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China Jinhai International Group Limited

中國金海國際集團有限公司*

(Formerly known as ICube Technology Holdings Limited 中國微電子科技集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

- (I) PROPOSED SHARE CONSOLIDATION;
(II) PROPOSED CAPITAL REORGANIZATION;
(III) PROPOSED RIGHTS ISSUE ON THE BASIS OF SIX (6) RIGHTS SHARES FOR EVERY ONE (1) NEW SHARE HELD ON THE RECORD DATE WITH BONUS WARRANTS ON THE BASIS OF ONE (1) BONUS WARRANT FOR EVERY SIX (6) RIGHTS SHARES TAKEN UP;
(IV) PROPOSED CHANGE IN BOARD LOT SIZE;
(V) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
(VI) RESUMPTION OF TRADING**

Underwriter



Freeman Securities Limited

PROPOSED SHARE CONSOLIDATION

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.1.

PROPOSED CAPITAL REORGANIZATION

The Board further proposes that immediately following the Share Consolidation becoming effective, the Company effects a Capital Reorganization by way of:

- (i) a reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares so that the nominal value of each issued Consolidated Share (i.e. Adjusted Share) will be reduced from HK\$0.10 to HK\$0.01;

* For identification purposes only

- (ii) the subdivision of each authorised but unissued Consolidated Share of HK\$0.10 into ten (10) Adjusted Shares of HK\$0.01 each; and
- (iii) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company such that the Board may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-Laws including but not limited to setting off against the accumulated losses of the Company.

The Capital Reorganization is conditional upon the conditions set out in the paragraph headed “Conditions of the Capital Reorganization” in this announcement. If the relevant resolution(s) in relation to the Capital Reorganization is passed at the SGM, the Capital Reorganization will take effect on the next business day following the date of passing of the relevant resolution(s) approving the Capital Reorganization.

PROPOSED RIGHTS ISSUE WITH BONUS WARRANT ISSUE

Upon the Share Consolidation and the Capital Reorganization becoming effective, the Company proposes to raise approximately not less than HK\$538.82 million and not more than HK\$620.23 million (before expenses) by way of rights issue on the basis of six (6) Rights Shares for every Adjusted Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share.

In the event that the relevant resolution(s) approving the Capital Reorganization is not passed at the SGM, then the Company proposes to raise approximately not less than HK\$538.82 million and not more than HK\$620.23 million (before expenses) by way of rights issue on the basis of six (6) Rights Shares for every Consolidated Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share.

Under the Rights Issue, a minimum of 3,592,111,050 Rights Shares and a maximum of 4,134,896,988 Rights Shares will be allotted and issued, representing approximately 85.71% and 85.71% respectively of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Rights Issue is fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

The Company intends to use the net proceeds of the Rights Issue in the following ways: (i) HK\$200 million will be used for property investment including the acquisition under the Conditional Agreement as announced by the Company on 28 November 2014 and the balance of this portion after payment of the consideration under the Conditional Agreement will be used for acquiring other property(ies) for leasing purpose; (ii) HK\$30 million for general working capital of the Group; and (iii) the remaining balance will be used for the Group’s financial businesses including investment and trading in both long-term and short-term securities as well as money lending business comprising both long-term and short-term loans.

Subject to the fulfillment or waiver (as appropriate) of the conditions to the Rights Issue and the Bonus Warrant Issue, Bonus Warrants will be issued to the first registered holders of the Rights Shares on the basis of one Bonus Warrant for every six (6) Rights Shares taken up. Fractional entitlements to the Bonus Warrants will not be allotted. On the basis of six (6) Rights Shares to be issued for every New Share held on the Record Date under the Rights Issue, the minimum and maximum number of Bonus Warrants to be issued will be 598,685,175 and 689,149,498 respectively. Each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one New Share at the Exercise Price of HK\$0.1 per New Share (subject to adjustments), at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 12 months after the date of issue. The minimum and maximum Bonus Warrant Shares to be issued upon exercise of the minimum and maximum Bonus Warrants represent approximately 12.5% and 12.5% of issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Warrant Shares respectively.

If the Underwriter terminates the Underwriting Agreement (see the paragraph headed “Termination of the Underwriting Agreement” below) or the conditions precedent to the Rights Issue (see the paragraph headed “Conditions precedent to the Rights Issue and the Underwriting Agreement” below) are not fulfilled or waived in whole or in part by the Underwriter, the Rights Issue will not proceed. **The attention of the investors and Shareholders is drawn to the paragraph headed “Warning of the risks of dealings in the shares of the Company and the nil-paid Rights Shares” below.**

The last day of dealings in the New Shares on a cum-rights basis is expected to be 29 January 2015. The New Shares are expected to be dealt in on an ex-rights basis from 30 January 2015. Dealings in the Rights Shares in nil-paid form are expected to take place from 11 February 2015 to 18 February 2015 (both days inclusive). To qualify for the Rights Issue, any transfer of the New Shares (together with the relevant certificate(s)) must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on 2 February 2015.

The last day for acceptance and payment of the Rights Shares is expected to be on 25 February 2015. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board also proposes that the board lot size of the Existing Shares for trading on the Stock Exchange be changed from 10,000 Existing Shares to 20,000 New Shares. In the event that the Rights Issue is not approved by the Shareholders at the SGM, the board lot size of the Shares will remain unchanged.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$600,000,000 divided into 60,000,000,000 Existing Shares of HK\$0.01 each of which 5,986,851,756 Existing Shares have been allotted and issued and fully paid or credited as fully paid. Upon the Share Consolidation and Capital Reorganization becoming effective, the Company will have an authorised share capital of HK\$600,000,000 divided into 60,000,000,000 Adjusted Shares, 598,685,175 Adjusted Shares will be in issue. Moreover, there will be a maximum of 4,134,896,988 Rights Shares and 689,149,498 Bonus Warrants upon completion of Rights Issue. In order to accommodate the future expansion and growth of the Group, the Board proposes to increase the existing authorised share capital of the Company to HK\$800,000,000 divided into 80,000,000,000 Adjusted Shares by the creation of an additional 20,000,000,000 unissued Adjusted Shares immediately following the Capital Reorganization becoming effective. The Proposed Increase in Authorised Share Capital is conditional upon, among other things, the passing of the special resolution approving the Capital Reorganization and an ordinary resolution approving the Proposed Increase in Authorised Share Capital by the Shareholders at the SGM.

GENERAL

Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at the date of this announcement, the Company does not have any controlling Shareholders. Therefore, Mr. Wong Howard (Chairman and Chief Executive Officer), Dr. Kwong Kai Sing, Benny (Managing Director), and Mr. Wong Yat Fai, being the executive Directors, and their respective associates, together holding approximately 7.91% of the issued share capital of the Company as at the date of this announcement, will abstain from voting in favour of the resolution(s) relating to the Rights Issue at the SGM.

An independent board committee, comprising all the independent non-executive Directors, will be established to make recommendations to the Independent Shareholders in relation to the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, further particulars of the Share Consolidation, Rights Issue with the Bonus Warrant Issue, Capital Reorganization, Proposed Increase in Authorised Share Capital, a letter of recommendation from the independent board committee to the Independent Shareholders in respect of the Rights Issue with Bonus Warrant Issue, a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders in respect of the Rights Issue with Bonus Warrant Issue and the notice convening the SGM, will be despatched to the Shareholders on or before 5 January 2015.

