

## **APPENDIX IX**

## **STATUTORY AND GENERAL INFORMATION**

### **A. RESPONSIBILITY STATEMENTS**

This circular includes particulars given in compliance with the Takeovers Code and the Listing Rules for the purpose of giving information with regard to the Enlarged Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than those in relation to the Vendors and the Target Group) contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the Vendors and directors of the Target Group) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The Vendors, being Mr. Shie and Mr. Tsoi, who are the only directors of China General, jointly and severally accept full responsibility for the accuracy of the information (other than those in relation to the Group) contained in this circular in relation to the Target Group and themselves and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

### **B. FURTHER INFORMATION ABOUT THE ENLARGED GROUP**

#### **1. Incorporation**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 May 2000. The Company was registered in Hong Kong under Part XI of the Predecessor Hong Kong Companies Ordinance as a non-Hong Kong company on 1 August 2000 and its principal place of business in Hong Kong is at Workshop 6, Level One, Wah Yiu Industrial Centre, 30–32 Au Pui Wan Street, Fotan, Shatin, New Territories, Hong Kong. Mr. Lee Lit Mo Johnny, a proposed executive Director and Mr. Wong Kin Tak, the proposed company secretary will upon Resumption be appointed as the authorised representatives of the Company for the acceptance of service of process and notices on behalf of the Company at the address of the Company’s principal place of business in Hong Kong.

As the Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution which comprises its Existing Memorandum and Articles. Subject to the approval by the Shareholders of the Capital Reorganisation and the adoption of the New Memorandum and Articles and the conditions set out in the section headed “Letter from the Board — 16. Proposed adoption of New Memorandum and Articles” in this circular, the Company’s constitution will comprise the New Memorandum and Articles in substitution for the Existing Memorandum and Articles. A summary of various parts of the New Memorandum and Articles and the relevant aspects of the Companies Law is set out in Appendix VIII to this circular.

#### **2. Changes in share capital of members of the Group**

There has been no alteration in the share capital of the Group during the two years immediately preceding the date of this circular.

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As the Disposed Group, being all the existing subsidiaries of the Company, will be divested pursuant to the Proposed Restructuring and disposed of pursuant to the Disposal, respectively, no information is included in this circular regarding the change, if any, in the share capital or registered capital of the Disposed Group.

### 3. Repurchase of shares

This section includes information relating to the repurchase of securities required by the Listing Rules which is set out as follows:

#### *(a) Shareholders' approval*

The Company's sole listing is on the Stock Exchange. All proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by special approval of a particular transaction.

#### *(b) Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the articles of association of the Company and the applicable laws of the Cayman Islands. The laws of the Cayman Islands provide that shares of the Company may only be repurchased out of profits of the Company, out of the share premium account or out of the proceeds of a fresh issue of the shares made for the purpose or, if so authorised by the articles of association of the Company and subject to the provisions of the Companies Law, out of capital under certain circumstances. Any premium payable on a repurchase over the par value of the shares of the Company to be repurchased must be provided for out of profits of the Company or out of the Company's share premium account or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital under certain circumstances.

#### *(c) Exercise of the repurchase mandate*

The shares of the Company proposed to be repurchased by the Company must be fully paid up. Under the Listing Rules, the total number of shares which a company is authorised to repurchase on the Stock Exchange is shares representing up to a maximum of 10% of the existing issued share capital as at the date of the resolution granting such general mandate. A Company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

#### *(d) Funding of repurchases*

In repurchasing the shares of the Company, the Company may only apply funds legally available for such purpose in accordance with the articles of association of the Company and the applicable laws of the Cayman Islands.

