THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Skyway Securities Group Limited** (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

天順證券集團有限公司*

SKYWAY SECURITIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

(1) CONDITIONAL AGREEMENT IN RELATION TO THE SUBSCRIPTION OF NEW SHARES OF SKYWAY SECURITIES GROUP LIMITED
(2) DISTRIBUTION IN SPECIE RELATING TO THE INVESTMENT IN LISTED SECURITIES BY SKYWAY SECURITIES GROUP LIMITED
(3) SPECIAL CASH DIVIDEND
(4) DISCLOSEABLE AND CONNECTED TRANSACTION AND SPECIAL DEAL: THE CSPT DISPOSAL
(5) SPECIFIC MANDATE IN RELATION TO THE PROPOSED SUBSCRIPTION OF NEW SHARES IN SKYWAY SECURITIES GROUP LIMITED BY CMBC INTERNATIONAL INVESTMENT LIMITED AND BRILLIANT DECENT LIMITED
(6) NOTICE OF SGM

Financial Adviser to Skyway Securities Group Limited

海通國際
HAITONG

Independent Financial Adviser

OPTIMA CAPITAL

Optima Capital Limited

A notice convening a special general meeting (the "**SGM**") of the Company to be held at Units 6601A and 6607-6608 on Level 66 of International Commerce Centre, 1 Austin Road, West Kowloon, Hong Kong on 28 April 2017 at 11:15 a.m. (or immediately after the conclusion of the special general meeting which is to be held on the same day and at the same place at 11:00 a.m., whichever is earlier) is set out on pages 160 to 164 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same 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 as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM (i.e. at 11:15 a.m. on 26 April 2017) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

* *For identification purposes only*

10 April 2017

CONTENTS

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

"acting in concert"	has the same meaning ascribed to it under the Takeovers Code
"Adjusted NTAV"	the adjusted unaudited pro forma net tangible asset value of the Group after completion of the Reorganisation and before the completion of Subscription, based on net tangible assets value of the Group and adjusted for the AFS Disposals (as mentioned in the announcement of the Company dated 6 March 2017 in relation to the AFS Disposals), the Special Dividend, the Distribution and the CSPT Disposal
"AFS Disposals"	the disposals of the available-for-sale investments by the Group as disclosed in the announcement of the Company dated 6 March 2017
"associate"	has the same meaning ascribed to it under the Listing Rules
"Bank Loan"	the outstanding bank loan owed by the Target Group to bank, which shall not exceed HK$179,000,000 upon Completion
"Brilliant Decent"	Brilliant Decent Limited, which is a direct wholly-owned subsidiary of China Huarong
"Board"	the board of Directors
"Business Day(s)"	a day on which the banks are open for business in Hong Kong, other than Saturdays, Sundays and public holidays and/or a day on which the Stock Exchange is open for the transaction of business
"BVI"	the British Virgin Islands

"Companies Act"	the Companies Act 1981 of Bermuda (as revised from time to time)
"Circular"	this circular
"China Huarong"	China Huarong Overseas Investment Holdings Company Limited, which is an indirect 51%-owned subsidiary of China Huarong Asset Management Co., Limited (stock code: 2799)
"China Minsheng"	China Minsheng Banking Corporation Limited, a joint stock limited company incorporated in the PRC and whose shares are listed on the main board of the Stock Exchange (stock code: 1988) and the Shanghai Stock Exchange
"CMBCI"	CMBC International Holdings Limited, a limited liability company incorporated in Hong Kong, which is a direct wholly-owned subsidiary of China Minsheng
"Company"	Skyway Securities Group Limited, a company incorporated in Bermuda with limited liability, the Shares are listed on the Main Board of the Stock Exchange (stock code 1141)
"connected person"	has the meaning ascribed to it in the Listing Rules
"controlling shareholder"	has the meaning ascribed to it in the Listing Rules
"Convertible Bonds"	the convertible bonds in the principal amount of HK$205,000,000 to be issued by CSPT to the Group upon completion of the CSPT Disposal as detailed in the announcement of the Company dated 28 November 2016
"CSPT"	China Soft Power Technology Holdings Limited, a company incorporated Bermuda with limited liability and the issued CSPT Shares of which are listed on the Main Board of the Stock Exchange (stock code: 139)

"CSPT Disposal"	the disposal of the entire equity interests of the Target Company by the CSPT Vendor to CSPT Purchaser as detailed in the announcement of the Company dated 28 November 2016 (as amended by the CSPT Supplemental Agreement as detailed in the Joint Announcement)
"CSPT Disposal Agreement"	the conditional sale and purchase agreement dated 28 November 2016 and entered into between the CSPT Purchaser and the CSPT Vendor in relation to the CSPT Disposal (as supplemented by the CSPT Supplemented Agreement)
"CSPT Disposal Completion"	completion of the CSPT Disposal
"CSPT Purchaser"	Celestial Lodge Limited, the wholly owned subsidiary of CSPT as purchaser under the CSPT Disposal
"CSPT Sale Share"	one (1) share in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
"CSPT Sale Loan"	all obligations, liabilities and debts owing or incurred by the Target Company to the CSPT Vendor and its associates on or at any time prior to CSPT Disposal Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on CSPT Disposal Completion
"CSPT Supplemental Agreement"	the conditional supplemental agreement dated 7 March 2017 and entered into between the CSPT Purchaser and the CSPT Vendor to amend certain terms of the CSPT Disposal
"CSPT Shares"	shares of HK$0.01 each in the share capital of CSPT
"CSPT Vendor"	Gold Mission Limited, vendor to the CSPT Disposal Agreement, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Company

"Directors"	the director(s) of the Company, from time to time
"Distribution"	the proposed distribution in specie of all the CSPT Shares held by the Group and all the FW Shares held by the Group to the Shareholders whose names are registered on the register of members of the Company on the Record Date
"Distribution Conditions"	the condition(s) precedent to the Distribution, further details of which are set out in the section headed "C. Distribution – Conditions precedent to the Distribution" of the Letter from the Board of this Circular
"Encumbrances"	any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind
"Executive"	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Future World"	Future World Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued FW Shares are listed on the Main Board of the Stock Exchange (stock code: 572)
"FW Shares"	the shares of HK$0.001 each in the share capital of Future World
"Governmental Authority"	any governments, courts, governmental, regulatory or official authorities, departments, agencies or bodies, stock exchange whether in Hong Kong, the PRC or elsewhere including but not limited to the Stock Exchange and the SFC and "Governmental Authority" means any one of them
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Subsidiary"	Metro Victor Limited, the wholly owned subsidiary of the Target Company incorporated in Hong Kong with limited liability

"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors which has been established by the Company to make recommendations to the Independent Shareholders in respect of the Subscription Agreement, the Distribution, the CSPT Disposal and the CSPT Supplemental Agreement and the transactions contemplated thereunder to be voted by the Independent Shareholders at the SGM, and whether the Offers are fair and reasonable and as to acceptance
"Independent Shareholders"	Shareholders other than CSPT, the Selling Shareholders, the Offeror and parties acting in concert with it, Brilliant Decent and their respective associates and parties acting in concert with them; and those who are involved in or interested in the Sale and Purchase Agreements, the Subscription Agreement, the CSPT Disposal and the CSPT Supplemental Agreement
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
"Joint Announcement"	the joint announcement of the Company and the Offeror dated 8 March 2017 in relation to, among others, the Subscription Agreement, the Sale and Purchase Agreements, the Distribution, the Share Premium Cancellation, the Special Dividend, the CSPT Supplemental Agreement and the Offers
"Last Trading Day"	7 March 2017, being the last trading day for the Shares immediately prior to the publication of the Joint Announcement
"Latest Practicable Date"	7 April 2017, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information for inclusion in this Circular

"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management Accounts"	unaudited pro forma consolidated management accounts of the Group (after taking into consideration of necessary adjustments as a result of the Reorganisation) as at the date on which the Subscription Conditions have been fulfilled, other than Subscription Conditions in relation to the provision of Management Accounts (or such other date as the parties to the Subscription Agreement may agree)
"MOU"	the memorandum of understanding dated 16 December 2016 entered into among the Selling Shareholders, the Offeror, China Huarong and the Company as disclosed in the MOU Announcement
"MOU Announcement"	the announcement dated 16 December 2016 issued by the Company in relation to the entering into of the MOU
"Mr. Lam"	Mr. Lam Hoi Sze, one of the Selling Shareholders and the vendor to the Sale and Purchase Agreement I
"Ms. Ai"	Ms. Ai Qing, one of the Selling Shareholders and the vendor to the Sale and Purchase Agreement II
"Non-cash Assets"	including property, plant and equipment, other receivables and deposits
"Offer Document"	the offer and response document (in either composite or separate form) together with the form of acceptance and transfer to be despatched to the Shareholders and the Optionholders pursuant to the Offers
"Offeror"	CMBC International Investment Limited (民銀國際投資有限公司), a company incorporated in the BVI, which is an indirect wholly-owned subsidiary of CMBCI

"Offer Period"	has the meaning given to it in the Takeovers Code, which have commenced since 16 December 2016, being the date of the MOU Announcement and will end on the date of close of the Offers, which is expected to be the 21 days after the posting of the Offer Document
"Offer Share(s)"	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it (including Brilliant Decent)
"Offers"	together the Share Offer and the Option Offer
"Optima Capital" or "Independent Financial Adviser"	Optima Capital Limited, a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Subscription Agreement and the transactions contemplated thereunder, the Distribution, the CSPT Disposal and the CSPT Supplemental Agreement; and (ii) the Offers
"Option(s)"	outstanding share option(s) granted by the Company under its Share Option Scheme
"Optionholder(s)"	holder(s) of the Option(s)
"Option Offer"	the possible unconditional mandatory cash offer to be made by Platinum on behalf of the Offeror for all the outstanding Options pursuant to Rule 26.1 of the Takeovers Code
"Overseas Shareholder(s)"	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
"Platinum"	Platinum Securities Company Limited
"PRC"	the People's Republic of China

"Property"	the property located at No. 2, Lincoln Road, Kowloon, Hong Kong
"Record Date"	the date for determining the entitlements of the Shareholders to the proposed Distribution and Special Dividend which would be 10 May 2017
"Reorganisation"	together the CSPT Disposal, the AFS Disposals, the disposal or striking off of subsidiaries of the Company other than the three licensed corporations comprising the Remaining Group, the Distribution and the Special Dividend, immediately after which the Group will consist of only the Remaining Group
"Remaining Group"	the Company and its subsidiaries immediately after the completion of the Reorganisation and (if applicable) the Subscription Completion, being Skyway Securities Investment Limited, Skyway Futures Limited and Skyway Asset Management Limited
"Resolutions"	all resolutions required under the relevant laws and regulations to effect the Subscription Agreement, the Reorganisation, the Distribution, the Special Dividend, the CSPT Disposal and the CSPT Supplemental Agreement and transactions contemplated thereunder to be voted by the Independent Shareholders at the SGM
"Sale and Purchase Agreements"	the Sale and Purchase Agreement I and the Sale and Purchase Agreement II collectively
"Sale and Purchase Agreement I"	the conditional sale and purchase agreement dated 7 March 2017 entered into between Mr. Lam as vendor and the Offeror as purchaser in respect of the sale and purchase of 2,527,200,000 Sale Shares by Mr. Lam to the Offeror
"Sale and Purchase Agreement II"	the conditional sale and purchase agreement dated 7 March 2017 entered into between Ms. Ai as vendor and Brilliant Decent as purchaser in respect of the sale and purchase of 900,000,000 Sale Shares by Ms. Ai to Brilliant Decent