No Shareholder is required to abstain from voting on such resolutions in respect of the Share Consolidation, Capital Reorganization and Proposed Increase in Authorised Share Capital at the SGM.

Subject to the approval of the Rights Issue with Bonus Warrant Issue by the Independent Shareholders, the Company will also despatch the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Excluded Shareholders for their information only in due course in accordance with the Listing Rules and the applicable law and regulations.

WARNING OF THE RISKS OF DEALING IN THE SHARES OF THE COMPANY AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out in this announcement under the section headed “Conditions Precedent to the Rights Issue and the Underwriting Agreement”. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue have not been fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in Existing Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 8 December 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Existing Shares on the Stock Exchange with effect from 9:00 a.m. on 9 December 2014.

PROPOSED SHARE CONSOLIDATION

Proposed Share Consolidation

The Company proposes to implement the Share Consolidation pursuant to which every ten (10) issued and unissued Existing Shares of HK\$0.01 each be consolidated into one Consolidated Share of HK\$0.1.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of the necessary ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the SGM to be convened by the Company; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the Consolidated Shares in issue arising from the Share Consolidation.

Assuming the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on the business day next following the date on which the relevant resolution(s) approving the Share Consolidation is passed.

Effect of Share Consolidation

The effect of Share Consolidation is summarised below:

	Prior to the Share Consolidation becoming effective	Immediately following Share Consolidation becoming effective (Note)
Nominal value of each Existing Share/ Consolidated Share	HK\$0.01	HK\$0.1
Number of authorized Existing Shares/ Consolidated Shares	60,000,000,000	6,000,000,000
Authorized share capital	HK\$600,000,000	HK\$600,000,000
Number of Existing Shares/Consolidated Shares in issue	5,986,851,756	598,685,175
Issued and fully-paid share capital	HK\$59,868,517.56	HK\$59,868,517.50

Note: Issued and fully-paid share capital immediately after Share Consolidation becoming effective is presented on the assumption that no further Existing Shares would be issued or repurchased between the date of this announcement and the date of the SGM.

Reasons for the Share Consolidation

The Share Consolidation will increase the nominal value of the shares of the Company. It is expected that the Share Consolidation would bring about corresponding upward adjustments in the trading price of the Consolidated Shares (i.e. based on the closing price of HK\$0.138 per Existing Shares as quoted on the Stock Exchange on the Last Trading Day, the trading price of the Consolidated Shares will be HK\$1.38) on the Stock Exchange and the Board believes that it may attract more investors and extend the shareholders base of the Company. The Board therefore believes that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

PROPOSED CAPITAL REORGANIZATION

Upon Share Consolidation becoming effective, the Board further proposes that the Company effects a Capital Reorganization by way of:

- (i) a reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares so that the nominal value of each issued Consolidated Share (i.e. Adjusted Share) will be reduced from HK\$0.10 to HK\$0.01;
- (ii) the subdivision of each authorised but unissued Consolidated Share of HK\$0.10 into ten (10) Adjusted Shares of HK\$0.01 each; and

- (iii) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company such that the Board may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-Laws including but not limited to setting off against the accumulated losses of the Company.

Conditions of the Capital Reorganization

The Capital Reorganization is conditional upon:

- (i) the passing of the necessary resolutions by the Shareholders approving the Share Consolidation and the Capital Reorganization and the transactions contemplated thereunder at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue arising from the Capital Reorganization; and
- (iii) compliance by the Company with the requirements under the Companies Act including the publication of a notice in relation to the Capital Reduction in Bermuda in accordance with section 46(2) of the Companies Act.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganization will become effective on the next business day following the date of passing of the relevant resolution(s) approving the Capital Reorganization.

Effects of Capital Reorganization

As at the date of this announcement, the Company has 16,072,272 outstanding share options granted pursuant to the Share Option Schemes exercisable prior to the Record Date entitling the holders thereof to subscribe for up to 16,072,272 Existing Shares (“**the Share Options**”). Save for disclosed in the aforementioned, there are no options, warrants or other securities convertible into or giving rights to subscribe for Existing Shares or Consolidated Shares or Adjusted Shares. As of the date of this announcement, the Company’s existing authorized share capital is HK\$600,000,000 consisting of 60,000,000,000 Existing Shares, and the existing issued share capital is HK\$59,868,517.56 consisting of 5,986,851,756 Existing Shares.

The effect of the Capital Reorganization is summarised below:

	Prior to the Capital Reorganization becoming effective	Immediately following Capital Reorganization becoming effective
Nominal value of each Existing Share/ Adjusted Share	HK\$0.01	HK\$0.01
Number of authorized Existing Shares/ Adjusted Shares	60,000,000,000	60,000,000,000
Authorized share capital	HK\$600,000,000	HK\$600,000,000
Number of Existing Shares/ Adjusted Shares in issue	5,986,851,756	598,685,175
Issued and fully-paid share capital	HK\$59,868,517.56	HK\$5,986,851.75

Any fraction of Adjusted Shares arising from the Capital Reorganization will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company. The Adjusted Shares will rank pari passu in all respects with each other.

Based on 598,685,175 Adjusted Shares after the completion of the Capital Reorganization, a credit of approximately HK\$53.88 million will arise as a result of the Capital Reorganization and will be transferred to the contributed surplus account of the Company such that the Board may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-Laws including but not limited to setting off against the accumulated losses of the Company.

Implementation of the Capital Reorganization will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganization will not have any adverse effect on the financial position of the Group and the Board believes that on the date the Capital Reorganization is to be effected, there will be no reasonable grounds for believing that the Company is, or after the Capital Reorganization would be, unable to pay its liabilities as they become due. The Capital Reorganization does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Reasons for Capital Reorganization

The Board believes that Capital Reorganization is beneficial to the Company and the Shareholders as a whole. The Board is of the opinion that Capital Reorganization will provide the Company with greater flexibility for the issue of Adjusted Shares in the future and the credit in the contributed surplus account arising as a result of Capital Reorganization will enable the Company to apply part of the amount standing to the credit of its contributed surplus account to eliminate the accumulated losses of the Company and this will facilitate the payment of dividends as and when the Directors consider it appropriate in the future.

Other than the expenses to be incurred in relation to Capital Reorganization, the implementation of Capital Reorganization will not alter the underlying assets, business operations, management or financial position of the Group or the interests of the Shareholders as a whole.

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares and/or the Adjusted Shares arising from Share Consolidation and Capital Reorganization (as the case may be).

The Consolidated Shares/Adjusted Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares/Adjusted Shares on the Stock Exchange, the Consolidated Shares/Adjusted 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 Consolidated Shares or Adjusted 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.

Free exchange of Share certificates

Subject to Share Consolidation and/or the Capital Reorganization becoming effective, Shareholders may submit certificates for the Existing Shares, to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange from Thursday, 29 January 2015, to Tuesday, 10 March 2015 (both days inclusive), at the expense of the Company for certificates of the New Shares. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the New Shares, whichever number of certificates cancelled/issued is higher. The existing certificates will be valid for trading and settlement up to 4:00 p.m. on Friday, 6 March 2015, being the latest time for trading in board lot of 1,000 New Shares in the form of existing certificates (or such other date which will be announced by the Company) and will continue to be good evidence of legal title after the Share Consolidation and/or Capital Reorganization have/has become effective and may be exchanged for certificates of the New Shares at any time in accordance with the foregoing.