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### 4. Changes in share capital of members of the Target Group

The following are the changes in the share capital of the members of the Target Group that took place during the two years immediately preceding the date of this circular:

- (a) on 9 October 2014, Jianhong Investment (as seller) and Houde Enterprise (as purchaser) entered into an equity transfer agreement, pursuant to which Jianhong Investment transferred the entire equity interest in Hengde to Houde Enterprise at a consideration of RMB10 million;
- (b) on 23 October 2014, China General and the Vendors entered into a deed of assignment (the “**Deed of Assignment**”), pursuant to which Mr. Shie and Mr. Tsoi assigned their interests, rights and benefits in certain loans due from Hengde in the amount of approximately RMB207,955,000 (equivalent to approximately HK\$264,103,000) and RMB170,145,000 (equivalent to approximately HK\$216,084,000), respectively, to China General in consideration for the allotment and issue of 5,500,000 shares and 45,000,000 shares of China General, respectively. The aforesaid consideration shares were allotted and issued to Mr. Shie and Mr. Tsoi on 23 October 2014; and
- (c) on 24 November 2014, the registered capital of Yangzhou Dehui was increased from RMB100,000,000 to RMB388,000,000. The additional registered capital of RMB288,000,000 was contributed by Hengde through debt-to-equity swap.

Save as disclosed above, there has been no alteration in the share capital of the Target Group during the two years immediately preceding the date of this circular.

### 5. Corporate reorganisation

The Target Group underwent reorganisation to rationalise the Target Group’s structure in preparation for the [REDACTED]. For more details regarding the reorganisation of the Target Group, please refer to the section headed “History and background of the Target Group — Reorganisation” in this circular.

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### 6. Intellectual property of the Group

As at the Latest Practicable Date, the Group had registered the following intellectual property rights which are material in relation to the business of the Group.

#### *Trademarks owned by the Group*

##### *Registered Trademarks*

As at the Latest Practicable Date, the Group had registered the following trademarks which are material in relation to the business of the Group:

Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
	First Telecom International Limited	Hong Kong	35	2002B04447	28 July 2017
<i>éTouch</i>	Mobile Concept Limited	Indonesia	9	IDM000319499	14 April 2018

#### *Domain names owned by the Group*

As at the Latest Practicable Date, the Company had registered the following domain names which are material in relation to the business of the Group:

Domain Name	Registrant	Expiry Date
firstmobile.com.hk	First Telecom International Limited	1 October 2016
firstmobilegroup.com.hk	First Telecom International Limited	19 September 2016

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**C. FURTHER INFORMATION RELATING TO THE COMPANY AND THE WHITEWASH WAIVER**

**1. The Company**

As at the Latest Practicable Date:

- (a) the Company did not have any interests in any securities, shares, options, warrants, derivatives or convertible securities of the Concert Group;
- (b) save as disclosed in the paragraph headed “Disclosure of interests” in this appendix, none of the Directors had any interests in the securities, shares, options, warrants, derivatives or convertible securities of the Company or of the Concert Group;
- (c) none of the subsidiaries of the Company, nor pension funds of the Company or of a subsidiary of the Company nor advisers to the Company as specified in class (2) of the definition of “associate” in the Takeovers Code owned or controlled any securities, shares, options, warrants, derivatives or convertible securities of the Company or of the Concert Group;
- (d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” in the Takeovers Code, owned or controlled any securities, shares, options, warrants, derivatives or convertible securities of the Company or of the Concert Group;
- (e) there were no shareholdings in the Company which were managed on a discretionary basis by fund managers connected with the Company; and
- (f) none of the Directors or the Company had borrowed or lent any shares, warrants, options, convertible securities or derivatives of the Company or the Concert Group.

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### **2. Sponsor**

The Sponsor has made the [REDACTED] on behalf of the Company to the Listing Committee for the [REDACTED] of and permission to deal in the New Shares in issue upon completion of the Capital Reorganisation and the allotment and issue of the New Shares pursuant to the Acquisition, the [REDACTED] and the Subscription. For the purpose of the [REDACTED], the Sponsor is considered as an independent sponsor pursuant to Rule [REDACTED] of the Listing Rules. The Sponsor will receive HK\$6,000,000 as their sponsor's fee.