"Sale and Purchase Completion"	the completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreements
"Sale and Purchase Completion Date"	the date on which the Sale and Purchase Completion shall take place
"Sale and Purchase Long Stop Date"	30 June 2017 (or such later date as may be agreed between the parties to the Sale and Purchase Agreements)
"Sale and Purchase Condition(s)"	the condition(s) precedent to the Sale and Purchase Completion, further details of which are set out in the section headed "A. Sale and Purchase Agreements – Conditions precedent to the Sale and Purchase Agreements" of the Letter from the Board of this Circular
"Sale Shares"	an aggregate of 3,427,200,000 Shares, legally and beneficially owned by the Selling Shareholders
"Selling Shareholders"	Mr. Lam and Ms. Ai
"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"SGM"	the special general meeting of the Company to be held on 28 April 2017 for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement, the Reorganisation, the Distribution, the Special Dividend, the CSPT Disposal, the CSPT Supplemental Agreement and the transactions contemplated thereunder
"Shares"	the ordinary shares of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares

"Share Offer"	the possible unconditional mandatory cash offer to be made by Platinum on behalf of the Offeror for all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code
"Share Offer Completion"	the completion of the Share Offer
"Share Offer Price"	the price at which the Share Offer will be made, being HK$0.06 per Share
"Share Option Scheme"	the share option scheme adopted by the Company
"Share Premium Account"	the share premium account of the Company
"Share Premium Cancellation"	the proposed cancellation of the entire amount standing to the credit of the Share Premium Account of the Company and the subsequent transfer of the credit arising therefrom to the contributed surplus account of the Company as disclosed in the circular of the company dated 6 April 2017
"Special Dividend"	the proposed dividend in the amount of no less than HK$0.021 per Share to be declared and distributed to the Shareholders whose names are registered on the register of members of the Company on the Record Date before the Sale and Purchase Completion and the Subscription Completion
"Specific Mandate"	the mandate granted by the Shareholders authorizing the Board to allot and issue the Subscription Shares to the Subscriber(s) at the Subscription Price
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber(s)"	the Offeror and Brilliant Decent
"Subscription"	the subscription for the Subscription Shares by the Subscriber(s) pursuant to the Subscription Agreement
"Subscription Agreement"	the conditional subscription agreement dated 7 March 2017 and entered into between the Company as issuer and the Subscribers as subscribers in relation to the Subscription

"Subscription Completion"	completion of the Subscription pursuant to the Subscription Agreement
"Subscription Completion Date"	the date on which the Subscription Completion shall take place, which shall be the same date as the Sale and Purchase Completion Date
"Subscription Conditions"	the condition(s) precedent to Subscription Completion, further details of which are set out in the section headed "B. Subscription Agreement – Conditions precedent to the Subscription Agreement of the Letter from the Board of this Circular
"Subscription Long Stop Date"	30 June 2017 (or such later date as may be agreed between the parties to the Subscription Agreement)
"Subscription Price"	the subscription price of HK$0.032 per Subscription Share
"Subscription Shares"	a total of 26,950,000,000 new Shares to be subscribed by the Subscribers and issued by the Company at the Subscription Price
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Target Company"	Sky Eagle Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
"Target Group"	the Target Company and Hong Kong Subsidiary
"Trading Day"	a day when the Stock Exchange is open for trading in Hong Kong
"Transaction Documents"	the Sale and Purchase Agreements and the Subscription Agreement
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of United States
"%"	per cent.

EXPECTED TIMETABLE

Set out below is the expected timetable in respect of the Distribution and the Special Dividend.

Latest time for lodging transfer of shares to qualify for attendance and voting at the SGM	4:30 p.m. on 24 April 2017
Closure of register of members of the Company for determination of entitlement to attend and vote at the SGM	25 April 2017 to 28 April 2017
Latest Time for return of proxy form of SGM	11:15 a.m. on 26 April 2017
Date and time of SGM	11:15 a.m. on 28 April 2017
Publish the poll result announcement of the SGM	28 April 2017
Publish the announcement in relation to the exact amount of the Special Dividend per Share	28 April 2017
Last day of dealings in the Shares on a cum-entitlement basis	2 May 2017
First day of dealing in the Shares on an ex-entitlement basis	4 May 2017
Latest time for lodging transfers of the Shares for registration in order to qualify for the Distribution and the Special Dividend	4:30 p.m. on 5 May 2017
Closure of register of members of the Company for determination of entitlement under the Distribution and the Special Dividend	8 May 2017 to 10 May 2017
Record Date for determination of entitlements under the Distribution and the Special Dividend	10 May 2017
Register of members re-opens	11 May 2017
Payment of the Special Dividend	24 May 2017
Completion of the Distribution (i.e. transfer of CSPT Shares and FW Shares to the qualified Shareholders)	26 May 2017
Despatch of the CSPT Shares and FW Shares certificates to the qualified Shareholders	26 May 2017
Sale and Purchase Completion and Subscription Completion	29 May 2017
Despatch of the Offer Documents	5 June 2017

The expected timetable for the completion of Distribution, the payment of Special Dividend, Sale and Purchase Completion, Subscription Completion and despatch of the Offer Documents set out above is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Distribution, the Special Dividend, Sale and Purchase Completion and Subscription Completion would be fulfilled. All times and dates in this circular refer to Hong Kong local times and dates. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

Pursuant to the expected timetable of the Distribution and the Special Dividend, the expected last day for dealings in the Shares on a cum-entitlement basis will be 2 May 2017 and dealings in the Shares on an ex-entitlement basis shall commence on 4 May 2017. **As of the Latest Practicable Date, the Distribution Conditions and the conditions precedent of the Special Dividend remain to be fulfilled and there is no assurance that the Distribution Conditions and the conditions precedent of the Special Dividend will be fulfilled. Further announcement(s) will be made by the Company as and when appropriate.**

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares is advised to exercise caution when dealing in the Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser. Any Shareholder or other person dealing in the Shares up to the date on which all the conditions to which the Distribution and/or the Special Dividend is subject to are fulfilled will accordingly bear the risk that the Distribution and/or the payment of the Special Dividend may not become unconditional or may not proceed.

天順證券集團有限公司*

SKYWAY SECURITIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

Executive Directors:
Ms. Lin Yuehe *(Chairlady)*
Mr. Wang Haixiong *(Chief Executive Officer)*

Independent non-executive Directors:
Mr. Chan Kwan Pak
Mr. Siu Gee Tai
Mr. Siu Siu Ling Robert

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
Units 6601A and 6607-6608
Level 66, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

10 April 2017

To the Shareholders

Dear Sir or Madam,

(1) CONDITIONAL AGREEMENT IN RELATION TO THE SUBSCRIPTION OF NEW SHARES OF SKYWAY SECURITIES GROUP LIMITED
(2) DISTRIBUTION IN SPECIE RELATING TO THE INVESTMENT IN LISTED SECURITIES BY SKYWAY SECURITIES GROUP LIMITED
(3) SPECIAL CASH DIVIDEND
(4) DISCLOSEABLE AND CONNECTED TRANSACTION AND SPECIAL DEAL: THE CSPT DISPOSAL
(5) SPECIFIC MANDATE IN RELATION TO THE PROPOSED SUBSCRIPTION OF NEW SHARES IN SKYWAY SECURITIES GROUP LIMITED BY CMBC INTERNATIONAL INVESTMENT LIMITED AND BRILLIANT DECENT LIMITED
(6) NOTICE OF SGM

* *For identification purposes only*

INTRODUCTION

Reference is made to the Joint Announcement and the announcement of the Company dated 28 November 2016 in relation to the CSPT Disposal which constitutes discloseable and connected transaction on the part of the Company.

The purpose of this circular is to provide you with the information relating to (i) the Subscription Agreement, the Distribution, the Special Dividend, the CSPT Disposal Agreement and the CSPT Supplemental Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the Subscription Agreement, the Distribution, the Special Dividend, the CSPT Disposal Agreement and the CSPT Supplemental Agreement and the transactions contemplated thereunder; (iii) the recommendation from Optima Capital to the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and transactions contemplated thereunder, the Distribution, the Special Dividend, the CSPT Disposal and the CSPT Supplemental Agreement; and (iv) the notice of SGM.

A. SALE AND PURCHASE AGREEMENTS

SALE AND PURCHASE AGREEMENT I

Date: 7 March 2017 (after trading hours)

Parties:

Vendor: Mr. Lam

Purchaser: The Offeror, an indirect wholly-owned subsidiary of CMBCI

Number of Sale Shares: 2,527,200,000

Consideration: HK$0.06 per Sale Share

SALE AND PURCHASE AGREEMENT II

Date:	7 March 2017 (after trading hours)
Parties:	
Vendor:	Ms. Ai
Purchaser:	Brilliant Decent
Number of Sale Shares:	900,000,000
Consideration:	HK$0.06 per Sale Share

Subject of the Sale and Purchase Agreements

Pursuant to the Sale and Purchase Agreements, the Selling Shareholders conditionally agreed to sell the Sale Shares and the Offeror and Brilliant Decent conditionally agreed to acquire the Sale Shares.

Pursuant to the Sale and Purchase Agreement I, Mr. Lam conditionally agreed to sell 2,527,200,000 Sale Shares to the Offeror at the price of HK$0.06 per Sale Share. Pursuant to the Sale and Purchase Agreement II, Ms. Ai conditionally agreed to sell 900,000,000 Sale Shares to Brilliant Decent at the price of HK$0.06 per Sale Share.

Each of the Offeror and Brilliant Decent has confirmed that immediately before entering into of the Sale and Purchase Agreements, it and its respective beneficial owners are third parties independent of the Company and its connected persons. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Offeror and Brilliant Decent, their respective ultimate beneficial owners and parties acting in concert with it are Independent Third Parties.

Consideration for the Sale Shares under Sale and Purchase Agreements

The consideration for the Sale Shares collectively is approximately HK$205,632,000, equivalent to HK$0.06 per Sale Share (the "**Consideration per Sale Share**" or the "**Sale Price**"), which was determined after arm's length negotiations between the Offeror and Mr. Lam, and between Brilliant Decent and Ms. Ai respectively taking into account, among other things, the Adjusted NTAV per Share of approximately HK$0.017 per Share after completion of the Reorganisation, the prospects of the Group after the Reorganisation and also after taking into account the additional value to be received by the Shareholders (including the Selling Shareholders) under the Distribution and the Special Dividend.

The Sale Price of HK$0.06 per Sale Share represents approximately 87.5% premium to the Subscription Price of HK$0.032 per Subscription Share. Such premium is considered fair and reasonable by the Selling Shareholders and the Offeror after taking into account that a) the Selling Shareholders will not be able to enjoy the strategic benefits mentioned below under the paragraph headed "Offeror's intention on the Remaining Group" including the potential positive impact of the introduction of the Offeror as the new controlling shareholder of the Company; b) such premium may be a sweentener to the Independent Shareholders when considering their voting decisions for the Subscription and the Reorganisation at the SGM; and c) given the Share Offer will be made by the Offeror at the same price as the Sale Price of HK$0.06 per Share, all Independent Shareholders will be able to enjoy such premium. The price differentiation between the Sale Price and the Subscription Price will not be prejudicial to the interests of the Independent Shareholders as the Sale Price, being the same as the Share Offer Price, will also be extended to all Shareholders in the Share Offer and those who accept the Share Offer will be able to do so at the Share Offer Price, being the higher of the two prices. Shareholders are in essence given the opportunity to consider and vote for or against the Subscription at the SGM, and subject to recommendation of the Independent Board Committee to be set out in the Offer Document, also to accept the Share Offer at the Share Offer Price.