Trading arrangements for the New Shares

Subject to the Share Consolidation and/or Capital Reorganization becoming effective, the arrangements proposed for dealings in the New Shares are expected to be as follows:

- (i) from 9:00 a.m. on Thursday, 29 January 2015, the original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares will be temporarily closed and a temporary counter for trading in the New Shares in board lots of 1,000 New Shares will be set up and opened;
- (ii) with effect from 9:00 a.m. on Thursday, 12 February 2015, the original counter for trading in the New Shares will be re-opened in board lots of 20,000 New Shares;
- (iii) during the period from 9:00 a.m. on Thursday, 12 February 2015 to 4:00 p.m. on Friday, 6 March 2015 (both dates inclusive), there will be parallel trading at the above two counters; and
- (iv) the temporary counter for trading in the New Shares in board lots of 1,000 New Shares will be removed after the close of trading at 4:00 p.m. on Friday, 6 March 2015. Thereafter, trading will only be in board lots of 20,000 New Shares with new share certificates and the existing share certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such certificates will remain effective as documents of title on the basis of ten (10) Existing Shares for one (1) New Share.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Share Consolidation and/or Capital Reorganization, a designated broker has been appointed to match the purchase and sale of odd lots of the New Shares at the relevant market price per New Shares for the period from 9:00 a.m. on Thursday, 12 February 2015 to 4:00 p.m. on Friday, 6 March 2015 (both dates inclusive). Holders of odd lots of the New Shares should note that successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the circular to be despatched to the Shareholders.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$600,000,000 divided into 60,000,000,000 Existing Shares of HK\$0.01 each of which 5,986,851,756 Existing Shares have been allotted and issued and fully paid or credited as fully paid. Upon the Share Consolidation and Capital Reorganization becoming effective, the Company will have an authorised share capital of HK\$600,000,000 divided into 60,000,000,000 New Shares, and 598,685,175 New Shares will be in issue. Moreover, there will be a maximum of 4,134,896,988 Rights Shares and 689,149,498 Bonus Warrants upon completion of Rights Issue.

In order to accommodate the future expansion and growth of the Group, the Board proposes to increase the existing authorised share capital of the Company to HK\$800,000,000 divided into 80,000,000,000 Adjusted Shares by the creation of an additional 20,000,000,000 unissued Adjusted Shares. The Proposed Increase in Authorised Share Capital is conditional upon, among other things, the passing of the necessary resolutions approving the Share Consolidation, the Capital Reorganization and the Proposed Increase in Authorised Share Capital by the Shareholders at the SGM.

PROPOSED RIGHTS ISSUE WITH BONUS WARRANT ISSUE

Upon Share Consolidation and the Capital Reorganization becoming effective, the Company proposes to raise a minimum of approximately HK\$538.82 million (before expenses) to a maximum of HK\$620.23 million (before expenses) by way of rights issue on the basis of six (6) Rights Shares for every Adjusted Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share.

In the event that only the Share Consolidation will be effected, then upon Share Consolidation becoming effective, the Company proposes to raise a minimum of approximately HK\$538.82 million (before expenses) to a maximum of HK\$620.23 million (before expenses) by way of rights issue on the basis of six (6) Rights Shares for every Consolidated Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share.

Issue statistics

Basis of the Rights Issue: six (6) Rights Shares for every New Share held on the Record Date with Bonus Warrants on the basis of one Bonus Warrant for every six (6) Rights Shares taken up

Number of New Shares in issue upon Share Consolidation and/or Capital Reorganization becoming effective (assuming no further Shares would be issued or repurchased between the date of this announcement and the Record Date): 598,685,175 New Shares

Number of Rights Shares:	not less than 3,592,111,050 New Shares (assuming no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date) and not more than 4,134,896,988 New Shares (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full; and (iv) all the Convertible Notes is converted into New Shares on or before the Record Date)
Number of Bonus Warrants:	not less than 598,685,175 Bonus Warrants and not more than 689,149,498 Bonus Warrants
Number of Rights Shares underwritten by the Underwriter:	the Underwriter has conditionally agreed to fully underwrite not less than 3,592,111,050 Underwritten Shares (assuming no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date) and not more than 4,134,896,988 Underwritten Shares, not taken up by the Qualifying Shareholders, assuming (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full; and (iv) all the Convertible Notes is converted into New Shares on or before the Record Date)

Under the Rights Issue, a minimum and maximum of 3,592,111,050 and 4,134,896,988 Rights Shares will be allotted and issued respectively, representing approximately 85.71% and 85.71% of the issued share capital of the Company respectively as enlarged by the allotment and issue of the Rights Shares respectively. Assuming the Share Consolidation becoming effective and completion of the Rights Issue, the aggregate nominal value of the minimum and maximum Rights Shares of nominal value of HK\$0.1 each will be HK\$359,211,105 and HK\$413,489,698.80 respectively. Assuming the Share Consolidation and Capital Reorganization becoming effective and completion of the Rights Issue, the aggregate nominal value of the minimum and maximum Rights Shares of nominal value of HK\$0.01 each will be HK\$35,921,110.50 and HK\$41,348,969.88 respectively.

As at the date of this announcement, the Company has 16,072,272 outstanding Share Options granted pursuant to the Share Option Schemes exercisable prior to the Record Date entitling the holders thereof to subscribe for up to 16,072,272 Existing Shares. Save for disclosed in the aforementioned, there are no outstanding options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Existing Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date. The register of members of the Company will be closed from 3 February 2015 to 6 February 2015 (both days inclusive) for ascertaining entitlements of the Shareholders under the Rights Issue. In order to be registered as members of the Company on the Record Date, all transfers of New Shares (together with the relevant share certificate(s)) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, by 4:30 p.m. (Hong Kong time) on 2 February 2015. The address of the branch share registrar of the Company in Hong Kong is:

Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

The Company will send the Prospectus Documents to the Qualifying Shareholders, and the Prospectus only to the Excluded Shareholders for information purposes.

Excluded Shareholders

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

As at the date of this announcement, the Company has certain Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong.

The Company will ascertain on the Record Date whether there are any Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong and make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the Company's offering the Rights Shares to the Excluded Shareholders in compliance with the Listing Rules to determine who will be the Excluded Shareholders. Further details regarding the Excluded Shareholders will be set out in the Prospectus.

Arrangements will be made for as many as possible of the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The Company will then distribute such proceeds in Hong Kong dollars to the Excluded Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent), except that individual amount of HK\$100 or less shall not be so distributed but shall be retained for the benefit of the Company. Any such nil-paid Rights Shares remaining unsold at the Latest Time for Acceptance shall be made available for excess application.

The Bonus Warrant Issue will also not be available to the Excluded Shareholders.

Closure of register of members

The register of members of the Company will be closed from 3 February 2015 to 6 February 2015, both days inclusive. No transfer of New Shares will be registered during this period.