As at the Latest Practicable Date,

- (a) neither the Sponsor, nor any persons controlling, controlled by or under the same control as the Sponsor owned or controlled any securities, shares, options, warrants, derivatives or convertible securities of the Company;
- (b) neither the Sponsor, nor any persons controlling, controlled by or under the same control as the Sponsor had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (which arrangement includes any indemnity or option arrangement, or any agreement or understanding, formal or informal, by whatever nature, relating to shares or other securities in the Company which may be an inducement to deal or refrain from dealing) with any persons; and
- (c) there was no agreement, arrangement or understanding between the Sponsor or persons controlling, controlled by or under the same control as the Sponsor on the one part and any of the Directors or Shareholders on the other part, which was conditional on or dependent upon the outcome of, or otherwise in connection with the Acquisition or the [REDACTED].

### **3. Other Advisers to the Company**

As at the Latest Practicable Date, none of the Independent Financial Adviser, nor any persons controlling, controlled by or under the same control as the Independent Financial Adviser, any bank, financial and professional advisers to the Company in relation to the Acquisition, the [REDACTED], the Subscription, the Whitewash Waiver and the Disposal and any persons controlling, controlled by or under the same control as such banks, financial and professional advisers, owned or controlled any securities, shares, options, warrants, derivatives or convertible securities of the Company.

### **4. Dealings in securities**

None of the Directors or the Company had dealt in any securities, shares, options, warrants, derivatives or convertible securities of the Concert Group and of the Company during the period between 30 September 2013, being the date six months prior to 31 March 2014, which is the date of the Acquisition Agreement, and up to and including the Latest Practicable Date.

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None of the persons referred to in paragraphs 1(c), (d), (e) and (f) above in this section C had dealt for value in the Shares or any other securities, shares, options, warrants, derivatives or convertible securities of the Company during the period between 30 September 2013, being the date six months prior to 31 March 2014, which is the date of the Acquisition Agreement, and up to and including the Latest Practicable Date.

None of the Concert Group, the directors of the Concert Group nor the Directors had dealt in any Shares or other securities, shares, options, warrants, derivatives or convertible securities of the Company during the period between 30 September 2013, being the date six months prior to 31 March 2014, which is the date of the Acquisition Agreement, and up to and including the Latest Practicable Date.

### D. FURTHER INFORMATION RELATING TO THE CONCERT GROUP AND THE WHITEWASH WAIVER

#### 1. Principal members of the Concert Group

Set out below are details and the principal members of the Concert Group and their respective directors:

	Address	Directors
Mr. Shie	Block B7, Springfield Gardens 5-9 Shouson Hill Road West Hong Kong	N/A
Mr. Tsoi	Flat A, 35/F Tower 3, Grand Promenade 38 Tai Hong Street Hong Kong	N/A
Fame Build	P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands	Mr. Shie
Talent Connect	P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands	Mr. Tsoi

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### 2. Negative statement

As at the Latest Practicable Date:

- (a) save as disclosed in the paragraph headed "Disclosure of interests" in this appendix, none of the Concert Group nor any person acting in concert with them (including their respective directors) owned or controlled any shares or convertible securities, warrants, options or derivatives of the Company;
- (b) none of the members of the Concert Group or any person acting in concert with any of them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (which arrangement includes any indemnity or option arrangement, or any agreement or understanding, formal or informal, by whatever nature, relating to shares or other securities of the Company which may be an inducement to deal or refrain from dealing) with any person;
- (c) there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Concert Group or any person acting in concert with any of them, and any of the directors, recent directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the Acquisition, the Acquisition Agreement, the [REDACTED], the Subscription Agreements and the Whitewash Waiver;
- (d) none of the members of the Concert Group borrowed or lent, nor had borrowed or lent, any shares, warrants, options, convertible securities or derivatives of the Company and members of the Concert Group during the period between 30 September 2013, being the date six months prior to 31 March 2014, which is the date of the Acquisition Agreement, and up to and including the Latest Practicable Date;
- (e) none of the members of the Concert Group nor any person acting in concert with it (including their respective directors) had dealt for value in any shares or convertible securities, warrants, options or derivatives of the Company during the period between 30 September 2013, being the date six months prior to 31 March 2014, which is the date of the Acquisition Agreement, and up to and including the Latest Practicable Date;
- (f) no person has made an irrevocable commitment to vote for or against the Acquisition, the Capital Reorganisation, the [REDACTED], the Subscription, the Whitewash Waiver and the Disposal;
- (g) Mr. Ng Kok Hong, Mr. Ng Kok Tai and Mr. Ng Kok Yang, each being a Director and/or Shareholder, shall abstain from voting for or against the Capital Reorganisation, the [REDACTED], the Subscription, the Whitewash Waiver and the Disposal; and



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- (h) there was no agreement, arrangement or understanding entered into by the Concert Group or any person acting in concert with it for the transfer, charge or pledge of the Shares or the New Shares to any other persons.