At the time of negotiations and determining the consideration of the Sale Shares, the trading volume in the Shares was relatively low and therefore the relevant parties did not take the then closing prices into account when determining the consideration for the Sale Shares.

The consideration for the Sale Shares will be payable by the Offeror to Mr. Lam and Brilliant Decent to Ms. Ai respectively in cash upon the Sale and Purchase Completion.

Conditions precedent to the Sale and Purchase Agreements

The Sale and Purchase Completion is conditional in all respects upon fulfillment (or, as appropriate, waived by the Offeror as described below) of the following conditions, among others:

1. the Subscription Conditions having been fulfilled or waived; and

2. the board of directors of the Offeror and the board of directors of Brilliant Decent approving the entering into of and the performance of the Sale and Purchase Agreements respectively and the purchase of the relevant Sale Shares.

The two Sale and Purchase Agreements are not inter-conditional upon each other.

In the event that the Sale and Purchase Conditions above are not fulfilled on or before the Sale and Purchase Long Stop Date (or such later date as may be agreed between the parties), the Sale and Purchase Agreements and all rights and obligations thereunder will cease and terminate.

As at the Latest Practicable Date, condition 2 above has been fulfilled.

Sale and Purchase Completion

The Sale and Purchase Completion shall take place on the Sale and Purchase Completion Date. Further announcement will be made as soon as practicable in relation to the Sale and Purchase Completion.

Other than the consideration payable under the Sale and Purchase Agreements, the Offeror, CMBCI, China Huarong, Brilliant Decent and their concert parties has not and will not pay any consideration to Mr. Lam and/or Ms. Ai and their concert parties in connection with the Sale and Purchase Agreements or otherwise.

B. SUBSCRIPTION AGREEMENT

Date:	7 March 2017 (after trading hours)
Parties:	
Issuer:	the Company
Subscribers:	the Offeror and Brilliant Decent

Subject of the Subscription Agreement

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe, in cash, for a total of 26,950,000,000 new Shares at the Subscription Price of HK$0.032 per Share for an aggregate consideration of HK$862,400,000, of which 25,000,000,000 new Subscription Shares will be subscribed by the Offeror and 1,950,000,000 new Subscription Shares will be subscribed by Brilliant Decent.

The 26,950,000,000 new Subscription Shares to be subscribed for and issued pursuant to the Subscription Agreement shall rank *pari passu* in all respects with the Shares in issue at the date of allotment and in particular will rank in full for all dividends and other distributions declared made or paid at any time after the date of allotment (excluding, for the avoidance of doubt, the entitlement to the Special Dividend and the entitlement under the Distribution).

Subscription Price

The new Subscription Shares will be subscribed for by the Subscribers at the Subscription Price of HK$0.032 per Share. The Subscription Price of HK$0.032 per Share represents:

- a discount of approximately 89.84% to the closing price of the Shares of HK$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day;

- a discount of approximately 89.68% to the average closing price of the Shares of approximately HK$0.31 per Share for the last 5 consecutive Trading Days up to and including the Last Trading Day;

- a discount of approximately 60% to the audited net asset value attributable to equity holders as at 31 March 2016 of approximately HK$0.080 per Share based on 17,823,159,729 Shares in issue as at the date of the Joint Announcement;

- a discount of approximately 90.72% to the closing price of the Shares of HK$0.345 per share as at the Latest Practicable Date;

- a premium of approximately 88.2% to the Adjusted NTAV per Share of approximately HK$0.017 on the assumption of completion of the Reorganisation

The Subscription Price was negotiated and arrived at after arm's length negotiation basis and is considered fair and reasonable after taking into account, among others, (i) the financial positions and performance of the Company, including the substantial loss for the year ended 31 March 2016 of approximately HK$1,875 million; and (ii) the Adjusted NTAV per Share of approximately HK$0.017 after taking into consideration of the Reorganisation as well as future business prospects (without considering the possible positive impact to be brought about by the Offeror on the Group) as well as the effect of the Reorganisation; and (iii) the average price to net asset value of comparable listed issuers. The Adjusted NTAV was taken into account instead of the unaudited adjusted net asset value as the parties considered that certain goodwill and intangible assets recognized from the Company's acquisition of Skyway Securities Investment Limited and Skyway Futures Limited in November 2015 ("**Previous Acquisition**") should be excluded. Both of the goodwill and intangible assets are recognized as a result of the accounting treatment of business combination. The Company and the Offeror considered it more appropriate and meaningful to assess the fairness and reasonableness of the Subscription Price based on identifiable assets and liabilities of the Group and business so acquired and not on the accounting goodwill and intangible assets which arose merely due to the accounting treatment in the Previous Acquisition.

The Directors believe that the Subscription and the Offeror's takeover of the Company have a strategic meaning to the Group and will help grow the business of the Group significantly by leveraging on the extensive business networks and clientele of CMBCI and its parent group companies, in addition to enhancement of the working capital position of the Group. Therefore, the Subscription Price should not be the only factor in assessing whether Subscription is fair and reasonable and the strategic benefits to the Group should also be considered.

As at the date of the Joint Announcement, the average price to net asset value ratio ("P/NAV Ratio") of the comparable listed issuers (the "Comparable Companies") is approximately 1.38 times, which the average price to net tangible asset value ratio ("P/NTAV Ratio") is approximately 1.40 times. The multiple of the Subscription Price to the estimated Adjusted NTAV after the Reorganisation per Share of the Subscription of approximately 1.88 times is higher than the average P/NTAV Ratio of the Comparable Companies. The Company has considered the values of the Comparable Companies in determining the Subscription Price. The Adjusted NTAV of the Remaining Group would be not less than HK$310 million (representing approximately HK$0.017 per Share based on the number of the Shares in issue as at the Latest Practicable Date). The Subscription Price of HK$0.032 represents a premium of approximately 88.2% over the aforesaid Adjusted NTAV of the Remaining Group per Share. The table below sets out, for illustration purpose, the calculation the Adjusted NTAV of the Remaining Group per Share, assuming that the number of Shares would not change since the Latest Practicable Date:

Adjusted NTAV of the Remaining Group immediately before Subscription Completion *(Note)*	HK$310.0 million
Adjusted NTAV of the Remaining Group per Share immediately before Subscription Completion *(Note)*	Approximately HK$0.017

Note: The Adjusted NTAV per Share of HK$0.017 is calculated with reference to Adjusted NTAV of approximately HK$310 million upon the Subscription Completion, divided by the number of Shares in issue of 18,019,814,729 shares as at the Latest Practicable Date. The NTAV of approximately HK$310 million upon the Subscription Completion is based on the conditions precedent of the Subscription Agreement that according to the Management Accounts the Remaining Group shall have net asset value (excluding intangible assets) of not less than HK$310 million.

The Comparable Companies comprise 16 listed issuers in Hong Kong and are principally carrying out securities brokerage business which would be similar in nature as the Remaining Group. The Comparable Companies include CITIC Securities Co. Ltd., Haitong Securities Co., Ltd., Huatai Securities Co., Ltd., China Galaxy Securities Cp., Ltd., Haitong International Securities Group Ltd., Guotai Junan International Holdings Ltd., China International Capital Corporation Ltd., Guolian Securities Co., Ltd., Central China Securities Co., Ltd., Hengtai Securities Co., Ltd., Shenwan Hongyuan (H.K.) Ltd., Cinda International Holdings Ltd., Bright Smart Securities & Commodities Group Ltd., Quam Ltd., China Huarong Asset Management Co., Ltd. and Emperor Capital Group Ltd. In view of the fact that the Remaining Group mainly engages in securities business in Hong Kong while the Offeror, a large and reputable Chinese corporation, will become the controlling shareholder of the Company after the Sale and Purchase Completion and Subscription Completion, the Comparable Companies, which consists of a mix of certain leading and reputable Chinese securities firms and local securities firms that has been engaged in Hong Kong securities business for a long time, are selected and agreed between the Offeror and the Company with reference to, among others, the similar principal business nature and operation(i. e. provision in brokerage service and Chinese securities firms with operation in Hong Kong). The Independent Financial Adviser has also conducted independent research on comparable issues and Peers Companies (as defined in the letter from Optima Capital). Please refer to the letter from Optima Capital for their view on the Subscription Price.

The Subscription is not merely a fund raising exercise of the Company but will also allow the Offeror to join the Company as a new controlling Shareholder, which may bring potential strategic benefits to the Group as detailed in the paragraph "Offeror's intention on the Remaining Group" in this circular. As such the Company considers that the Subscription is justifiable.

Conditions precedent to the Subscription Agreement

The Subscription Completion is conditional upon the following conditions, among others, being satisfied or waived (as the case maybe), of which conditions 1, 3 and 4 are waivable by the Offeror, at its sole discretion, possibly in circumstances where it would not materially and adversely affect the Offeror's interest:

1. the Offeror and Brilliant Decent being reasonably satisfied with the due diligence results on the assets, liabilities, operations and business of the Group;

2. the Independent Shareholders (save as Shareholders who are required by the Listing Rules and/or the Takeovers Code to abstain from voting) passing all necessary resolutions to be proposed at the SGM which are necessary for the transactions contemplated under the Transaction Documents to be effective and to be in compliance with the Listing Rules and the Takeovers Code, including but not limited, to approve the Reorganisation;

3. the completion of the Reorganisation (including but not limited to the striking off or disposal of the Group companies other than the three licensed corporations comprising the Remaining Group) in compliance with the relevant laws, rules and regulations (including but not limited to the obtaining of consents from the Executive regarding those special deals under Rule 25 of the Takeovers Code) and in accordance with the terms and conditions of the Subscription Agreement and the relevant agreement(s) for disposal(s);

4. according to the Management Accounts, (i) the Remaining Group shall have net asset value (excluding intangible assets) of not less than HK$310,000,000; (ii) the Remaining Group shall have non-cash asset (excluding intangible assets such as goodwill and relevant accounts receivables arising from the ordinary course of business of securities brokerage services dealing in securities transactions by margin clients of the Group) of not more than HK$17,000,000; (iii) the Remaining Group shall have not less than HK$210,000,000 cash assets (excluding those cash deposits held by the Remaining Group on behalf of its clients); and (iv) relevant account receivables arising from the ordinary course of business of securities brokerage services dealing in securities transactions by margin clients of the Remaining Group (which should be approved by the prior written approval of the Subscribers) shall be not more than HK$200,000,000; and

5. the change of substantial shareholders of Skyway Securities Investment Limited, Skyway Asset Management Limited and Skyway Futures Limited, having been approved by the SFC.

The Subscription Completion shall take place contemporaneously with the Sale and Purchase Completion.

In respect of condition 4 above, to limit such amount of non-cash asset and relevant account receivables arising from the ordinary course of business of securities brokerage services dealing in securities transactions by margin clients of the Remaining Group, the Offeror would like to minimize the potential risk arising directly or indirectly from these matters. The Company has reviewed its financial position and also the Group's business operations and believes that it can fulfill condition 4 upon completion of the Reorganisation (i.e. Special Dividend and the Distribution).

