relevant parties (but all are still at their initial stages,

save and except that the Group entered into a letter of intent with an independent third party (who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, has never been a Shareholder and did not hold any Share as at the Latest Practicable Date) for the project in development of medicare business in the PRC on 12 July 2014, pursuant to which the Group will contribute RMB340,000 for setting up of a joint venture company), and that the Company intends to apply the net proceeds from the Open Offer for the aforesaid investment opportunities if any of those are materialized, the Underwriter has no intention to introduce major changes in the Group's existing business (including any redeployment of fixed assets of the Group) or change the Company's board composition.

In terms of long term commercial justification, the Underwriter is of the view that, taken into account the terms of the Open Offer and the Company's intended use of proceeds, the Group will be benefited from the Open Offer as it will be able to obtain additional funding without increasing the Group's finance costs for its further development and can enlarge its capital base. The Underwriter, being the single largest and controlling Shareholder of the Company, will also be benefited from the long-term growth of the Group in the future.

WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer is conditional, inter alia, upon (i) the fulfilment of the conditions set out under the section headed "Conditions of the Open Offer" in this circular; and (ii) the Underwriting Agreement not being terminated in accordance with its terms as set out in the section headed "Termination of Underwriting Agreement" in this circular. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares from the Latest Practicable Date up to the date when the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Open Offer (assuming (i) no further issue of any Shares; (ii) no repurchase of any Shares by the Company; and (iii) no change in the shareholding of the substantial shareholders of the Company, after the Latest Practicable Date and immediately before completion of the Open Offer):

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Open Offer assuming all Qualifying Shareholders take up their entitlements under the Open Offer		Immediately after completion of the Open Offer assuming no other Qualifying Shareholders take up any of their entitlements under the Open Offer (save for the Underwriter who has undertaken to take up the Untaken Shares under the Open Offer)	
	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)
Substantial Shareholder						
The Underwriter (<i>Notes 1, 2 and 3</i>)	<u>1,036,200,000</u>	<u>40.72</u>	<u>1,295,250,000</u>	<u>40.72</u>	<u>1,672,396,999</u>	<u>52.57</u>
<i>Sub-total for the Underwriter and parties acting in concert with it</i>	1,036,200,000	40.72	1,295,250,000	40.72	1,672,396,999	52.57
Trinity Grace Limited (<i>Note 4</i>)	<u>496,500,000</u>	<u>19.51</u>	<u>620,625,000</u>	<u>19.51</u>	<u>496,500,000</u>	<u>15.61</u>
<i>Sub-total for the Substantial Shareholders</i>	1,532,700,000	60.23	1,915,875,000	60.23	2,168,896,999	68.18
Public Shareholders	<u>1,012,087,999</u>	<u>39.77</u>	<u>1,265,109,998</u>	<u>39.77</u>	<u>1,012,087,999</u>	<u>31.82</u>
Total	<u><u>2,544,787,999</u></u>	<u><u>100</u></u>	<u><u>3,180,984,998</u></u>	<u><u>100</u></u>	<u><u>3,180,984,998</u></u>	<u><u>100</u></u>

Notes:

- As at the Latest Practicable Date, (i) the Underwriter is the registered holder of 1,036,200,000 Shares; (ii) Mr. Han owns the entire issued share capital of the Underwriter. Under the SFO, Mr. Han is deemed to be interested in the 1,036,200,000 Shares held by the Underwriter.
- The Underwriter has undertaken to the Company that it will subscribe for all its entitlement under the Open Offer.
- Mr. Han is an executive Director and the chairman of the Company.
- Trinity Grace Limited is a company wholly owned by Zhou Xi Quan, who is not related to the Underwriter and parties acting in concert with it.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in property development and investment in the PRC.

The net proceeds of the Open Offer after the deduction of all estimated expenses are estimated to be approximately HK\$174,090,000. The Company intends to apply the net proceeds from the Open Offer for possible acquisition(s) of certain investments should any opportunities arise. The Group has identified some investment opportunities (including a property development-related project, a business in the arena of city development in the PRC and a project in development of medicare business in the PRC) and is in preliminary discussions with the relevant parties, but all are still at their initial stages and therefore no concrete terms in respect of the aforesaid projects have been reached as at the Latest Practicable Date (save and except that the Group entered into a letter of intent with an independent third party for the project in development of medicare business in the PRC on 12 July 2014, pursuant to which the Group will contribute RMB340,000 for setting up of a joint venture company). If all such possible acquisitions cannot be materialised, the net proceeds of the Open Offer will be used as general working capital of the Group to strengthen the Company's financial position.

The Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. The Open Offer will give the Qualifying Shareholders an equal opportunity to maintain their proportionate interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company had not conducted any equity fund raising exercise in the past 12 months immediately preceding the Latest Practicable Date.

EQUITY FUND RAISING EXERCISE OF THE COMPANY IN THE NEXT 12 MONTHS

As at the Latest Practicable Date and to the best of the Directors' knowledge, information and belief, the Company is not considering any equity fund raising exercise during the next 12 months from the Latest Practicable Date.

IMPLICATION UNDER THE LISTING RULES

As no excess application for the Offer Shares is available under the Open Offer and the Open Offer is underwritten by the Underwriter (a controlling shareholder of the Company), pursuant to Rule 7.26A(2) of the Listing Rules, specific approval shall be obtained from the Independent Shareholders in respect of the absence of such excess application arrangement. The Underwriter and its associates shall abstain from voting at the EGM to approve the absence of such excess application arrangement.

The entering into of the Underwriting Agreement with the Underwriter, being a controlling shareholder of the Company and also an associate of Mr. Han (an executive Director and the chairman of the Company), constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As no underwriting commission is to be paid by the Company to the Underwriter for its underwriting commitment, the entering into of the Underwriting Agreement by the Company with the Underwriter is therefore exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

Save and except Mr. Han, no other Directors are involved in or interested in the Open Offer, the Underwriting Agreement, the Whitewash Waiver and all matters contemplated thereunder and were not required to abstain from voting on the relevant board resolutions approving, among other things, the Open Offer, the Underwriting Agreement, the Whitewash Waiver and all matters contemplated thereunder.

Pursuant to Rule 14A.92(2)(b) of the Listing Rules, provided that Rule 7.26A of the Listing Rules has been complied with, the allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement will be exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Open Offer will be conducted in compliance with Rule 7.26A of the Listing Rules as mentioned above.

IMPLICATION UNDER THE TAKEOVERS CODE AND WHITEWASH WAIVER

As at the Latest Practicable Date, the Underwriter held 1,036,200,000 Shares, representing approximately 40.72% of the existing issued share capital of the Company.

In the event that the Underwriter is called upon to subscribe for the Underwritten Shares in full pursuant to its obligations under the Underwriting Agreement, the interests of the Underwriter in the Company will increase from approximately 40.72% as at the Latest Practicable Date to approximately 52.57% (based on the issued share capital as enlarged by the Offer Shares) immediately after the completion of the Open Offer (assuming (i) no further issue of any Shares; and (ii) no repurchase of any Shares by the Company, on or before the Record Date). In the absence of the Whitewash Waiver, if the Underwriter subscribes for such number of the Untaken Shares to the extent that the Underwriter's shareholding in the Company is increased by more than 2% from approximately 40.72% (being the lowest percentage of shareholding in the Company held by the Underwriter in the 12-month period ending on and inclusive of the date of the Announcement), the underwriting by the Underwriter of the Open Offer will trigger an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter and persons acting in concert with it.

The Underwriter has made an application for the Whitewash Waiver to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. Pursuant to the Takeovers Code, the Whitewash Waiver will be conditional on, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

The Executive has indicated that it will grant the Whitewash Waiver, which if granted, will be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. The granting by the Executive of the Whitewash Waiver and the approval of the Independent Shareholders at the EGM in accordance with the Takeovers Code are part of the conditions precedent to completion of the Open Offer and cannot be waived. If the Whitewash Waiver is not granted by the Executive or if granted, is not approved by the Independent Shareholders, the Open Offer will not become unconditional and will not proceed.