### E. DISCLOSURE OF INTERESTS

#### 1. Interests and/or short positions of Directors in the shares, underlying shares or debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interest or short position of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which is required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules is as follows:

Name of Director	Name of corporation	Capacity	Interest in ordinary Shares	Approximate % of interest in the corporation as at the Latest Practicable Date
Mr. Ng Kok Hong	the Company	Beneficial owner	[REDACTED] (Note 1)	[REDACTED]
Mr. Ng Kok Tai	the Company	Interest of controlled corporation	[REDACTED] (Note 2)	[REDACTED]
Mr. Ng Kok Yang	the Company	Beneficial owner	[REDACTED]	[REDACTED]

*Note:*

- (1) These Shares represent (i) [REDACTED] Shares held by Mr. Ng Kok Hong; and (ii) [REDACTED] Shares held by Ms. Tan Sook Kiang, the spouse of Mr. Ng Kok Hong. Mr. Ng Kok Hong is deemed by virtue of the SFO to be interested in [REDACTED] Shares.
- (2) These Shares are held by NKT Holdings Sdn. Bhd., a company incorporated in Malaysia, which is owned as to 50% by Mr. Ng Kok Tai and as to 50% by Md. Siew Ai Lian, the spouse of Mr. Ng Kok Tai. Mr. Ng Kok Tai is deemed by virtue of the SFO to be interested in these Shares.

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Save for those disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, or required to be disclosed by the Takeovers Code.

### 2. Interests and/or short positions of substantial shareholders in the shares and underlying shares of the Company

As at the Latest Practicable Date, the following persons (not being Directors and chief executive of the Company) had an interest (or long position) or short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of substantial Shareholder	Long/short position	Capacity	Number of Shares interested	Approximate % of the Company's issued share capital
Ms. Tan Sook Kiang	Long	Interest of Spouse	[REDACTED] (Note 1)	[REDACTED]
NKT Holdings Sdn. Bhd.	Long	Beneficial owner	[REDACTED]	[REDACTED]
Md. Siew Ai Lian	Long	Interest of controlled corporation	[REDACTED] (Note 2)	[REDACTED]
Mr. Shie	Long	Interest of controlled corporation	[REDACTED] (Note 3)	[REDACTED]
Fame Build	Long	Beneficial owner	[REDACTED]	[REDACTED]
Mr. Tsoi	Long	Interest of controlled corporation	[REDACTED] (Note 4)	[REDACTED]

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Name of substantial Shareholder	Long/short position	Capacity	Number of Shares interested	Approximate % of the Company's issued share capital
Talent Connect	Long	Beneficial owner	[REDACTED]	[REDACTED]
Jinwu	Long	Beneficial owner	[REDACTED] (Note 5)	[REDACTED]
First Apex	Long	Beneficial owner	[REDACTED] (Note 6)	[REDACTED]
Daxin Investment Fund	Long	Interest of controlled corporation	[REDACTED] (Note 7)	[REDACTED]
Greater China Capital Limited	Long	Investment manager	[REDACTED] (Note 7)	[REDACTED]
Mr. Benjamin Kumar Sharma	Long	Interest of controlled corporation	[REDACTED] (Note 8)	[REDACTED]