In the event that the Subscription Conditions above are not satisfied or waived (if applicable) on or before the Subscription Long Stop Date (or such later date as may be agreed between the parties), the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

Specific mandate

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

An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

Equity fund raising activities by the Company in the past twelve months

Save as disclosed below, the Company did not carry out any equity fund raising activities in the 12 month period immediately before the Latest Practicable Date.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
3 May 2016	Placing of up to 2,550,000,000 Shares at the placing price of HK$0.18 per placing Share	Approximately HK$442 million	as to (i) approximately 40% for the brokerage and related services; (ii) 35% for securities investment; (iii) 15% for money lending business; and (iv) the remaining balance for general working capital	The placing have been lapsed as announced by the Company on 1 August 2016

Subscription Completion

The Subscription Completion shall take place on the tenth business day after the fulfillment of the Subscription Conditions and contemporaneously upon the Sale and Purchase Completion.

The Company shall and will allot and issue the respective Subscription Shares to each Subscriber and promptly thereafter register each Subscriber as a member of the Company.

Reasons for the Subscription and use of the Subscription proceeds

The wholly-owned subsidiaries of the Company in the Remaining Group, namely Skyway Securities Investment Limited, Skyway Futures Limited and Skyway Asset Management Limited are licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities), Type 2 (dealing in futures contracts), and Type 9 (asset management) regulated activities under the SFO, respectively. The Subscription is not merely a pure funding activity but will introduce a new controlling shareholder, the Offeror, whose ultimate controlling Shareholder of China Minsheng may lead the Company to enjoy more potential strategic benefits especially for the potential of increasing in business exposures and business confidence of the Company to the Shareholders. In light of the increasing competition in the investment banking sector, and the need for funding to support the increasing business volume, the Subscription, which will strengthen its capital base and improve its balance sheet, is considered essential for the Group's future business development with a view to remain competitive in brokerage, underwriting and financing businesses in Hong Kong. The strong financing capability is believed to be one of the key factors to gain clients' confidence and secure new clients and underwriting deals. The Subscription will not only enable it to raise a substantial amount of funds for its business development but also generate synergy to the Group in future by tapping into the extensive branch network and client base of China Minsheng. The Group's existing businesses would be enhanced in a number of ways such as the sharing of clients of China Minsheng for brokerage, wealth management, asset management businesses. The Group also aims to significantly expand its wealth management business providing high net worth customers with a wide range of investment products and fixed income business providing corporate clients additional means of fund raising other than equity.

Having considered the following principal factors and reasons: (i) the gross proceeds of the Subscription of approximately HK$862.4 million, representing approximately 2.78 times the Group's adjusted NTAV which is expected to be approximately HK$310 million immediately after the Reorganisation and before the Completion of Subscription. Thus, the Subscription will substantially increase the Group's capital base, which will be crucial for the future growth of its core businesses; (ii) the synergy to the Group by tapping into the extensive branch network and client base of China Minsheng following the Sale and Purchase Completion and the Subscription Completion; (iii) the basis for determination of the Subscription Price as set out in the sub-section headed "Subscription Price" above; (iv) the Subscription Price represents a premium of approximately 88.2% over the Adjusted NTAV of approximately HK$0.017 per Share (based on the Adjusted NTAV and the number of issued Shares as at the Latest Practicable Date); (v) the Sale and Purchase Completion and the Subscription Completion will lead to the unconditional Offers, which will be extended to all Shareholders and Optionholders (other than the Offeror and parties acting in concert with it); and (vi) the dilution effect on the shareholding interests of the existing Shareholders is acceptable in view of the aforesaid reasons and factors, the Directors consider that the terms of the Subscription Agreement (including the Subscription Price and the number of Subscription Shares) are on normal commercial terms, fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

The Subscription Agreement and the Sale and Purchase Agreements are inter-conditional upon each other and it is the intention of the Offeror to obtain a controlling stake of not less than 60% upon Sale and Purchase Completion and the Subscription Completion. A subscription with smaller scale will not achieve such purpose. As such, after arm's length negotiations with referencing to the aforesaid factors, the Company and the Offeror agreed the number of Subscription Shares and the Subscription Price as set out in the Subscription Agreement.

The issue and allotment of the Subscription Shares to Brilliant Decent, a subsidiary of China Huarong, is part of the Subscription. CMBCI and China Huarong have good business relationship and this formed the basis for China Huarong' participation in the Subscription. China Huarong will not be involved in the management or operations of the Company after Sale and Purchase Completion and the Subscription Completion.

The Company does not consider alternative fund raising method as the Subscription was proposed by the Offeror. As mentioned above, the Subscription is not merely a fund raising exercise on the part of the Company but will also allow the introduction of the Offeror as new controlling shareholder of the Company

At this stage the Company does not expect any further funding needs for the next 12 months. Based on the current estimate and in the absence of unforeseeable circumstances, the proceeds from the Subscription can satisfy the Group's current expected funding needs for the next 12 months. However if the situation requires, the Company may obtain further funding as appropriate taking into account the interests of the Company and the Shareholders as a whole. The Company will make the relevant disclosure pursuant to the requirements under the Listing Rules.

Use of the Subscription proceeds

The gross proceeds of the Subscription are approximately HK$862.4 million and the net proceeds of the Subscription are approximately HK$850 million (or equivalent to the net Subscription Price of approximately HK$0.0315 per Subscription Share). The net proceeds from the Subscription are planned to be used for the purposes set out as below:

(i) as to about 40% of the net proceeds (approximately HK$340 million) to support and develop the Group's securities business, including brokerage and margin financing business, given the expected increase in trading volume, investment and financing needs of the Group's clients in light of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Connect. The large customer base of China Minsheng may give a boost to the Group's overall trading volume and margin financing scale. The abovementioned proceeds will be used to, but not limited to, acquiring and upgrading the IT trading system and platform of the securities business, recruiting experienced personnel to expand the team (including the margin financing team to increase the trading volume and size and quality of the margin book. In addition, the said proceeds will be used to finance the expansion of the margin book and for the increased liquid capital requirement;

(ii) as to about 10% of the net proceeds (approximately HK$85 million) to develop proprietary trading business, such as investments and trading in equity and fixed-income securities and assets as well as derivatives. The abovementioned proceeds will be used to, but not limited to, acquiring and upgrading the IT and data information systems required for the proprietary trading business, recruiting experienced personnel to expand the team, and to finance proprietary investments;

(iii) as to about 10% of the net proceeds (approximately HK$85 million) to develop and expand capital-based intermediary business, such as providing liquidity and risk management products and acting as counterparty against customers, including fixed income products, commodities and currencies, ETF market making and trading, structured financing. The abovementioned proceeds will be used to, but not limited to, acquiring and upgrading the IT and data information systems required for the capital-based intermediary business, recruiting experienced personnel to expand the team, and to finance the working capital requirement of the capital-based intermediary business;

(iv) as to about 25% of the net proceeds (approximately HK$212.5 million) to further develop the Group's asset management business by, among other things, expanding the variety of our asset management schemes and products offering, providing seed money of collective asset management schemes to be established by our Group and developing our own investment advisory team. The abovementioned proceeds will be used to, but not limited to, acquiring and upgrading the IT and data information systems required for the asset management business, recruiting experienced personnel to expand the team, and to finance the seed money of the funds;

(v) as to about 10% of the net proceeds (approximately HK$85 million) to develop our institutional sales capabilities of equity capital markets and debt capital markets products, including hiring experienced personnel and enhancing information platforms. The abovementioned proceeds will be used to, but not limited to, recruiting experienced personnel to expand the team and develop the required data information systems, and to finance the liquid capital requirement for underwriting; and

(vi) as to the remaining of about 5% (approximately HK$42.5 million) of the net proceeds as general working capital.

The Company currently expects to deploy all the proceeds of the Subscription within six to twelve months after the Subscription Completion. However, the actual deployment timing will be subject to the market environment and the pace of the business development.

C. DISTRIBUTION IN SPECIE

The Company proposes the Distribution pursuant to which (1) all the CSPT Shares held by the Group and (2) all the FW Shares held by the Group will be distribute to the Shareholders whose names are registered on the register of members of the Company on the Record Date.

Based on 1,215,971,647 CSPT Shares held by the Group as at the Latest Practicable Date, with reference to 18,019,814,729 Shares in issue as at Latest Practicable Date and assuming that there will be no change in shareholdings of the Company since the Latest Practicable Date and up to the Record Date, Shareholders shall receive approximately 674 CSPT Shares for every 10,000 Shares held by the Shareholders. Based on the closing price of HK$0.179 per CSPT Share as quoted on the Stock Exchange on the Last Trading Day, the market value of 674 CSPT Shares held by the Group represents approximately HK$120.65. Based on the closing price of HK$0.295 per CSPT Share as quoted on the Stock Exchange on the Latest Practicable Date, the market value of 674 CSPT Shares held by the Group represents approximately HK$198.83.

Based on 1,215,971,647 CSPT Shares held by the Group as at the Latest Practicable Date, with reference to 18,019,814,729 Shares in issue as at the Latest Practicable Date and assuming full exercise of 808,943,000 Options prior to the Record Date and that there will be no other change in shareholdings of the Company since the Latest Practicable Date and up to the Record Date, Shareholders shall receive approximately 645 CSPT Shares for every 10,000 Shares held by the Shareholders. Based on the closing price of HK$0.179 per CSPT Share as quoted on the Stock Exchange on the Last Trading Day, the market value of 645 CSPT Shares held by the Group represents approximately HK$115.46. Based on the closing price of HK$0.295 per CSPT Share as quoted on the Stock Exchange on the Latest Practicable Date, the market value of 645 CSPT Shares held by the Group represents approximately HK$190.28.

Based on 315,692,000 FW Shares held by the Group as at the Latest Practicable Date, with reference to 18,019,814,729 Shares in issue as at the Latest Practicable Date and assuming that there will be no change in shareholdings of the Company since Latest Practicable Date and up to the Record Date, Shareholder shall receive approximately 175 FW Shares for every 10,000 Shares held by the Shareholders. Based on the closing price of HK$0.52 per FW Share as quoted on the Stock Exchange on the Last Trading Day, the market value of 175 FW Shares held by the Group represents approximately HK$91.00. Based on the closing price of HK$0.55 per FW Share as quoted on the Stock Exchange on the Latest Practicable Date, the market value of 175 FW Shares held by the Group represents approximately HK$96.25.

Based on 315,692,000 FW Shares held by the Group as at the Latest Practicable Date, with reference to 18,019,814,729 Shares in issue as at the Latest Practicable Date and assuming full exercise of 808,943,000 Options prior to the Record Date and that there will be no other change in shareholdings of the Company since the Latest Practicable Date and up to the Record Date, Shareholder shall receive approximately 167 FW Shares for every 10,000 Shares held by the Shareholders. Based on the closing price of HK$0.52 per FW Share as quoted on the Stock Exchange on the Last Trading Day, the market value of 167 FW Shares held by the Group represents approximately HK$86.84. Based on the closing price of HK$0.55 per FW Share as quoted on the Stock Exchange on the Latest Practicable Date, the market value of 167 FW Shares held by the Group represents approximately HK$91.85.

The Shareholders holding odd lots Shares will be entitled to the Distribution on pro-rata basis. However, If their entitlements to CSPT Shares and/or FW Shares are less than one, Distribution would be disregarded.

All the entitlements will be rounded down to the nearest whole number of the CSPT Shares and/or the FW Shares where such calculation would result in fractional CSPT Shares and/or FW Shares to be distributed to a Shareholder. No fraction of a CSPT Share and/or a FW Share will be distributed.

Fractional entitlements to the CSPT Shares and/or the FW Shares pursuant to the Distribution will not be transferred under the Distribution but will be retained by the Group immediately after the Distribution for sale in the market. The proceeds derived therefrom will be retained for the benefits of the Group.

The CSPT Shares and the FW Shares held by the Group are classified under invest at fair value through profit and loss in the books of the Group.