TERMS OF THE RIGHTS ISSUE WITH BONUS WARRANT ISSUE

Subscription Price

HK\$0.15 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares or application for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 89.13% to the adjusted closing price of HK\$1.38 per Consolidated Share, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 89.54% to the adjusted average closing price of HK\$1.434 per Consolidated Share, based on the average closing price of HK\$0.1434 per Existing Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (iii) a discount of approximately 53.95% to the theoretical ex-rights price of HK\$0.3257 per Consolidated Share after the Rights Issue, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price of the Existing Shares and the theoretical ex-rights price of the Consolidated Shares or Adjusted Shares. The Board considers the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the closing price of the Shares on the Last Trading Day with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. As the estimated net proceeds from the Rights Issue will be approximately HK\$517.21 million to HK\$598.63 million (assuming no further issue of new shares of the Company on or before the Record Date), the net price per Rights Share will be approximately HK\$0.144 and HK\$0.145.

Basis of the provisional allotment

The Company will allot and issue six (6) Rights Shares for every New Share held by the Qualifying Shareholders as at the close of business on the Record Date. The Rights Shares (nil-paid) will be provisionally allotted to all the Qualifying Shareholders who are entitled to them before despatch of the Prospectus Documents, details of which are set out in the timetable below.

Bonus Warrant Issue

Subject to the fulfillment or waiver (as appropriate) of the conditions to the Rights Issue and the Bonus Warrant Issue, Bonus Warrants will be issued to the first registered holders of the Rights Shares on the basis of one Bonus Warrant for every six (6) Rights Shares taken up. Fractional entitlements to the Bonus Warrants will not be allotted. On the basis of six (6) Rights Shares to be issued under the Rights Issue, the minimum and maximum number of Bonus Warrants to be issued will be 598,685,175 and 689,149,498 respectively. Each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one New Share at the Exercise Price of HK\$0.1 per New Share (subject to adjustments), at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 12 months after the date of issue. The minimum and maximum Bonus Warrant Shares to be issued upon exercise of the minimum and maximum Bonus Warrants represent approximately 12.5% and 12.5% of issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Warrant Shares respectively.

Further details of the Bonus Warrant Issue will be included in the circular.

The Exercise Price of each Bonus Warrant represents:

- (i) a discount of approximately 92.75% to the adjusted closing price of HK\$1.38 per Consolidated Share, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 93.03% to the adjusted average closing price of HK\$1.434 per Consolidated Share, based on the average closing price of HK\$0.1434 per Existing Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (iii) a discount of approximately 69.30% to the theoretical ex-rights price of HK\$0.3257 per Consolidated Share after the Rights Issue, based on the closing price of HK\$0.138 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation.

The Exercise Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price and the theoretical ex-rights price of the Consolidated Shares or Adjusted Shares as calculated above. It is subject to customary anti-dilutive adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and further issue of shares or convertible securities with conversion price less than the then market price provided that the Exercise Price shall not at any time fall below the par value of the Consolidated Shares or Adjusted Shares. The Bonus Warrant Issue is designed to encourage Qualifying Shareholders to take up their entitlements under the Rights Issue so as to participate in the future growth of the Company.

Assuming all the Bonus Warrants are exercised, a maximum amount of gross proceeds and net proceeds of approximately HK\$68.9 million and HK\$68.9 million, respectively, will be raised. The net price per Bonus Warrant Share is therefore approximately HK\$0.1. If the

Bonus Warrants and the Bonus Warrant Shares are issued after the Share Consolidation and Capital Reorganization have become effective, the maximum nominal value of all the Bonus Warrant Shares that may fall to be issued is approximately HK\$6.89 million.

Reasons for the Bonus Warrant Issue

1. The Bonus Warrants act as a sweetener to the Rights Issue to attract Shareholders and investors to participate in the Rights Issue;
2. The Bonus Warrant Issue will provide the Shareholders or other investors with an opportunity to participate in the growth of the Company as the Company is confidential in upcoming turnaround of its future financial performance as there is new business development and business opportunities encountered recently by the Company;
3. The Bonus Warrant Issue could also strengthen the equity base of the Company without increasing financial costs of the Group and it also increases the Company's working capital if and when the subscription rights attaching to the Warrants are exercised;
4. Funds raised from the subscription of Bonus Warrant Shares could be used in business development of the Company;
5. The Company has been making losses over the last 5 financial years since 2010, the Rights Issue with the Bonus Warrant Issue could enable the Company to partially replenish its capital base which has been eroded by such accumulated losses; and
6. The Rights Issue with Bonus Warrant Issue is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

Given the above factors, the Directors considered that the Rights Issue with Bonus Warrant Issue and the future funds raised through the subscription of the Bonus Warrant Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company has not presently planned for any specific use of the subscription proceeds from the exercise of the Warrants but intends to apply any such subscription proceeds for the future business development and general working capital of the Group.

Certificates for the Rights Shares and the Bonus Warrants and refund cheques

Subject to the fulfillment or the waiver in whole or in part by the Underwriter of the conditions of the Rights Issue and the Bonus Warrant Issue, certificates for the fully-paid Rights Shares and the Bonus Warrants are expected to be posted on or before 6 March 2015 to those Qualifying Shareholders and applicants who have accepted or (as the case may be) applied and paid for the Rights Shares, at their own risks. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are also expected to be posted on 6 March 2015 by ordinary post to the applicants at their own risk. The first day of dealing in the Rights Shares in their fully-paid form is expected to

commence on 9:00 a.m. on Monday, 9 March 2015. The first day of dealing in the Bonus Warrants on the Stock Exchange is expected to commence on 9:00 a.m. on Monday, 9 March 2015.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and for any Rights Shares provisionally allotted but not accepted.

Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its provisional allotment must complete and sign the EAF as indicated thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar so as to be received by no later than 4:00 p.m. on Wednesday, 25 February 2015. All remittances must be made by cheque or cashier's order in Hong Kong dollars.

The Directors will allocate the excess Rights Shares on a fair and equitable basis. Subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to those who have applied for excess Rights Shares on a pro rata basis by reference to the number of excess Rights Shares being applied for under each application. There is no odd lot arrangement after the excess Rights Shares are allotted. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

Any fractional entitlement for the excess Rights Shares will be rounded up to the nearest whole number to the best effort and issued to such Qualifying Shareholder who applies for excess Rights Shares.

Investors with their Existing Shares or New Shares held by a nominee company should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

The allocation of excess Rights Shares (if any) to the Qualifying Shareholders will be announced by the Company on or about 5 March 2015. If no excess Rights Shares are allotted to the Qualifying Shareholders, it is expected that a cheque for the amount tendered on application will be refunded in full without interest on or before 6 March 2015. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, a cheque for the amount of the surplus application monies are also expected to be refunded to them without interest on or before 6 March 2015.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or cashier's order in payment for excess Rights Shares applied for will constitute a warranty by the applicant that

the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

Completion and return of the EAF by anyone outside Hong Kong will constitute a warranty and representation to the Company that all these local registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the EAF and any application under it, have been, or will be, duly complied with. For the avoidance of doubt neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled or waived (as applicable), the monies received in respect of the relevant applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by the ordinary post to their respective addresses at their own risk as soon as practicable thereafter.

Closure of register of members

The register of members of the Company, in relation to the Rights Issue, will be closed from Tuesday, 3 February 2015 to Friday, 6 February 2015, both dates inclusive. No transfer of New Shares will be registered during this period.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares.