*Notes:*

- (1) These Shares represent (i) [REDACTED] Shares held by Ms. Tan Sook Kiang; and (ii) [REDACTED] Shares held by Mr. Ng Kok Hong, the spouse of Md. Tan Sook Kiang. Md. Tan Sook Kiang is deemed by virtue of the SFO to be interested in [REDACTED] Shares.
- (2) These Shares are held by NKT Holdings Sdn. Bhd., a company incorporated in Malaysia, which is owned as to 50% by Mr. Ng Kok Tai and as to 50% by Md. Siew Ai Lian, the spouse of Mr. Ng Kok Tai. Md. Siew Ai Lian is deemed by virtue of the SFO to be interested in these Shares.
- (3) These shares represent 50% of the Consideration Shares to be allotted and issued to Mr. Shie upon completion of the Acquisition Agreement, which will be held by Fame Build, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Shie. Mr Shie is deemed by virtue of the SFO to be interested in these shares.
- (4) These shares represent 50% of the Consideration Shares to be allotted and issued to Mr. Tsoi upon completion of the Acquisition Agreement, which will be held by Talent Connect, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Tsoi. Mr. Tsoi is deemed by virtue of the SFO to be interested in these shares.
- (5) These shares represent the Subscription Shares to be allotted and issued to Jinwu pursuant to the relevant Subscription Agreements.
- (6) These shares represent the Subscription Shares to be allotted and issued to First Apex pursuant to the relevant Subscription Agreements.

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- (7) Pursuant to the relevant Subscription Agreements, [REDACTED] New Shares will be allotted and issued to Jinwu, which is owned by Daxin Investment Fund and managed by Greater China Capital Limited as investment manager. Daxin Investment Fund and Greater China Capital Limited are deemed by virtue of the SFO to be interested in the said [REDACTED] New Shares held by Jinwu.
- (8) Pursuant to the relevant Subscription Agreements, [REDACTED] New Shares will be allotted and issued to First Apex, which is wholly and beneficially owned by Mr. Benjamin Kumar Sharma. Mr. Benjamin Kumar Sharma is deemed by virtue of the SFO to be interested in the said [REDACTED] New Shares held by First Apex.

Save as disclosed above, the Directors and chief executive of the Company are not aware, as at the Latest Practicable Date, of any person (who are not Directors and chief executive of the Company) who had an interest (or long position) or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

### 3. Particulars of service contracts

Each of the existing executive Directors, namely Mr. Ng Kok Hong, Mr. Ng Kok Tai and Mr. Ng Kok Yang has entered into a service agreement with the Company under which they act as executive Directors for an initial term of three years commencing from 1 January 2001 and shall continue thereafter until terminated by either party giving to the other not less than six months' notice in writing.

The existing executive Directors are entitled to a discretionary bonus calculated as a percentage of the audited consolidated profit of the Group attributable to owners of the Company. The percentage shall be determined by the Board but in any case the aggregate amount payable in each financial year to all the executive Directors shall not exceed 10% of such profit.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract or letter of appointment with the Company, or any of its subsidiaries or associated companies (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

As at the Latest Practicable Date, none of the proposed Directors had entered into any service contract or letter of appointment with the Company, or any of its subsidiaries or associated companies. The Company intends to enter into a service contract with each of the proposed executive Directors and a letter of appointment with each of the proposed independent non-executive Directors, each for an initial term of three years, commencing from their respective appointment dates.

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### 4. Directors’ remunerations

The remunerations (including fees, salaries, allowances and benefits in kind and retirement benefit scheme contributions) paid to the Directors in aggregate for the three financial years ended 31 December 2012, 2013 and 2014 and the ten months ended 31 October 2015 were approximately HK\$1,091,000, HK\$1,080,000, HK\$1,082,000 and HK\$270,000, respectively.

Except as disclosed above, no other payments have been paid or are payable, or have any benefits in kind been granted, during the Track Record Period, by the Company or any of its subsidiaries to the Directors.

Under the current arrangements and on the assumption that the proposed executive Directors and the proposed independent non-executive Directors will be appointed on 1 July 2016, the aggregate remunerations (including fees, salaries, allowances and benefits in kind and retirement benefit scheme contributions) estimated to be payable to the Directors for the year ended 31 December 2016 are approximately HK\$1,817,000.