The Group will bear the stamp duty (if any) which may be payable as a result of the transfer of the CSPT Shares and FW Shares by the Group to the Shareholders pursuant to the Distribution.

As the Distribution to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdiction outside Hong Kong, Overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should keep themselves informed about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibilities of the Overseas Shareholders to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

As at the Latest Practicable Date, there are Oversea Shareholders with registered addresses located in PRC. The Directors have conducted enquiries regarding the feasibility of extending the Distribution to such Overseas Shareholders.

Based on the legal opinions provided by the legal advisers in the relevant jurisdiction(s), the Directors consider that the Distribution can be extended to the Overseas Shareholders with registered addresses located in PRC. Accordingly, there are no Overseas Shareholders being prohibited from the Distribution. It is, however, the responsibility of the Shareholders (including the Overseas Shareholders) to observe the domestic legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the CSPT Shares and/or the FW Shares.

Conditions Precedent to the Distribution

The Distribution is conditional upon:

(a) the passing of the necessary resolution(s) by the Independent Shareholders at the SGM to approve the Distribution and the transactions contemplated thereunder;

(b) all the conditions precedent of the Sale and Purchase Agreements and the Subscription Agreement (other than the condition that the completion of the Reorganisation in compliance with the relevant laws, rules and regulations and in accordance with the terms and conditions of the Sale and Purchase Agreements and the Subscription Agreement) having become fulfilled or waived; and

(c) the Share Premium Cancellation having become effective.

Subject to fulfillment of the conditions set out above, (1) the expected Distribution date for the Distribution of the CSPT Shares held by the Group will be 26 May 2017 (or such other date as may be announced by the Company); and (2) the expected Distribution date for the Distribution of the FW Shares held by the Group will be 26 May 2017 (or such other date as may be announced by the Company). Please refer to the expected timetable for the Distribution contained in this circular.

Closure of Register

The Record Date for the Distribution shall be 10 May 2017 (or such other date as may be announced by the Company). The register of members of the Company shall be closed from 8 May 2017 to 10 May 2017 for determining the Shareholder's entitlement to the proposed Distribution.

Odd Lot Arrangement

In order to alleviate the difficulties arising from the existence of odd lots of the CSPT Shares and/or the FW Shares as a result of the Distribution, the Company will appoint a designated agent to provide matching services on a best effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the CSPT Shares and/or the FW Shares to be distributed under the Distribution.

The Company has appointed Skyway Securities Investment Limited as an agent to provide odd lot matching services on a best effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the FW Shares and/or the CSPT Shares to be received under the Distribution during the period from 9:00 a.m. on 26 May 2017 to 4:00 p.m. on 15 June 2017, both days inclusive. Holders of the FW Shares and/or the CSPT Shares in odd lots represented by the existing share certificates for the FW Shares and/or the CSPT Shares who wish to take advantage of this facility either to dispose of their odd lots of the FW Shares and/or the CSPT Shares or to top up their odd lots to a full new board lot may directly or through their brokers to contact Skyway Securities Investment Limited at Units 6601A and 6607–6608 on Level 66 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at telephone number (852) 2907 2300 during office hours (i.e. 9:00 a.m. to 5:00 p.m. within such period).

Holders of the FW Shares and/or the CSPT Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the FW Shares and/or the CSPT Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement.

Reasons for and benefits of the Distribution

Pursuant to the Sale and Purchase Agreements and the Subscription Agreement, the Distribution is part of the Reorganisation and it is expected that the Distribution shall take place prior to the Sale and Purchase Completion and the Subscription Completion.

As it is the intention of the Offeror that upon the Sale and Purchase Completion and the Subscription Completion that the Group will only comprise core assets relating to securities and brokerage business, the Distribution will facilitate the Sale and Purchase Completion and the Subscription Completion and accordingly, the Offers to the Shareholders. Further, in view of the fact that both CSPT Shares and FW Shares are listed on the Main Board of the Stock Exchange, the Distribution will allow the Shareholders to have an efficient mean to dispose of the CSPT Shares and the FW Shares to be received under the Distribution on the market.

Having considered that the above factors, the Directors consider that the terms and conditions of the Distribution are fair and reasonable and in the interests of the Shareholders as a whole.

Subject to the fulfilment of the Distribution Condition, registered Shareholders as at the Record Date will be entitled to the Distribution, even though such Shareholders may subsequently accept or reject the Share Offer.

As of the Latest Practicable Date, the Distribution Conditions remain to be fulfilled and there is no assurance that the Distribution Conditions will be fulfilled.

D. SPECIAL CASH DIVIDEND

The Company proposes a special dividend of no less than HK$0.021 per Share to be distributed and paid in cash to the Shareholders whose names are registered on the register of members of the Company on the Record Date, subject to the fulfillment of the conditions precedent set out below, including but not limited to the approval of the Independent Shareholders having been obtained and completion of the CSPT Disposal having taken place. Further announcement(s) will be made by the Company when the exact amount of the Special Dividend per share is confirmed.

Based on 18,019,814,729 Shares in issue as at the Latest Practicable Date, the special dividend payable to the Shareholders on the Record Date shall amount to no less than approximately HK$376 million, out of which, the Selling Shareholders, being the beneficial owners of approximately 20.46% of the issued share capital of the Company as at the Latest Practicable Date and (assuming no change to their shareholding after the Latest Practicable Date) the Record Date, are entitled to receive a special dividend in the total sum of no less than approximately HK$77.43 million.

Conditions Precedent for the Special Dividend

The Special Dividend is conditional upon:

(a) the passing of the necessary resolution(s) by the Independent Shareholders at the SGM to approve the Special Dividend and the transactions contemplated thereunder;

(b) all the conditions precedent of the Sale and Purchase Agreements and the Subscription Agreement (other than the condition that the completion of the Reorganisation in compliance with the relevant laws, rules and regulations and in accordance with the terms and conditions of the Sale and Purchase Agreements and the Subscription Agreement) having become fulfilled or waived);

(c) completion of the CSPT Disposal; and

(d) the Share Premium Cancellation having become effective.

Subject to fulfillment of the conditions set out above, the expected payment date for the Special Dividend is expected on 24 May 2017 (or such other date as may be announced by the Company).

Reasons for the Special Dividend

The Special Dividend of no less than HK$0.021 per Share will provide a substantial and immediate cash realisation to the Shareholders.

The Company will publish an announcement in relation to the exact amount of the Special Dividend per Share on or before 28 April 2017. In determining the exact amount of the Special Dividend, the Company will take into account of the cash balance of the Group (which would be affected if the Optionholders would exercise their Options) and the net tangible asset value of the Group. Pursuant to the Subscription Agreement, it is one of the conditions precedent that according to the Management Accounts, (i) the Remaining Group shall have net asset value (excluding intangible assets) of not less than HK$310,000,000; and (ii) the Remaining Group shall have not less than HK$210,000,000 cash assets (excluding those cash deposits held by the Remaining Group on behalf of its clients).

The Special Dividend may provide sweetener for the Shareholders to vote in favor of the Subscription. As such, the Special Dividend and the Distribution provides an opportunity for the existing Shareholders to realize part of their previous investment in the Group.

In determining the amount of the Special Dividend, the Board, having considered the financial resources available to the Group and the future working capital needs of the Group, considers that the amount of the Special Dividend is appropriate.

Closure of Register

The Record Date for the Special Dividend shall be 10 May 2017 (or such other date as may be announced by the Company). The register of members of the Company shall be closed from 8 May 2017 to 10 May 2017 for determining the Shareholder's entitlement to the proposed Special Dividend.

Subject to the fulfilment of the conditions precedent for the Special Dividend, registered Shareholders as at the Record Date will be entitled to the Special Dividend, even though such Shareholders may subsequently accept or reject the Share Offer.

As of the Latest Practicable Date, the conditions precedent of the Special Dividend remain to be fulfilled and there is no assurance that the conditions precedent of the Special Dividend will be fulfilled.

E. THE CSPT DISPOSAL

Background of CSPT Disposal and the CSPT Supplemental Agreement

Reference is made to the announcement of the Company dated 28 November 2016, the CSPT Vendor, a wholly owned subsidiary of the Company, entered into the CSPT Disposal Agreement with the CSPT Purchaser in relation to the CSPT Disposal of the entire equity interests of Sky Eagle Global Limited to the CSPT Purchaser for an aggregate consideration of HK$227,000,000, which shall be settled by the Purchaser by way of cash deposit and the issue of the Convertible Bonds in the principal amount of HK$205,000,000 by CSPT.

The CSPT Disposal constitutes a discloseable and connected transaction on the part of the Company under Chapters 14 and 14A of the Listing Rules. Please refer to the announcement of the Company dated 28 November 2016 for further details of the CSPT Disposal. As CSPT is a substantial Shareholder of the Company, the CSPT Disposal and the transactions contemplated thereunder constitute a special deal under Rule 25 of the Takeovers Code.

As disclosed in the Joint Announcement, the CSPT Vendor and the CSPT Purchaser entered into the CSPT Supplemental Agreement on 7 March 2017 such that the remaining balance of the consideration of HK$205,000,000 under the CSPT Disposal shall be settled by the CSPT Purchaser in cash instead of procuring CSPT to issue the Convertible Bonds upon completion of the CSPT Disposal.

CSPT Disposal Agreement (as supplemented by the CSPT Supplemental Agreement)

Date:	28 November 2016 (as supplemented by the CSPT Supplemental Agreement dated 7 March 2017)
Parties:	
Vendor:	CSPT Vendor
Purchaser:	CSPT Purchaser

As CSPT is a substantial shareholder (as defined under the Listing Rules) of the Company, CSPT and the CSPT Purchaser are connected persons of the Company under Chapter 14A of the Listing Rules.

Principal terms of the CSPT Disposal

The CSPT Purchaser is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The CSPT Purchaser is a wholly owned subsidiary of CSPT.

CSPT is a company incorporated in Bermuda with limited liability and the issued CSPT Shares are listed on the Main Board of the Stock Exchange (Stock Code: 139). As at the Latest Practicable Date, CSPT together with its subsidiaries hold 2,749,935,829 Shares, representing approximately 15.26% of the issued share capital of the Company. As such, CSPT is a substantial shareholder of the Company (as defined under the Listing Rules) and CSPT and the CSPT Purchaser are connected persons of the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, the Group holds 1,215,971,647 CSPT Shares, representing approximately 13.56% of the issued share capital of CSPT.

Asset to be disposed:

Pursuant to the CSPT Disposal Agreement (as supplemented by the CSPT Supplemental Agreement), the CSPT Purchaser has conditionally agreed to acquire and the CSPT Vendor has conditionally agreed to sell (i) the CSPT Sale Share comprising an aggregate of one (1) share in the share capital of the Target Company, representing 100% of the entire issued share capital of the Target Company as at the Latest Practicable Date; and (ii) the CSPT Sale Loan. As at the Latest Practicable Date, the CSPT Sale Loan amounts to approximately HK$181,000,000.

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Target Company owns 100% of the Hong Kong Subsidiary, which in turn holds the Property. The only significant asset of the Target Group is the Property. The Target Group also holds certain furniture and fixtures in the Property but no other real estate properties.

Consideration:

The total consideration for the CSPT Disposal is HK$227,000,000, which shall be satisfied by the CSPT Purchaser in the following manner:

(a) as to HK$22,000,000, being the deposit (the "Deposit") and the part payment towards the consideration for the sale and purchase of the CSPT Sale Share and the CSPT Sale Loan, has been paid by the Purchaser to the Vendor within ten (10) Business Days from the date of signing of the CSPT Disposal Agreement;

(b) as to the remaining balance of HK$205,000,000, which shall be payable by the CSPT Purchaser upon completion of the CSPT Disposal.