Nil-paid Rights Shares and Bonus Warrants are expected to be traded in board lots of 20,000. Dealings in the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

Status of the Rights Shares and the Bonus Warrant Shares

The Rights Shares and the Bonus Warrant Shares, when fully paid and issued, will rank *pari passu* in all respects with the New Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares or the Bonus Warrant Shares (as the case may be).

CONDITIONS PRECEDENT TO THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT

The Rights Issue and the underwriting obligations of the Underwriter under the Underwriting Agreement are conditional upon the following:

- (i) the Share Consolidation having become effective;
- (ii) the passing of the relevant ordinary resolutions in respect of the Rights Issue and the Bonus Warrant Issue by the Independent Shareholders at the SGM in accordance with the Listing Rules;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in all the Rights Shares, in both nil-paid and fully-paid forms, and the Bonus Warrants and any New Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants;
- (iv) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by two Directors (or by their agents duly authorised in writing) in compliance with the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;
- (v) the posting of copies of the Prospectus Documents to the Qualifying Shareholders; and
- (vi) the Underwriter having not terminated the Underwriting Agreement.

If any of the above conditions precedent have not been satisfied on or before the Long Stop Date, all obligations and liabilities of the parties thereof shall cease and determine and no party shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement.

The Company shall use its reasonable endeavours to procure the fulfilment of all the conditions precedent (to the extent it is within its power to do so), and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue and the arrangements contemplated by the Underwriting Agreement. The Company shall as soon as practicable after the signing of the Underwriting Agreement make Application to the Stock Exchange and shall do or procure to be done all such acts or things as may be reasonably necessary as required by the Stock Exchange for the purpose of obtaining such listing and permission.

UNDERWRITING AGREEMENT

Underwriting Agreement

Date: the Underwriting Agreement was entered into on 5 December 2014 (after trading hours)

Parties: (i) the Company as the issuer; and
(ii) Freeman Securities Limited as the Underwriter, a licensed corporation to carry out Type 1 regulated activities under the SFO, as the underwriter.

Number of Rights Shares underwritten by the Underwriter: the Underwriter has conditionally agreed to fully underwrite not less than 3,592,111,050 Underwritten Shares and not more than 4,134,896,988 Underwritten Shares, not taken up by the Qualifying Shareholders, assuming (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full; and (iv) all the Convertible Notes is converted into New Shares on or before the Record Date)

Commission: 3% of the product of the Subscription Price and the maximum number of the Underwritten Shares

As at the date of this announcement, the Company holds 688,000 shares of Freeman Financial Corporation Limited (“**Freeman**”), representing approximately 0.10% of the entire issued share capital of Freeman and 30,344,827 shares of Freeman Corporation Limited (“**FCL**”), representing approximately 2.60% of the entire issued share capital of FCL.

Freeman is a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 279). FCL is a company incorporated in the Cayman Islands with limited liability and is an indirect non-wholly owned subsidiary of Freeman. The Underwriter is an indirect non-wholly owned subsidiary of Freeman and a fellow subsidiary of FCL.

As at the date of this announcement, Freeman does not hold any Shares.

The Board considers the terms of the Underwriting Agreement including the commission rate accord with market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time between the date hereof and 4:00 p.m. on the Latest Termination Date, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

- (i) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the representations or warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue and the Bonus Warrant Issue; or
- (ii)
 - (a) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong, Bermuda or elsewhere;
 - (b) any change in local, national or international financial, political, industrial or economic conditions;
 - (c) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (d) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (e) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or
 - (f) any change or development involving a prospective change in taxation or exchange controls in Hong Kong, Bermuda or elsewhere,

which event or events is or are in the reasonable opinion of the Underwriter:

- (i) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (ii) likely to have a material adverse effect on the success of the Rights Issue or the Bonus Warrant Issue or the level of Rights Shares taken up; or
- (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue or the Bonus Warrant Issue,

then and in such case, the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company terminate the Underwriting Agreement in accordance with the terms of the Underwriting Agreement. Upon giving notice in writing to the Company to terminate the Underwriting Agreement in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter shall cease and determine (save for any antecedent breaches thereof) and no party 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 save for any antecedent breach.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company arising from Share Consolidation/ Capital Reorganization and the Rights Issue assuming scenario (1) no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date; and scenario (2) (a) no repurchase of Existing Shares or New Shares; (b) the Share Options granted and outstanding are fully exercised; (c) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full; and (d) all the Convertible Notes is converted into New Shares on or before the Record Date.

scenario (1): no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date:

Name of Shareholders	As at the date of this announcement		Immediately after Share Consolidation but before completion of the Rights Issue		Immediately after the completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders) <i>(Notes 5 to 8)</i>		Immediately after the completion of the Rights Issue (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders) <i>(Notes 5 to 8)</i>	
	<i>No. of Existing Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>
Allied Way <i>(Note 1)</i>	408,000,000	6.81%	40,800,000	6.81%	285,600,000	6.81%	40,800,000	0.97%
Mr. Wong Howard <i>(Note 2)</i>	12,779,400	0.21%	1,277,940	0.21%	8,945,580	0.21%	1,277,940	0.03%
Dr. Kwong Kai Sing Benny <i>(Note 3)</i>	40,717,565	0.68%	4,071,756	0.68%	28,502,292	0.68%	4,071,756	0.10%
Mr. Wong Yat Fai <i>(Note 4)</i>	12,779,400	0.21%	1,277,940	0.21%	8,945,580	0.21%	1,277,940	0.03%
Public Shareholders:								
Underwriter	—	—	—	—	—	—	3,592,111,050	85.71%
Other public Shareholders	<u>5,512,575,391</u>	<u>92.09%</u>	<u>551,257,539</u>	<u>92.09%</u>	<u>3,858,802,773</u>	<u>92.09%</u>	<u>551,257,539</u>	<u>13.16%</u>
	<u>5,986,851,756</u>	<u>100.00%</u>	<u>598,685,175</u>	<u>100.00%</u>	<u>4,190,796,225</u>	<u>100.00%</u>	<u>4,190,796,225</u>	<u>100.00%</u>

scenario (2): (a) no repurchase of Existing Shares or New Shares; (b) the Share Options granted and outstanding are fully exercised; (c) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full; and (d) all the Convertible Notes is converted into New Shares on or before the Record Date:

Name of Shareholders	As at the date of this announcement		Immediately after Share Consolidation but before completion of the Rights Issue		Immediately after the completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders) (Notes 5 to 8)		Immediately after the completion of the Rights Issue (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders) (Notes 5 to 8)	
	<i>No. of Existing Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>	<i>No. of Consolidated Shares</i>	<i>Approximate %</i>
Allied Way (Note 1)	408,000,000	6.81%	40,800,000	5.92%	285,600,000	5.92%	40,800,000	0.85%
Mr. Wong Howard (Note 2)	12,779,400	0.21%	1,277,940	0.19%	8,945,580	0.19%	1,277,940	0.03%
Dr. Kwong Kai Sing Benny (Note 3)	40,717,565	0.68%	4,071,756	0.59%	28,502,292	0.59%	4,071,756	0.08%
Mr. Wong Yat Fai (Note 4)	12,779,400	0.21%	1,277,940	0.19%	8,945,580	0.19%	1,277,940	0.03%
Number of Share Options granted and outstanding	—	—	1,607,226	0.23%	11,250,582	0.23%	1,607,226	0.03%
Maximum number of Share Options not yet granted under the Scheme Mandate	—	—	57,097	0.01%	399,679	0.01%	57,097	0.00%
Shares to be issued under the Convertible Notes and Shares held by Mr. Fu Rulin	—	—	106,990,000	15.52%	748,930,000	15.52%	106,990,000	2.22%
Public Shareholders:								
Underwriter	—	—	—	—	—	—	4,134,896,988	85.71%
Other public Shareholders	5,512,575,391	92.09%	533,067,539	77.35%	3,731,472,773	77.35%	533,067,539	11.05%
	<u>5,986,851,756</u>	<u>100.00%</u>	<u>689,149,498</u>	<u>100.00%</u>	<u>4,824,046,486</u>	<u>100.00%</u>	<u>4,824,046,486</u>	<u>100.00%</u>