There was no other arrangement under which a Director waived or agreed to waive any emoluments and no remuneration was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

### 5. Employee retirement benefits

The Group participates in the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) for those employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the employee’s relevant income to the MPF Scheme subject to a cap of monthly relevant income of HK\$30,000, which contribution is matched by employees.

Pursuant to the relevant regulations of the governments in Malaysia and Indonesia, the subsidiaries of the Group in these countries participate in respective government retirement benefit schemes (the “**Schemes**”) whereby these subsidiaries are required to contribute to the Schemes to fund the retirements benefits of the eligible employees. Contributions made to the Schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums for each employees with reference to the salary scale, as stipulated under the requirements in respective countries. The governments of respective countries are responsible for the entire pension obligations payable to retired employees. The Schemes are defined contribution schemes. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Schemes. Contributions under the Schemes are charged to the income statement as incurred.

The Group has no other obligation for the payment of post-retirement benefits beyond the contributions described above.

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### **6. Arrangements affecting the Directors**

- (a) Save as disclosed in the paragraph headed "Summary of material contracts" in this appendix, as at the Latest Practicable Date, there was no material contract entered into by the Company or by members of the Concert Group in which any of the Directors had a material personal interest.
- (b) None of the existing Directors will be given any benefit as compensation for loss of office or otherwise in connection with the Acquisition, the [REDACTED], the Subscription and the Whitewash Waiver and there is no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Acquisition, the [REDACTED], the Subscription and the Whitewash Waiver or otherwise connected with the Acquisition, the [REDACTED], the Subscription and the Whitewash Waiver.

### **7. Competing interests**

None of the Directors and the proposed Directors and their respective close associates was interested in any business apart from the business of the Enlarged Group, which competes or is likely to compete, either directly or indirectly, with the business of the Enlarged Group.

## **F. MARKET PRICES**

The Takeovers Code requires information on the closing prices of the Shares as recorded on the Stock Exchange on (i) the last day on which dealings took place in each of the six months immediately preceding the date of the Subscription Agreements and ending on the Latest Practicable Date; (ii) the Last Trading Date; and (iii) the Latest Practicable Date. Trading in the Shares has been suspended since 27 November 2009 and therefore no closing prices of the Shares were recorded during the period under (i) and for (iii) above. The closing price of the Shares on the Last Trading Date was HK\$0.168 (adjusted to reflect the effects of the Capital Reorganisation).

## **G. DISCLAIMERS**

- (a) Save as disclosed in the paragraph headed "Disclosure of interests" in this appendix, none of the Directors or chief executive of the Company is aware of any other Director or chief executive of the Company who has any interests or short positions in any shares and underlying shares in, and debentures of, the Company or any associated corporation (within the meaning of the SFO) which will be required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, under section 352 of the SFO, to be entered in the register referred to in that section, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code;

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- (b) None of the Directors nor any of the persons whose names are listed in the paragraph headed “Qualifications and consents of experts” in this appendix is interested in the promotion of the Company or in any assets which have within the two years immediately preceding the issue of this circular been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (c) None of the Directors nor any of the persons whose names are listed in the paragraph headed “Qualifications and consents of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group;
- (d) Save as disclosed in the paragraph headed “Particulars of service contracts” in this appendix, none of the Directors has entered or has proposed to enter into any service agreements with the Company or any members of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);
- (e) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this circular to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the introduction or related transaction as mentioned in this circular; and
- (f) So far as is known to the Directors, none of the Directors, their respective associates or Shareholders who are interested in 5% or more of the issued share capital of the Company have any interests in the five largest customers or the five largest suppliers of the Group.

### **H. MATERIAL CHANGE OF THE GROUP SINCE 31 OCTOBER 2015**

As at the Latest Practicable Date, the Directors confirm that there have been no material changes in the financial, operational or trading position of the Group and save as the impact of the restructuring of the Company, in particular, the Disposal, there have been no material changes in the outlook of the Group since 31 October 2015, being the date to which the latest published audited financial statements of the Group were made up. Upon completion of the Acquisition and the Disposal, the Group will discontinue the existing business and solely be engaged in property development.