The consideration was determined after arm's length negotiations between the parties to the CSPT Disposal Agreement with reference to, among others, (i) the preliminary property valuation of the Property of HK$410,000,000; and (ii) the outstanding Bank Loan of the Target Group upon completion of the CSPT Disposal shall not exceed HK$179,000,000. The Directors consider the consideration of the CSPT Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Independent Shareholders as a whole. As at the Latest Practicable Date, the outstanding Bank Loan amounts to approximately HK$178,300,000.

The valuation of the Property was carried out by Ascent Partners Valuation Service Limited, an independent surveyor to the Company and the date of preliminary valuation was 28 February 2017. The valuer valued the Property by comparison method with reference to comparable market transactions as reported in the market at similar locations. The valuation report of the Property has been included in the appendix III of this circular.

Conditions

The CSPT Disposal is conditional upon the satisfaction of the following:

(a) the CSPT Purchaser being reasonably satisfied with the results of the due diligence review in particular the review of the assets, liabilities, operations and affairs of the Target Group as the CSPT Purchaser may reasonably consider appropriate;

(b) the CSPT Purchaser being reasonably satisfied that there are no title defects to the Property and it is free from all encumbrances;

(c) production of written evidence by the CSPT Vendor to the satisfaction of the CSPT Purchaser that all debts and liabilities of the Target Company (other than the Sale Loan and the Bank Loan which shall not exceed HK$179,000,000 and other normal accruals and deposit received in the ordinary course of business of the Target Group and acceptable by the CSPT Purchaser) having been discharged, released, waived or extinguished;

(d) all necessary consents and approvals required to be obtained on the part of the CSPT Purchaser, the CSPT Vendor and the Target Company in respect of the CSPT Disposal Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;

(e) (i) if necessary, the passing by the Independent Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules and the Takeovers Code at a general meeting of the Company to be convened and held of the necessary ordinary resolution(s) to approve the CSPT Disposal Agreement and the transactions contemplated thereby, and all other consents and acts required to be obtained by the CSPT Vendor under the Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;

(ii) if necessary, the passing by the independent shareholders of CSPT who are entitled to vote and not required to be abstained from voting under the Listing Rules at a general meeting of CSPT to be convened and held of the necessary ordinary resolution(s) to approve the CSPT Disposal Agreement and the transactions contemplated thereby, and all other consents and acts required to be obtained by the CSPT Purchaser under the Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;

(f) the warranties provided by the CSPT Vendor under the CSPT Disposal Agreement remaining true, accurate and correct in all material respects;

(g) the despatch of the Circular by the Company in respect of the CSPT Disposal and the despatch of the circular by CSPT in respect of the CSPT Disposal Agreement;

(h) the CSPT Purchaser being reasonably satisfied that there has not been any material adverse change in respect of the Target Company since the date of the CSPT Disposal Agreement.

As at the Latest Practicable Date, none of the above conditions have been fulfilled. The CSPT Purchaser may at any time at its absolute and sole discretion waive in writing the conditions (a), (b), (f) and/or (h) set out above. The other conditions set out above are incapable of being waived. The CSPT Purchaser has no current intention to waive any conditions. If the conditions set out above have not been satisfied on or before 30 April 2017, or such later date as the CSPT Vendor and the CSPT Purchaser may agree in writing (the "Long Stop Date"), the CSPT Disposal shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter.

CSPT Disposal Completion

CSPT Disposal Completion is expected to take place on the fifth Business Day after the fulfillment (or waiver) of the conditions (or such later date as the parties to the CSPT Disposal Agreement may agree) mentioned above.

Upon CSPT Disposal Completion, the Target Company will cease to be a wholly owned subsidiary of the Company and the Company will cease to have any interests in the Target Group.

INFORMATION ON THE TARGET GROUP AND THE PROPERTY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Target Company is the legal and beneficial owner of the entire equity interests of the Hong Kong Subsidiary, which in turn holds the Property. Immediately prior to the entering into of the CSPT Disposal Agreement, the Target Company is held as to 100% by the Company. After completion of the CSPT Disposal, the CSPT Purchaser shall be interested in the entire issued share capital of the Target Company and the Company shall cease to have any interests in the Target Company.

The Hong Kong Subsidiary is currently holding the Property located at No. 2, Lincoln Road, Kowloon, Hong Kong. The Property is a house with gross floor area of approximately 6,702 sq. ft. and saleable area of approximately 6,659 sq. ft. The Property comprises a 3-storey garden house with a swimming pool on ground floor with internal staircase and a lift. The Property is currently used for domestic purpose and is currently subject to a tenancy agreement with monthly rental of HK$450,000.

Based on the land search record, the Property was acquired by the Hong Kong Subsidiary in 2010 with a consideration of HK$160,000,000.

Set below is the audited financial information of the Hong Kong Subsidiary:

	For the year ended 31 December 2014 *HK$'000*	For the year ended 31 December 2015 *HK$'000*
Profit before taxation	1,363	41,016
Profit after taxation	1,363	41,016
Net asset value	162,911	203,927

Set below is the audited financial information of the Target Company:

	For the year ended 31 December 2014 *HK$'000*	For the year ended 31 December 2015 *HK$'000*
Loss before taxation	11	303
Loss after taxation	11	303
Net deficits	10	313

Set below is the audited consolidated financial information of the Target Group:

	For the year ended 31 December 2014 *HK$'000*	For the year ended 31 December 2015 *HK$'000*
Profit (Loss) before taxation	(11)	5,892
Profit (Loss) after taxation	(11)	5,892
Net asset value (Net deficits)	(10)	5,882

The Target Group did not record any revenue for the years ended 31 December 2014. The Target Group recorded revenue of approximately HK$450,000 for the year ended 31 December 2015 and the profits of the Target Group for the years ended 31 December 2014 and 2015 were mainly due to revaluation gain on the fair value of the Property.

The losses of the Target Company for the year ended 31 December 2014 and 31 December 2015 were mainly due to the administrative costs and expenses.

The consolidated net asset of the Target Group, as of 28 February 2017, amounts to approximately HK$39 million.

REASONS FOR THE CSPT DISPOSAL AND USE OF PROCEEDS

Reference is made to the announcement of the Company dated 4 March 2016 in relation to, among others, the acquisition of the Target Company.

While the Group has only acquired the Target Company for a relatively short span of time, it is noted that the property market in Hong Kong has become uncertain since completion of the acquisition. On 4 November 2016, the Hong Kong government announced that the Stamp Duty Ordinance would be amended to increase the ad valorem stamp rates for residential property transactions to a flat rate of 15%. Such recent policy change creates uncertainty on the future prospects of property market in Hong Kong. The Company has made reference to the recent nearby market transactions throughout 2016, together with the market sentiment after Hong Kong government announced that the Stamp Duty Ordinance would be amended to increase the ad valorem stamp duty rate for residential property transactions to a flat rate of 15%, in order to obtain best available terms for the CSPT Disposal.

Other than CSPT, there were no other potential purchasers approached by/negotiated with the Company. The Company considers CSPT Purchaser as suitable purchaser as (i) agency fee can be reduced since the CSPT Purchaser is a connected person; and (ii) the consideration was considered as favourable by the Directors.

The Company considers that the CSPT Disposal is an opportunity for the Company to realize its investment in the Target Group and to reallocate its resources for its business development.

After deducting expenses relating to the CSPT Disposal, there will be net proceeds of approximately HK$226,400,000 from the CSPT Disposal and the Company intends to utilize the net proceeds towards brokerage and related services of the Group and payment of the Special Dividend.

G. IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

The Subscription Shares will be issued and allotted under the Specific Mandate to be sought at the SGM. As the Subscription Agreement is inter-conditional upon the Sale and Purchase Agreements, the Selling Shareholders, the Offeror, Brilliant Decent and their respective associates and parties acting in concert with any of them are deemed to have a material interest in the Subscription Agreement and the transactions contemplated thereunder and are required to abstain from voting in respect of the relevant resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the SGM.

The Distribution is subject to, among others, the approval of the Independent Shareholders at the SGM. As the Sale and Purchase Completion and the Subscription Completion is conditional upon, among others, completion of the Distribution, the Selling Shareholders, the Offeror and Brilliant Decent and their respective associates and parties acting in concert with any of them are deemed to have an interest in the Distribution and the transactions contemplated thereunder and are required to abstain from voting in respect of the relevant resolution(s) to approve the Distribution and the transactions contemplated thereunder at the SGM.

The declaration and payment of the Special Dividend shall be subject to, among others, the Shareholders' approval in general meeting. As the Sale and Purchase Completion and the Subscription Completion is conditional upon, among others, completion of the payment of the Special Dividend, the Selling Shareholders, the Offeror and Brilliant Decent and their respective associates and parties acting in concert with any of them are deemed to have an interest in the Special Dividend and the transactions contemplated thereunder and are required to abstain from voting in respect of the relevant resolution(s) to approve the Special Dividend and the transactions contemplated thereunder at the SGM. The Company has obtained a duly signed written consent by the Offeror for the declaration and payment of the Special Dividend.

As CSPT is a substantial shareholder of the Company, the CSPT Disposal constitutes a discloseable and connected transaction on the part of the Company as announced on 28 November 2016. As CSPT is a substantial shareholder of the Company, the CSPT Disposal and the proposed amendment of CSPT Disposal terms under the CSPT Supplemental Agreement will constitute a special deal under Rule 25 of the Takeovers Code and shall be subject to among other, Independent Shareholders' approval in general meeting. As the Sale and Purchase Completion and the Subscription Completion is conditional upon, among others, completion of the CSPT Disposal, CSPT, the Selling Shareholders, the Offeror, Brilliant Decent and their respective associates and parties acting in concert with any of them are deemed to have an interest in the CSPT Disposal and the CSPT Supplemental Agreement and the transactions contemplated thereunder and are required to abstain from voting in respect of the relevant resolution(s) to approve the CSPT Disposal and the CSPT Supplemental Agreement and the transactions contemplated thereunder at the SGM. The Company has obtained a duly signed written consent by the Offeror for the CSPT Supplemental Agreement.

As at the Latest Practicable Date, Mr. Wang Haixiong, being the chief executive officer and executive director of the Company, (i) held 460,000,000 CSPT Shares, representing approximately 5.13% of the issued share capital of CSPT; and (ii) was an executive director of CSPT in the past twelve months preceding the date of the announcement of the Company on 28 November 2016. In light of such conflict of interests, Mr. Wang Haixiong has abstained from voting at the relevant board resolutions of the Company approving the CSPT Disposal Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Mr. Wang Haixiong does not hold any Share in the Company.