Notes:

- Allied Way International Limited is a company incorporated in Hong Kong and the entire issued capital of which is owned as to 50% by Mr. Wong Howard and 50% by his spouse, Ms. Cheung Mei Yee, Rebacca.
- Mr. Wong Howard is the chairman and Chief Executive Officer of the Company and an executive Director of the Company.
- Dr. Kwong Kai Sing Benny is the managing director and an executive Director of the Company.
- Mr. Wong Yat Fai is an executive Director of the Company.

5. This scenario is for illustrative purpose only and will never occur. Pursuant to the Underwriting Agreement, the Underwriter confirms that it has sub-underwritten its underwriting obligations under the Underwriting Agreement to sub-underwriters and declares that it has no intention of becoming, whether by itself or together with the parties acting in concert with it (if any), the controlling shareholder (as defined in the Listing Rules) of the Company as a result of performance of its obligations under the Underwriting Agreement. Accordingly, the Underwriter:
 - (i) confirms that, without prejudice in any event to the Underwriter's obligations to procure subscription for the Underwritten Shares not taken up under the Underwriting Agreement, it shall, whether by itself or together with the parties acting in concert with it (if any), be under no circumstances hold 29.9% or more of the issued share capital of the Company immediately after completion of the Rights Issue; and
 - (ii) agrees that it shall, in fulfillment of the Underwriter's obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares, take appropriate steps such as sub-underwriting all or part of the Underwritten Shares thereunder (sub-underwriter(s) not being party(ies) acting in concert with the Underwriter) to ensure that the Underwriter, together with the parties acting in concert with it (if any) will not become the controlling shareholder of the Company immediately after completion of the Rights Issue.
6. Pursuant to the Underwriting Agreement, the Underwriter further undertakes to the Company that, without prejudice in any event to the Underwriter's obligations to procure subscription for the Underwritten Shares not taken up under the Underwriting Agreement or otherwise, it shall ensure (i) that the subscribers for any Underwritten Shares (collectively the "Relevant Subscribers") are independent of and not connected or acting in concert with the directors, chief executive or substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates and (ii) that no such Relevant Subscriber shall be procured if allotment and issue of any Rights Shares to it would result in it and persons acting in concert with it, when aggregated with the total number of Shares (if any) already held by them, holding 29.9% or more of the enlarged issued share capital of the Company immediately after completion of the Rights Issue.
7. Pursuant to the Underwriting Agreement, the Underwriter undertakes that in the event that the Underwriter or any of the sub-underwriters mentioned above is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, (i) the Underwriter will not and shall procure that each sub-underwriter will not, whether by itself or together with the parties acting in concert with it (if any), own 29.9% or more of the issued share capital of the Company immediately after the Rights Issue; and (ii) the Underwriter shall and shall cause the sub-underwriters to procure independent places to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.
8. The Company will ensure the compliance with the public float requirements under Rule 8.08 of the Listing Rules upon completion of the Rights Issue.

EXPECTED TIMETABLE

The expected timetable for Share Consolidation, the Capital Reorganization, the Rights Issue with Bonus Warrant Issue and change in board lot size is set out below:

Hong Kong Times

Expected date of despatch of the Circular in relation to Share Consolidation, Capital Reorganization, Rights Issue with Bonus Warrant Issue, the proposed increase in authorized share capital and notice of SGM Monday, 5 January 2015

Publication of notice of reduction of share capital in Bermuda (which shall be not less than 15 days and not more than 30 days prior to the date on which the Capital Reduction becomes effective) Not earlier than 27 December, 2014 and not later than 13 January 2015

Latest time for lodging proxy forms for the SGM..... 9:30 a.m. on Monday, 26 January 2015

Expected time and date of the SGM..... 9:30 a.m. on Wednesday, 28 January 2015

Publication of poll result of the SGM Wednesday, 28 January 2015

The following events are conditional on the fulfillment of the conditions for the implementation of Share Consolidation and/or Capital Reorganization.

Effective date of Share Consolidation and/or Capital Reorganization Thursday, 29 January 2015

Dealings in the New Shares commence 9:00 a.m. on Thursday, 29 January 2015

Original counter for trading in Existing Shares in board lots of 10,000 Existing Shares temporarily closes 9:00 a.m. on Thursday, 29 January 2015

Temporary counter for trading in board lots of 1,000 New Shares (in the form of existing share certificates) opens 9:00 a.m. on Thursday, 29 January 2015

Free exchange of existing share certificates for the new share certificates for the New Shares commences Thursday, 29 January 2015

Last day of dealing in the New Shares on a cum-entitlement basis in respect of the Rights Issue Thursday, 29 January 2015

First day of dealings in the New Shares on an ex-entitlement basis in respect of the Rights Issue	Friday, 30 January 2015
Latest time for lodging forms of transfer of New Shares in order to be entitled to the Rights Issue.....	4:30 p.m. on Monday, 2 February 2015
Closure of register of members of the Company for determining entitlement to the Rights Issue	Tuesday, 3 February 2015 to Friday, 6 February 2015 (both days inclusive)
Record Date for the Rights Issue.....	Friday, 6 February 2015
Register of members of the Company re-opens.....	Monday, 9 February 2015
Despatch of the Prospectus Documents.....	Monday, 9 February 2015
First day of dealings in nil-paid Rights Shares.....	9:00 a.m. on Wednesday, 11 February 2015
Original counter for trading in New Shares in board lots of 20,000 New Shares (in the form of new share certificates) re-opens.....	9:00 a.m. on Thursday, 12 February 2015
Parallel trading in the New Shares (in the form of existing share certificates and new share certificates) commences	9:00 a.m. on Thursday, 12 February 2015
Designated broker starts to stand in the market to provide matching services for the odd lots of New Shares.....	9:00 a.m. on Thursday, 12 February 2015
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Friday, 13 February 2015
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 18 February 2015
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares.....	4:00 p.m. on Wednesday, 25 February 2015
Latest time for termination of the Underwriting Agreement.....	4:00 p.m. on Monday, 2 March 2015

Announcement for result of the Rights Issue	Thursday, 5 March 2015
Refund cheques for wholly and partially unsuccessful applications for excess Rights Shares expected to be posted	Friday, 6 March 2015
Certificates for the fully-paid Rights Shares expected to be despatched.....	Friday, 6 March 2015
Temporary counter for trading in board lots of 1,000 New Shares (in the form of existing share certificates) closes.....	4:00 p.m. on Friday, 6 March 2015
Parallel trading in the New Shares (in the form of existing share certificates and new share certificates) ends.....	4:00 p.m. on Friday, 6 March 2015
Designated broker ceases to stand in the market to provide matching services for the odd lots of the New Shares.....	4:00 p.m. on Friday, 6 March 2015
Dealings in fully-paid Rights Shares commence.....	9:00 a.m. on Monday, 9 March 2015
Free exchange of existing share certificates for the Existing Shares for new share certificates for the New Shares ends	Tuesday, 10 March 2015

The following events are conditional on the fulfilment of the conditions for the Rights Issue and Bonus Warrants.