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### I. SUMMARY OF MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by members of the Enlarged Group) were entered into by members of the Enlarged Group within two years preceding the date of the announcement of the Company dated 24 April 2014 in relation to, inter alia, the execution of the Acquisition Agreement and up to the Latest Practicable Date, and are or may be material:

- (a) a term sheet dated 24 November 2012 entered into among the Company, 重慶市涪陵水利電力投資集團有限責任公司 (Chongqing Fuling Water Conservancy and Power Investment Group) and the Julong Management Shareholders in relation to the proposed acquisition by the Company of the entire issued and paid-up capital of Julong;
- (b) an acquisition agreement dated 21 January 2013 entered into among the Company, 重慶涪陵能源實業集團有限公司 (Chongqing Fuling Energy Industry Group Co., Ltd.\*) (“**Energy Industry**”) and the Julong Management Shareholders in relation to the proposed acquisition of 57.55% equity interest in Julong (the “**Julong Acquisition Agreement**”);
- (c) a supplemental agreement dated 22 March 2013 entered into among the Company, Energy Industry and the Julong Management Shareholders to amend certain terms of the Julong Acquisition Agreement;
- (d) a call option agreement dated 22 March 2013 entered into between the Company and Apex Ocean Holdings Limited (“**Apex Ocean**”) in relation to a grant of call option by Apex Ocean to the Company for 42.45% equity interest in Julong (the “**Julong Option Agreement**”);
- (e) a deed of termination dated 30 July 2013 entered into between the Company and Apex Ocean to terminate the Julong Option Agreement;
- (f) an acquisition agreement dated 30 July 2013 entered into between the Company and Decent Glory Limited in relation to the acquisition of the entire issued share capital of Apex Ocean (the “**Apex Ocean Acquisition Agreement**”);
- (g) a deed of termination dated 31 March 2014 entered into among the Company, Energy Industry and the Julong Management Shareholders to terminate the Julong Acquisition Agreement;
- (h) a deed of termination dated 31 March 2014 entered into between the Company and Decent Glory Limited to terminate the Apex Ocean Acquisition Agreement;
- (i) the Acquisition Agreement;
- (j) the FA Loan Agreement;
- (k) the FA Option Agreement;



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- (l) the termination deed entered into between the Company and First Apex dated 27 October 2014 to terminate the FA Option Agreement;
- (m) the New FA Option Agreement;
- (n) the TB Loan Agreement;
- (o) the TB Option Agreement;
- (p) the Amended TB Option Agreement;
- (q) the Disposal Agreement;
- (r) the Original Subscription Agreement;
- (s) the Amended Subscription Agreement;
- (t) the Deed of Non-Competition;
- (u) the [REDACTED] Agreement; and
- (v) the Deed of Indemnity.

### J. LEGAL PROCEEDINGS OF THE GROUP

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

On 19 July 2013, a statutory demand under Section 218 of the Companies Act, 1965 dated 15 July 2013 (the “**Statutory Demand**”) was served on First Mobile Group Sdn. Bhd. (“**FMGSB**”), a wholly-owned subsidiary of the Company by Messrs. Surend Mokhzani & Partners, the legal representative of Metroport Logistics (Malaysia) Sdn. Bhd., the plaintiff, for a judgment sum of approximately Malaysian Ringgit 1,376,000 granted by Shah Alam High Court in Malaysia on 31 July 2012. FMGSB is required to settle the aforesaid amount within 21 days from the date of service of the Statutory Demand, failing which, winding-up proceedings may be commenced against FMGSB. At the adjourned hearing of the Winding-up Petition on 5 February 2014, the Shah Alam High Court in Malaysia ordered, among other things, that FMGSB be wound up and that the Official Receiver of Malaysia be appointed as the provisional liquidator of FMGSB. As at the Latest Practicable Date, the winding-up proceedings against FMGSB are still in process.

### K. DEED OF INDEMNITY

The Controlling Shareholders (collectively the “**Indemnifiers**”) have entered into the Deed of Indemnity (being the material contract referred to in paragraph I(v) in this appendix) in favour of the Company (for itself and on trustee for the subsidiaries of the Enlarged Group).