In the event that the Whitewash Waiver is granted by the Executive, and the voting rights of the Underwriter together with the persons acting in concert with it exceed 50% of the voting rights of the Company upon completion of the Open Offer as a result of the underwriting arrangements pursuant to the Underwriting Agreement, the Underwriter may increase its shareholding in the Company subsequent to the completion of the Open Offer without triggering any obligation under Rule 26 of the Takeovers Code to make a general offer.

As at the Latest Practicable Date, the Company does not have any outstanding derivatives, options, warrants, convertible rights or other similar rights which are convertible or exchangeable into Shares.

The Underwriter has confirmed that none of the Underwriter and persons acting in concert with it has acquired any voting rights in the Company nor dealt in any relevant securities of the Company and there have been no disqualifying transactions as stipulated under paragraph 3 of Schedule VI to the Takeovers Code, in the six-month period preceding the date of the Announcement and up to and including the Latest Practicable Date.

The Underwriter has confirmed that as at the Latest Practicable Date:

- (i) the Underwriter and persons acting in concert with it did not acquire or dispose of or enter into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the 6 months prior to the date of the Announcement and up to and including the Latest Practicable Date;
- (ii) other than the 1,036,200,000 Shares (representing approximately 40.72% of the existing issued share capital of the Company) owned by it, the Underwriter and persons acting in concert with it did not hold, control or has directions over any Shares, convertible securities, warrants or options of the Company or any outstanding derivatives in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iii) the Underwriter and persons acting in concert with it did not receive any irrevocable commitment or arrangements to vote in favour of or against the resolutions approving the transactions contemplated under the Underwriting Agreement and/or the Whitewash Waiver;

- (iv) save for the Underwriting Agreement and the irrevocable undertakings of Mr. Han and the Underwriter under their respective undertakings set out in the section headed “Irrevocable undertakings” in this circular, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Underwriter and which might be material to the transactions contemplated under the Underwriting Agreement and/or the Whitewash Waiver;
- (v) other than those set out in the section headed “Conditions of the Open Offer” in this circular, there is no agreement or arrangement to which any of the Underwriter or any persons acting in concert with it is a party which related to the circumstances in which any of them may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Underwriting Agreement and/or the Whitewash Waiver; and
- (vi) there is no borrowing or lending of any relevant securities (as defined in Note 4 of Rule 22 of the Takeovers Code) of the Company by the Underwriter and the persons acting in concert with it.

EGM

The EGM will be held at 10:30 a.m. on Monday, 3 August 2015 at Unit D, 17/F, MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong to consider and, if thought fit, pass the resolutions to approve the Open Offer, the Underwriting Agreement, the absence of excess application arrangement and the Whitewash Waiver.

The Underwriter and its associates and parties acting in concert with them and any Shareholders who are interested in, or involved in, the Open Offer, the Underwriting Agreement and/or the Whitewash Waiver (save for any assured entitlement to the Open Offer as a Qualifying Shareholder) will abstain from voting on the relevant resolutions in respect of the Open Offer, the Underwriting Agreement, the absence of excess application arrangement and the Whitewash Waiver at the EGM.

Set out on pages EGM-1 to EGM-3 is a notice of the EGM. A form of proxy for the EGM is also enclosed with this circular. If you are unable to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney to the office of the Registrar, Union Registrars Limited of A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

RIGHT TO DEMAND A POLL

The resolution(s) to be put to vote at the EGM will be taken by way of poll in accordance with the Listing Rules and the Takeovers Code.

Pursuant to Article 66 of the Articles of Association, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the rules of the designated stock exchange, or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the Chairman of such meeting; or
- (b) by at least three members present in person or in the case a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolution(s) will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 29 to 30 in this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the terms of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver.

You attention is also drawn to the letter from Veda Capital set out on pages 31 to 50 in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders as regards to the terms of the Open Offer, the absence of excess application arrangement and the Whitewash Waiver and the principal factors and reasons considered by it in arriving thereat.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors after considering the opinion of Veda Capital) consider that the Open Offer, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Open Offer, the Underwriting Agreement, the absence of excess application arrangement, the Whitewash Waiver and the respective transactions contemplated thereunder. You are advised to read the letter from the Independent Board Committee and the letter from Veda Capital mentioned above before deciding how to vote on the resolution(s) to be proposed at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Fu Yiu Kwong
Executive Director