Warrant certificates for the Bonus Warrants to be posted	Friday, 6 March 2015
Dealings in the Bonus Warrants on the Stock Exchange commence.....	9:00 a.m. on Monday, 9 March 2015

All times in this announcement refer to Hong Kong times. Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable will be announced as appropriate in accordance with the Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE SHARES OF THE COMPANY AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out in this announcement under the section headed “Conditions Precedent to the Rights Issue and the Underwriting Agreement”. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue have not been fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form between 11 February 2015 to 18 February 2015, both days inclusive, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Existing Shares or New Shares or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

REASONS FOR THE RIGHTS ISSUE WITH BONUS WARRANT ISSUE AND INTENDED USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in trading and distribution of electronic products and other merchandise, securities investment and trading, and the research and development of integrated circuit technology and money lending business.

The minimum and maximum gross proceeds of the Rights Issue are approximately HK\$538.82 million and HK\$620.23 million respectively. The estimated minimum and maximum net proceeds of the Rights Issue after deducting expenses are approximately HK\$517.21 million and HK\$598.63 million respectively, and the minimum and maximum net price per Rights Share upon full acceptance of the relevant provisional allotment of the Rights Shares are approximately HK\$0.144 and HK\$0.145 respectively. The Company intends to use the net proceeds of the Rights Issue in the following ways: (i) HK\$200 million will be used for property investment including the acquisition under the Conditional Agreement as announced by the Company on 28 November 2014 and the balance of this portion after payment of the consideration under the Conditional Agreement will be used for acquiring other property(ies) for leasing purpose; (ii) HK\$30 million for general working capital of the Group; and (iii) the remaining balance will be used for the Group’s financial businesses including investment and trading in both long-term and short-term securities as well as money lending business comprising both long-term and short-term loans.

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. The Board also believes that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding 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 Rights Issue with Bonus Warrant Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company's equity fund raising exercises over the past 12-month period immediately preceding the date of this announcement are set out below:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
8 July 2014 (completed on 24 July 2014)	Placing of 406,747,565 new Shares at a price of HK\$0.125 per Share under general mandate	HK\$49 million	For general working capital of the Group	Approximately HK\$39 million was used for working capital of the Group and HK\$10 million was used as part of the deposit to the proposed acquisition as set out in the announcement dated 28 August 2014 and such deposit has been repaid to the Company which was also utilized
30 July 2014 and 17 October 2014	Subscription of Convertible Notes under specific mandate	HK\$126 million	Intended to be utilised for financing the proposed acquisition under the memorandum of understanding entered into between the Company and Mr. Fu Rulin on 28 August 2014 as announced by the Company on 28 August 2014 and/or for the Company's principal businesses, namely, securities investment and trading and money lending, and/or for other future investment opportunities	Not yet utilised as the subscription is not yet completed
31 October 2014 (completed on 7 November 2014)	Placing of 495,192,763 new Shares at a price of HK\$0.175 per Share under general mandate	HK\$84.2 million	Intended to be used for general working capital of the Group	Approximately HK\$81.1 million was used for securities investment and trading and approximately HK\$2.4 million was used for administrative expenses, the remaining proceeds was used for general working capital of the Group

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
14 November 2014 (completed on 21 November 2014)	Placing of 921,141,959 new Shares at a price of HK\$0.15 per Share under general mandate	HK\$133 million	HK\$125 million of the net proceeds from the Placing will be used for expanding the money lending business of the Group and the remaining proceeds will be used for general working capital of the Group	HK\$125 million was used for expanding the money lending business of the Group and HK\$8 million was used for general working capital of the Group which was also utilized

Save for the fund raising activities disclosed above, the Company had not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

PROPOSED CHANGE IN BOARD LOT SIZE

As the value of each board lot of New Shares is expected to decrease after dealings in the New Shares on an ex-rights basis commence, the Board proposes that the board lot size of the New Shares for trading on the Stock Exchange be changed from 10,000 Existing Shares to 20,000 New Shares with effect from 9:00 a.m. on Thursday, 12 February 2015. In the event that the Rights Issue is not approved at the SGM, the board lot size of the New Shares will remain unchanged.

To facilitate the trading of odd lots (if any) of the New Shares arising from Share Consolidation and/or the Capital Reorganization and the change of board lot size, the Company has agreed to procure an agent to arrange for matching services regarding the sale and purchase of odd lots of New Shares on a best efforts basis, during the period from Thursday, 12 February 2015 to Friday, 6 March 2015 (both dates inclusive). Further details in respect of the odd lots trading arrangement will be set out in the circular of the Company to be despatched to the Shareholders.

Holder of New Shares in odd lots should note that successful matching of the sales and purchases of odd lots of New Shares are not guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above procedures.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UPON SHARE CONSOLIDATION AND CAPITAL REORGANIZATION

As a result of Share Consolidation, the Capital Reorganization and the Rights Issue, adjustments may need to be made to the exercise price and other rights (if any) pursuant to the terms of the Share Option Schemes of the Company if necessary and the Company will make announcement accordingly.

GENERAL

Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at the date of this announcement, the Company does not have any controlling Shareholders. Therefore, Mr. Wong Howard (Chairman and Chief Executive Officer), Dr. Kwong Kai Sing, Benny (Managing Director), and Mr. Wong Yat Fai, being the executive Directors, and their respective associates, together holding approximately 7.91% of the issued share capital of the Company as at the date of this announcement, will abstain from voting in favour of the resolution(s) relating to the Rights Issue at the SGM.

An independent board committee, comprising all the independent non-executive Directors, will be established to make recommendations to the Independent Shareholders in relation to the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, further particulars of the Share Consolidation, Capital Reorganization, the Rights Issue with Bonus Warrant Issue, the Proposed Increase in Authorised Share Capital, a letter of recommendation from the independent board committee to the Independent Shareholders in respect of the Rights Issue with Bonus Warrant Issue, a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders in respect of the Rights Issue the Bonus Warrant Issue and the notice convening the SGM, will be despatched to the Shareholders on or before 5 January 2015. No Shareholder is required to abstain from voting on such resolutions in respect of the Share Consolidation, Capital Reorganization and Proposed Increase in Authorised Share Capital at the SGM.

Subject to the approval of the Rights Issue by the Independent Shareholders, the Company will also despatch the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Excluded Shareholders for their information only in due course in accordance with the Listing Rules and the applicable law and regulations.

The Company has not received any information from its substantial shareholders (as defined in the Listing Rules) as to whether they intend to take up the Rights Shares to be provisionally allotted or offered to them.

RESUMPTION OF TRADING

At the request of the Company, trading in Existing Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 8 December 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Existing Shares on the Stock Exchange with effect from 9:00 a.m. on 9 December 2014.