To the best of the Directors' knowledge, information and belief, CSPT and its associates do not have a material interest which is different from the other Shareholders in the Subscription Agreement and the transactions contemplated thereunder and are not required to abstain from voting in respect of the Subscription Agreement under the Listing Rules

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (assuming no other changes to the issued share capital of the Company) (i) as at the Latest Practicable Date; and (ii) immediately upon the Sale and Purchase Completion and the Subscription Completion:

	(i) As at the Latest Practicable Date		(ii) Immediately upon Sale and Purchase Completion and Subscription Completion	
		Approximately		*Approximately*
	Number of Shares held	*% of Shares in issue*	*Number of Shares held*	*% of Shares in issue*
Mr. Lam	2,527,200,000	14.02%	–	–
Ms. Ai Qing	1,160,000,000	6.44%	260,000,000	0.57%
CSPT	2,749,935,829	15.26%	2,749,935,829	6.12%
Offeror	–	–	27,527,200,000	61.21%
Brilliant Decent	–	–	2,850,000,000	6.34%
Subtotal of the Offeror and parties acting in concert with it	–	–	30,377,200,000	67.55%
Other Shareholders	11,582,678,900	64.28%	11,582,678,900	25.76%
Total	18,019,814,729	100.00	44,969,814,729	100.00

The following table sets out the shareholding structure of the Company (assuming full exercise of the Options and no other changes to the issued share capital of the Company) (i) as at the Latest Practicable Date; and (ii) immediately upon the Sale and Purchase Completion and the Subscription Completion:

	(i) As at the Latest Practicable Date and assuming full exercise of the Options		(ii) Immediately upon Sale and Purchase Completion and Subscription Completion	
		Approximately		*Approximately*
	Number of Shares held	*% of Shares in issue*	*Number of Shares held*	*% of Shares in issue*
Mr. Lam	2,527,200,000	13.42%	–	–
Ms. Ai Qing	1,160,000,000	6.16%	260,000,000	0.57%
CSPT	2,749,935,829	14.61%	2,749,935,829	6.00%
Offeror	–	–	27,527,200,000	60.13%
Brilliant Decent	–	–	2,850,000,000	6..23%
Subtotal of the Offeror and parties acting in concert with it	–	–	30,377,200,000	66..36%
Other Shareholders	12,391,621,900	65.81%	12,391,621,900	27.07%
Total	18,828,757,729	100.00	45,778,757,729	100.00

H. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER FOR SHARES

As at the Latest Practicable Date, the Offeror and parties acting in concert with it (including Brilliant Decent) do not hold any Shares in the share capital or voting rights of the Company. Assuming no other changes to the issued share capital of the Company from Latest Practicable Date, the Offeror and parties acting in concert with it (including Brilliant Decent) will be interested in a total of 30,377,200,000 Shares immediately after the Sale and Purchase Completion and the Subscription Completion, representing approximately 66.36% of the enlarged issued share capital of the Company by the allotment and issue of the Subscription Shares.

As such, the Offeror will be required to make an unconditional mandatory cash offer for all the issued Shares, the outstanding Options (other than those already owned or agreed to be acquired and subscribed by the Offeror and parties acting in concert with it (including Brilliant Decent)) pursuant to Rule 26.1 of the Takeovers Code.

As at the Latest Practicable Date, the Company has 18,019,814,729 ordinary Shares of par value of HK$0.01 each in issue and 808,943,000 outstanding Options. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Principal terms of the Offers

Subject to and upon the Sale and Purchase Completion and the Subscription Completion, Platinum, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offers to acquire all the Offer Shares and outstanding Options on the terms to be set out in the Offer Document to be issued in accordance with the Takeovers Code on the following basis:

The Share Offer

For every Offer Share held. . . . . .HK$0.06 in cash

The Option Offer

For cancellation of each Option with an exercise price of:

Date of grant	Exercise price per Option (HK$)	Number of new Shares to be issued upon exercise of Options by Optionholders	Offer price per Option (HK$)
18 September 2015 and 12 October 2015 respectively	0.234 and 0.231 respectively	808,943,000	0.001

As at the Latest Practicable Date, the Company has 808,943,000 outstanding Options as disclosed above. The Option Offer to cancel each Option will be calculated on a see-through basis pursuant to Rule 13.5 and Practice Note 6 of the Takeovers Code, so that each Optionholder will be entitled to receive a price for his/her Options being the amount by which the consideration for the Share Offer exceeds the exercise price of his/her Options with details as set out above.

Save for the outstanding Options, the Company does not have any outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The Offers will only be made if the Sale and Purchase Completion and the Subscription Completion take place, and the Sale and Purchase Completion is conditional upon the fulfillment or waiver (where applicable) of certain conditions under the Sale and Purchase Agreements and the Subscription Completion is conditional upon the fulfillment or waiver (where applicable) of certain conditions under the Subscription Agreement. Accordingly, the Offers may or may not proceed. The Shareholders and potential investors are therefore urged to exercise caution when dealing in the securities of the Company.

The Share Offer Price is the same as the purchase price per Sale Share under the Sale and Purchase Agreements which was arrived at after arm's length negotiations between the Offeror and the Selling Shareholders.

Total value of the Offers

As at the Latest Practicable Date, there are 18,019,814,729 Shares in issue. Assuming that there is no change in the issued share capital of the Company and none of the outstanding Options is exercised prior to the making of the Offers and on the basis of the Offer Price at HK$0.06 per Share, the entire issued share capital of the Company is valued at HK$1,081,188,884.

Assuming that all the 808,943,000 outstanding Options are fully exercised prior to the making of the Offers, there will be 18,828,757,729 Shares in issue and, on the basis of the Offer Price at HK$0.06 per Share, the entire issued share capital of the Company is valued at HK$1,129,725,464.

On the basis the Offeror and parties acting in concert with it (including Brilliant Decent) will own approximately 30,377,200,000 Shares immediately after the Sale and Purchase Completion and the Subscription Completion, the total consideration of the Offers would be approximately HK$864,763,182, (1) as to approximately HK$863,954,239 under the Share Offer based on the Share Offer Price and (2) as to approximately HK$808,943 under the Option Offer based on the Option Offer Price, which will be the maximum amount payable by the Offeror under the Offers in the event that the Offers are accepted in full.

The Share Offer will extend to all Shares in issue other than those Shares held by the Offeror and persons acting in concert with it on the date on which the Share Offer is made, being the date of despatch of the Offer Document.

Comparison of value

The Share Offer Price of HK$0.06 represents:

- a discount of approximately 80.95% to the closing price of the Shares of HK$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 80.65% to the average closing price of the Shares of approximately HK$0.31 per Share for the last 5 consecutive Trading Days up to and including the Last Trading Day;
- a discount of approximately 82.61% to the closing price of the Shares of HK$0.345 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a discount of approximately 25% to the audited net asset value attributable to equity holders as at 31 March 2016 of approximately HK$0.080 per Share based on 17,823,159,729 Shares in issue as at the Latest Practicable Date; and
- a premium of approximately two times to the Adjusted NTAV per Share on the assumption of completion of the Reorganisation

Highest and lowest Share price

During the six-month period preceding the date of the MOU Announcement and the period up to and including the Latest Practicable Date:

(i) the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.380 on 6 March 2017; and

(ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.152 on 9 November 2016.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable under the Offers and the consideration under the Sale and Purchase Agreement I and the Subscription Agreement from banking facilities up to HK$2.2 billion granted by China Minsheng Banking Corp., Ltd., Hong Kong Branch. Brilliant Decent intends to finance the consideration under the Sale and Purchase Agreement II and the Subscription Agreement from its internal financial resources. Platinum, as the financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offers and the consideration payable upon the Sale and Purchase Completion and the Subscription Completion. Platinum is satisfied that sufficient resources are available to Brilliant Decent, the party acting in concert with the Offeror, to satisfy the consideration payable upon the Sale and Purchase Completion and the Subscription Completion.

Effect of accepting the Offers

By validly accepting the Share Offer, Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid (but excluding the Special Dividend and the Distribution) by reference to a record date on or after the date on which the Share Offer is made, that is, the date of posting of the offer document by or on behalf of the Offeror in respect of the Offers.

By validly accepting the Option Offer, Optionholders will agree to the cancellation of their tendered Options and all rights attached thereto with effect from the date on which the Option Offer is made, that is, the date of posting of the offer document by or on behalf of the Offeror in respect of the Offers.

Optionholders should note that under the rules of the Share Option Scheme, all Options that remain unexercised will lapse automatically and not be exercisable (to the extent not already exercised) upon the close of the Offers.

Acceptance of the Offers shall be irrevocable and shall not be capable of being withdrawn, subject to the Takeovers Code.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptances of the Share Offer at a rate of 0.1% (or part thereof) of the consideration payable in respect of the relevant acceptance by the Shareholders or if higher, the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Option Offer.

Payment

Payment in cash in respect of acceptance of the Offers will be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) after the date on which the duly completed acceptance of the Offers and the relevant documents of title in respect of such acceptance are received by or for the Offeror.

Dealing and interests in the Company's securities

The Offeror and parties acting in concert with it (including Brilliant Decent) have not dealt in the Shares (if applicable, convertible securities, options, warrants or derivatives of the Company) during the six-month period preceding the date of the MOU Announcement and the period up to and including the Latest Practicable Date save for the MOU, the Sale and Purchase Agreements and the Subscription Agreement to which the Offeror or a party acting in concert with it is a party.

Overseas Shareholders

The Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibilities of the Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Share Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Other arrangements

The Offeror confirms that, save as disclosed in this Circular, as at the Latest Practicable Date:

(i) the Offeror, its ultimate beneficial owners, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offers;

(ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and/or any person acting in concert with any of them;

(iii) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Sale and Purchase Agreements, the Distribution, the Special Dividend, the Subscription Agreement and the Share Offer and the Option Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);

(iv) none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

(v) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Sale and Purchase Agreements, the Subscription Agreement, the Distribution, the Special Dividend and the Share Offer and the Option Offer; and

(vi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any person acting in concert with any of them has borrowed or lent.

Shareholders and Optionholders are reminded to read the recommendations of the Independent Board Committee and the advice of Optima Capital in respect of the Offers that will be included in the Offer Document before deciding whether or not to accept the Offers.

Save for the consideration to be paid to Mr. Lam and Ms. Ai upon the Sale and Purchase Completion, each of the Offeror, CMBCI, China Huarong, Brilliant Decent and their concert parties have not and will not pay any consideration to Mr. Lam and/or Ms. Ai and their concert parties in connection with the Sale and Purchase Agreements or otherwise

Offeror's intention on the Remaining Group

Upon completion of the Reorganisation, the Remaining Group comprises the Company, Skyway Securities Investment Limited, Skyway Futures Limited and Skyway Asset Management Limited, which are licensed to engage in Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities (as applicable) under the SFO.

As informed by the Offeror, the Offeror intends to continue the principal business of the Remaining Group, being those operated under Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), and Type 9 (asset management) licences issued under the SFO. The Offeror aims to enhance the Company's profitability by offering a one-stop investment banking solution encompassing cross-border and innovative financial products and services. In addition, the Offeror intends to optimise the value of the Remaining Group, which may include, but not limited to, exploring new business opportunities in the field of brokerage, investment banking, margin financing and asset management, relying on the strong reputation, expertise and capability of China Minsheng and CMBCI. To highlight, the initial business plans contemplated by CMBCI on the Remaining Group are as follows:

1. To expand the business scale of the Company through enhancing the capital base, broadening product offerings, and expanding the business teams by leveraging on China Minsheng's expertise and resources.

2. To expand its international network of branches. The Company will be an important platform for the international business development of CMBCI. It is CMBCI's plan for the Company to steadily develop internationally in Southeast Asia, North America and the EU, with the Company as the core and Hong Kong as the base, to better serve the internationalised business development of its own, and that of China Minsheng's customers. The Company will be playing an important role in the China Minsheng's sustainable development and receive comprehensive support from China Minsheng.

3. To enhance the fundraising ability of the Company, and to improve the current low registered capital of the Company, to provide strong financial support for its overall business development. The Offeror intends the Company to utilise its listing status to raise funds in the future. Furthermore, with the new parentage of CMBCI and China Minsheng, the Company would be able to obtain more credit facilities to support its businesses.