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Under the Deed of Indemnity, the Indemnifiers have jointly and severally undertaken with the Company to indemnify the Company and each member of the Enlarged Group (on its own behalf and as trustee for the subsidiaries of the Enlarged Group) and at all times keep the same fully indemnified against any loss (including loss of profits during any period of disruption to its business operations) or liability suffered by the Company and/or any other member of the Enlarged Group including, but not limited to any payment made or required to be made by the Company or any other member of the Enlarged Group and any costs (including all reasonable legal costs) and expenses incurred by any member of the Enlarged Group as a result of or in connection with:

- (1) any penalty, claim, damages, fine, charges, reprimand, public censure or loss arising from or in connection with any actions, claims, demands, investigations, proceedings or judgments that may be brought or threatened to be brought against any member of the Enlarged Group (whether successful, compromised or settled) (the “**Claims**”); or
- (2) disputing, defending or settling any such Claims or enforcing any settlement of or judgment in respect of any such Claims; or
- (3) other liabilities falling on any member of the Enlarged Group,

arising from any non-compliance of the Target Group disclosed in the section headed “Business of the Target Group — Legal proceedings and compliance — Compliance” in this circular.

### L. QUALIFICATIONS AND CONSENTS OF EXPERTS

Cinda International Capital Limited, Goldin Financial Limited, Deloitte Touche Tohmatsu, ZHONGHUI ANDA CPA Limited, Appleby, Dentons, DTZ Debenham Tie Leung Limited, ZHONGHUI ANDA Risk Services Limited and Ms. Deanna Law have each given and have not withdrawn their respective written consents to the issue of this circular with copies of their reports, valuation certificates, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included. The qualifications of the experts who have given opinions in this circular are as follows:

Name	Qualification
Cinda International Capital Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Goldin Financial Limited	Licensed to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
ZHONGHUI ANDA CPA Limited	Certified public accountants

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Name	Qualification
Appleby	Cayman Islands attorneys-at-law
Dentons	PRC legal advisers
DTZ Debenham Tie Leung Limited	Independent property valuer
ZHONGHUI ANDA Risk Services Limited	Independent internal control consultant
Ms. Deanna Law	Hong Kong barrister-at-law

### M. TOTAL EXPENSES

The aggregate fees, together with the Stock Exchange [REDACTED] fee, legal and other professional fees, printing and other expenses relating to the Acquisition, the REDACTED and the Subscription, are estimated to be HK\$40.2 million of which, approximately HK\$5.6 million is payable by the Company and approximately HK\$34.6 million is payable by the Vendors.

### N. PROMOTER

The Company has no promoter for the purpose of the Listing Rules.

### O. MISCELLANEOUS

Except as disclosed in this appendix to this circular:

- (a) within the two years preceding the date of this circular:
  - (i) no share or loan capital of the Company or any of its subsidiaries had been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no commissions, discounts, brokerages or other special terms had been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries; and
  - (iii) no share or loan capital of the Company or any of its subsidiaries was under option or was agreed conditionally or unconditionally to be put under option;
- (b) as at the Latest Practicable Date, none of the persons whose names are listed in the paragraph “Qualifications and consents of experts” in this appendix had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

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- (c) the Directors have been advised that no material liability for estate duty would be likely to fall upon any member of the Group;
- (d) there is no arrangement under which future dividend declared by the Company have been waived or agreed to be waived;
- (e) there had not been any interruption in the business of the Group which may have had a significant effect on the financial position of the Group in the 12 months preceding the date of this circular;
- (f) neither the Company nor any of its subsidiaries had issued or agreed to issue any founder shares, management shares, deferred shares or any debentures;
- (g) all necessary arrangements had been made with HKSCC for the Shares and the New Shares to continue to be accepted as eligible securities of CCASS;
- (h) the Directors were not aware of any person who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including options in respect of such capital) carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries; and
- (i) none of the Company’s equity or debt securities is [REDACTED] or dealt with in any other stock exchange nor is any [REDACTED] or permission to deal being or proposed to be sought.

The English text of this circular shall prevail over the Chinese text.