DEFINITIONS

Unless the context otherwise requires, the following expressions used in this announcement have the following meanings:

“Adjusted Shares”	ordinary share(s) of the Company with a par value of HK\$0.01 each upon the Capital Reorganization becoming effective
“associate(s)”	shall have the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bonus Warrants”	warrant(s) proposed to be issued by the Company under the Rights Issue entitling the holder(s) thereof to subscribe for New Share(s) at the Exercise Price of HK\$0.1 per New Share (subject to adjustments)
“Bonus Warrant Issue”	the proposed issue of the Bonus Warrants on the basis of one Bonus Warrant for every six (6) Rights Shares taken up under the Rights Issue
“Bonus Warrant Share(s)”	the New Share(s) to be allotted and issued pursuant to the exercise of the subscription rights attached to the Bonus Warrants
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“Bye-Laws”	the bye-laws of the Company
“Capital Reduction”	the proposed reduction of the nominal value of the issued Consolidated Shares from HK\$0.1 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.09 on each of the issued Consolidated Share
“Capital Reorganization”	the Capital Reduction, the Subdivision and the transactions contemplated thereunder
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited

“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	China Jinhai International Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 139)
“Conditional Agreement”	means the conditional agreement dated 28 November 2014 entered into between the vendor and an indirect wholly owned subsidiary of the Company in relation to, amongst other things, the sale and purchase of the entire issued share capital in a company and to acquire a property in Hong Kong for the Group’s own use
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately following the Share Consolidation becoming effective
“Convertible Note(s)”	the convertible note(s) of principal amount of HK\$133,200,000 to be issued by the Company to Mr. Fu Rulin pursuant to the conditional subscription agreement dated 30 July 2014 (as supplemented by a supplemental agreement dated 31 October 2014) entered into between the Company and Mr. Fu Rulin
“Director(s)”	the director(s) of the Company
“Excess Application Form”/ “EAF(s)”	the form(s) of application for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“Excluded Shareholder(s)”	the Overseas Shareholders on the Record Date where the Directors, based on opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Exercise Price”	the price payable for each Bonus Warrant Share on exercise of the subscription rights attached to the Bonus Warrants, which is initially set at HK\$0.1 per Bonus Warrant Share (subject to adjustments)

“Existing Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation and Capital Reorganization becoming effective
“Group”	the Company and the subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	any Shareholder other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholder other than directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	third party (parties) independent of and not connected with the Company and its connected persons
“Last Trading Day”	5 December 2014, being the last trading day for the Shares immediately before the release of this announcement
“Latest Termination Date”	the third Business Day after the Latest Time of Acceptance or such other date as the Underwriter may agree in writing with the Company
“Latest Time of Acceptance”	4:00 p.m. on Wednesday, 25 February 2015 or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Listing Committee”	has the meaning ascribed to this term under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4:00 p.m. on 31 May 2015 (or such later date as the Underwriter and the Company may agree in writing)
“New Shares”	the Consolidated Shares or, if the Capital Reorganization becoming effective prior to the Record Date, then they refer to the Adjusted Shares

“Overseas Shareholders”	those persons who registered addresses (as shown in the register of members of the Company at the close of business on the Record Date) which are outside Hong Kong, in respect of whom the Directors, based on opinions provided by legal advisers, consider the exclusion from the Rights Issue to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in the respective places
“Posting Date”	9 February 2015 or such other date as the Underwriter may agree in writing with the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Overseas Shareholders for information only (as the case may be)
“Proposed Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$600,000,000 to HK\$800,000,000 divided into 80,000,000,000 Adjusted Shares by the creation of an additional 20,000,000,000 Adjusted Shares
“Prospectus”	the prospectus to be despatched to the Shareholders in connection with the Rights Issue with Bonus Warrant Issue in such usual form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the Provisional Allotment Letter(s) and the Excess Application Form(s)
“Provisional Allotment Letter(s)”/”PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Shares proposed to be issued to the Qualifying Shareholders as mentioned herein, being in such usual form as may be agreed between the Company and the Underwriter
“Qualifying Shareholders”	the persons shown on the register of members of the Company at the close of business on the Record Date, other than the Overseas Shareholders
“Record Date”	6 February 2015 or such other date as the Underwriter may agree in writing with the Company for the determination of the entitlements under the Rights Issue
“Rights Issue”	the proposed offer of the Rights Shares on the basis of six (6) Rights Shares for every New Share in issue and held on the Record Date, on the terms and subject to the conditions to be set out in the Underwriting Agreement and the Prospectus Documents, with the Bonus Warrant Issue

“Rights Shares”	not less than 3,592,111,050 New Shares (assuming no further issue of or repurchase of Existing Shares or New Shares on or before the Record Date) and not more than 4,134,896,988 New Shares (assuming (i) no repurchase of Existing Shares or New Shares; (ii) the Share Options granted and outstanding are fully exercised; (iii) the maximum number of options that can be granted pursuant to the Scheme Mandate are granted and exercised by the grantee(s) in full; and (iv) all the Convertible Notes is converted into New Shares on or before the Record Date) to be issued by the Company pursuant to the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Tengis Limited
“Scheme Mandate”	the mandate granted to the Directors to grant Share Options to subscribe for 460,570,979 Existing Shares under the Share Option Scheme adopted by the Company on 27 September 2013 up to a maximum of 10% of the aggregate share capital of the Company in issue as at the date of the special general meeting of the Company held on 10 November 2014. As at the date of this announcement, 460,000,000 Share Options has been granted and exercised
“SGM”	the special general meeting of the Company to be convened for the purpose of approving, inter alia, all necessary resolutions in respect of the Share Consolidation, Capital Reorganization, the Rights Issue with Bonus Warrant Issue and the Proposed Increase in Authorised Share Capital
“Share(s)”	the Existing Shares, Consolidated Shares, Adjusted Shares and New Shares, as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of par value HK\$0.10
“Share Option Schemes”	the share option schemes adopted by the Company on 27 August 2003 and 27 September 2013 respectively
“Share Option(s)”	the options granted by the Company to subscribe for Shares pursuant to the Share Option Schemes
“Shareholders”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivision”	the subdivision of each authorised but unissued Consolidated Share of par value HK\$0.10 into ten (10) Adjusted Shares of HK\$0.01 each

“Subscription Price”	HK\$0.15 per Rights Share
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Underwriter”	Freeman Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 5 December 2014 (after trading hours) entered into between the Company and the Underwriter in relation to the Rights Issue with the Bonus Warrant Issue
“Underwritten Shares”	not less than 3,592,111,050 Untaken Shares and not more than 4,134,896,988 Untaken Shares, not taken up by the Qualifying Shareholders
“Untaken Shares”	Underwritten Shares not taken up at or before 4:00 p.m. on the Latest Time of Acceptance
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
China Jinhai International Group Limited
Wong Yat Fai
Executive Director

Hong Kong, 8 December 2014

As at the date of this announcement, the Board comprises:

Executive Directors

Mr. Wong Howard

(Chairman and Chief Executive Officer)

Dr. Kwong Kai Sing, Benny *(Managing Director)*

Mr. Wong Yat Fai

Ms. Davis Angela Hendricks

Ms. Chen Wei

Independent Non-executive Directors

Mr. Li Chi Ming

Mr. Kwok Chi Kwong

Mr. Chen Youchun

Mr. Frank H. Miu

Mr. Tsang Wing Ki