4. To build an effective business collaboration and referral mechanism for business opportunities in mainland China and Hong Kong. The Offeror intends to make and implement achievable plans to open up the collaboration of mainland China and Hong Kong business opportunities arising from customers of China Minsheng Bank Group for the Company.

5. To improve and upgrade the existing securities service system and support the provision of new securities services and products for the Company. The Offeror expects the Group to serve a larger and more complex customer base and intends for the Company to improve its existing securities service system. China Minsheng will utilise its strong information technology and data service system to support the transformation and upgrading of related systems of the Company.

6. To promote the integration of the Company into the comprehensive and global financial service system of China Minsheng and CMBCI. China Minsheng has established a diversified financial service system in mainland China, including businesses in leasing, asset management and fund management, etc. CMBCI will actively participate in the diversified development of China Minsheng Bank Group through the Company, in particular, CMBCI will actively support the Company in providing services and/or participate in the merger and acquisition of overseas financial businesses.

7. To further improve the risk management capabilities of the Company by leveraging on China Minsheng's risk management expertise and experience. CMBCI, adhering to China Minsheng's stringent, efficient and pragmatic risk management philosophy, will provide guidance to the Company to operate all types of investment banking business in accordance with the principals of legal and compliance perseverance, prudent management, controllability risk and commercial sustainability. China Minsheng will share its database and research resources with the Company to enrich the market risk management concept, expand management tools and enhance the management quality.

8. To enhance the Company's brand and reputation. China Minsheng has a very high brand recognition in the world. Chine Minsheng is one of the Top 500 Banking Brands 2016 released by The Banker magazine, China Minsheng was ranked at No. 22 with a brand value of US$8.4 billion. Upon completion of the Offers, China Minsheng will spare no effort in building the brand and reputation of the Company. Leveraging China Minsheng's global reputation and brand, CMBCI will vigorously promote the Company's reputation, and strengthen its domestic and overseas publicity, to attract more business opportunities.

China Minsheng is principally engaged in commercial and retail banking business providing corporate and personal banking, treasury business, finance leasing, asset management and other financial services but holds any regulated activities ("RA") 1 and 4 licenses through its Hong Kong Branch. Neither the Company nor its subsidiaries are licensed to carry out commercial banking activities and hence China Minsheng does not compete with the Company in respect of commercial banking activities. The Offeror expects immaterial competition from China Minsheng Hong Kong Branch, and even if there is competition it will be normal market competition and does not affect the interest of the shareholders of the Company as a whole, as (i) the Company will be the principal platform for China Minsheng to conduct securities and investment banking businesses in Hong Kong; (ii) the principal business of China Minsheng Hong Kong Branch is commercial banking; (iii) the management of China Minsheng Hong Kong Branch won't be involved in the management of the Company or its subsidiaries following the Sale and Purchase Completion and the Subscription Completion, nor is it involved in the management of CMBCI and the Offeror; (iv) the Company will have an independent and separate team conducting its RA1 and 4 activities; and (v) China Minsheng Hong Kong Branch has no securities brokerage, futures or asset management businesses.

CMBCI has two existing licensed subsidiaries including CMBC International Securities Limited ("**CMBCIS**"), who is licensed to carry out RA1 and RA4 activities and is principally involved in providing securities brokerage services, extension of margin financing, and the underwriting of securities offerings, and CMBC International Capital Limited ("**CMBCIC**") who is licensed to carry out RA1 and RA6 activities and is principally involved in the provision of corporate finance advisory services, respectively. The Offeror does not expect the Company to have any competition with CMBCI as (i) CMBCIS is not an Exchange Participant and it will only service members of the China Minsheng group following the Sale and Purchase Completion and the Subscription Completion, and not to any third parties (including clients and customers of the China Minsheng group); (ii) CMBCIS and the Company will have independent and separate teams carrying out their respective RA1 and 4 activities; (iii) CMBCI has no plan to carry out RA2 and RA9 activities; and (iv) the Company is not licensed to carry out RA6 activities.

It is expected that there will not be any undue reliance between the Company and China Minsheng upon completion of the Subscription. Although it is viewed that China Minsheng as an important conduit in referring customers, the Company has its own clients and will be actively marketing its products and services seeking for new clients. In addition, as the Company and China Minsheng basically have different scope of business in the sense of that the Company was principally engaged in non-commercial banking business whereas the China Minsheng mainly focused on commercial banking business. The Company and China Minsheng will be under separate management team and the Company will be built as the only overseas business platform of China Minsheng strives to be a comprehensive investment bank with a leading position in the Greater China region.

Proposed change of Board composition

The Offeror intends to join the board of directors of the Company and such appointment will not take effect earlier than posting of the Offer Document or such other date as permitted under the Takeovers Code. It is also intended that all existing Directors will resign from the Board with effect from the earliest date as permitted under the Takeovers Code or other applicable laws (whichever is later).

Maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Offers.

In the event that after the close of the Offers, the public float of the Company falls below 25%, the new Directors who will be nominated by the Offeror and to be appointed as Directors and the then director(s) of the Company will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offers to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon closing of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

I. INFORMATION ON THE GROUP

The Company is a company incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the investment holdings, provision of brokerage, securities margin financing and related services, securities investment and real estate.

The following table is a summary of certain financial information of the Group for the two financial years ended 31 March 2015 and 31 March 2016.

	Year ended 31 March	
	2015	**2016**
	HK$ million	*HK$ million*
	(audited)	*(audited)*
Revenue	301	57
Gross profit	32	47
Profit/(Loss) before tax	551	(1,931)

J. INFORMATION ON THE OFFEROR AND BRILLIANT DECENT

Information on the Offeror and its holding companies

The Offeror is a BVI Business Company incorporated in the British Virgin Islands, which is a direct wholly-owned subsidiary of CMBC International Investment (HK) Limited, which is in turn a direct wholly-owned subsidiary of CMBCI. Both the Offeror and CMBC International Investment (HK) Limited are established for the purpose of engaging in principal investments of CMBCI.

CMBCI is a direct wholly-owned subsidiary of China Minsheng and was established on 11 February 2015 in Hong Kong with the approval of China Banking Regulatory Commission. It has a registered capital of HK$2 billion and is principally engaged in investment banking. As a holding company, CMBCI intends to apply for and obtain relevant business licenses from the regulatory authorities in Hong Kong through the subsidiaries established by it.

China Minsheng and its subsidiaries mainly provide corporate and personal banking, treasury business, finance leasing, asset management and other financial services in the PRC. China Minsheng is China's first national joint-stock commercial bank initiated and funded mainly by non-state-owned enterprises. As of the end of September 2016, it has grown into a large-scale commercial bank with more than RMB5.6 trillion of total assets and close to 60,000 employees. In the Top 1000 World Banks ranking released by The Banker magazine in July 2016, China Minsheng Bank was ranked No. 33 China Minsheng Bank was ranked No. 221 in the Global 500 list published by Fortune magazine in July 2016. Meanwhile, the investment banking business of China Minsheng Bank Group has been widely recognized in China and the brand influence continues to improve. In the past year, it won two awards "China Top 10 Investment Banks 2016" and "China Best Cross-border Financing Bank 2016".

China Minsheng has a extensive branch network in China. As of the end of June 2016, China Minsheng Bank had in total 42 branches in 41 cities, 1,083 sub-branches and outlets and 2,886 institutions nationwide (including head office, provincial branches and provincial branch business departments (excluding Hong Kong), secondary branches, cross district sub-branches, county sub-branches, same city sub-branches, small micro-franchise sub-branches, community outlets etc.).

China Minsheng also has a strong high quality customer base. As of the end of Jun 2016, China Minsheng had 761,100 local corporate deposit customers, 27.9853 million individual customers with positive bank balances and 15,517 private banking customers, a large number of which have diversified needs for global asset allocation and investment banking services.

Information on China Huarong, Brilliant Decent and its group

Brilliant Decent is a BVI Business Company incorporated in the British Virgin Islands, which is a direct wholly-owned subsidiary of China Huarong. Brilliant Decent is an investment holding company. China Huarong Asset Management Co., Limited, a company whose shares are listed on the Stock Exchange (stock code: 2799), indirectly owns 51% of the shares of China Huarong.

The principal business segments of China Huarong Asset Management Co., Limited and its subsidiaries are (i) distressed asset management, (ii) financial services, and (iii) asset management and investment. China Huarong Asset Management Co., Limited is a PRC state-owned non-banking financial institution, and the Ministry of Finance of the PRC is the controlling shareholder (as defined in the Listing Rules) of China Huarong Asset Management Co., Limited. The Ministry of Finance of the PRC was established in October 1949 as a department under the State Council responsible for the administration of revenue and expenditure and taxation policies of the PRC.

K. GENERAL

SGM

The SGM will be held for the purpose of considering and, if thought fit, approving the Resolutions by way of poll at the SGM. The Selling Shareholders, the Offeror, China Huarong, their respective associates and parties acting in concert with them will abstain from voting on the Resolutions at the SGM.

As at the Latest Practicable Date, the Selling Shareholders hold an aggregate of 3,687,200,000 Shares, representing approximately 20.46% of the existing issued Shares of the Company.

Save for the interests in the Sale and Purchase Agreements and the Subscription Agreement, none of the Offeror, Brilliant Decent and parties acting in concert with them held any Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, CSPT together with its subsidiaries hold 2,749,935,829 Shares, representing approximately 15.26%of the issued share capital of the Company and CSPT and its subsidiaries will abstain from voting at the SGM regarding the CSPT Disposal and the CSPT Supplemental Agreement.

The register of members of the Company will be closed from 25 April 2017 to 28 April 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of Shareholders who are entitled to attend and vote at the SGM, all Share transfers accompanied by the relevant Share certificates must be lodged with 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 not later than 4:30 p.m. on 24 April 2017.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee comprising all the independent non-executive Directors has been formed to make a recommendation to (i) the Independent Shareholders in respect of the Subscription Agreement, the Distribution, the Special Dividend, the CSPT Disposal and the CSPT Supplemental Agreement; and (ii) the Independent Shareholders in respect of whether the Offers are fair and reasonable for acceptance or not.

Optima Capital have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Subscription Agreement and transactions contemplated thereunder, the Disposal, the Distribution, the CSPT Disposal (as a special deal under Note 4 to Rule 25 of the Takeovers Code) and the CSPT Supplemental Agreement (as a special deal under Note 4 to Rule 25 of the Takeovers Code); and (ii) the Offers. The advice of Optima Capital and the recommendation of the Independent Board Committee in respect of the Subscription Agreement and transactions contemplated thereunder, the Distribution, the CSPT Disposal and the CSPT Supplemental Agreement has been included in the Circular.

Waiver of Rule 8.2 of the Takeovers Code

In accordance with Rule 8.2 of the Takeovers Code, the Offer Document is required to be posted by or on behalf of the Offeror within 21 days of the date of the Joint Announcement. However, as the making of the Offers is subject to pre-conditions, including, among other things, that as to Sale and Purchase Completion and Subscription Completion, which cannot be satisfied within 21 days of the date of the Joint Announcement due to the time required for, among other things, (i) the despatch of the Circular; (ii) the requisite notice period under the constitutional documents of the Company for convening the SGM which may only start after the Circular is dispatched; and (iii) the application for change of substantial shareholders of Skyway Securities Investment Limited, Skyway Asset Management Limited and Skyway Futures Limited, having been approved by the SFC, an application has been made by the Offeror for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Offer Document within seven (7) days of the fulfillment of the pre-conditions to the Offers (i.e. the Sale and Purchase Completion and the Subscription Completion) or 7 July 2017, whichever is earlier.

The Executive has granted consent for such extension.

Dealing disclosure

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and of the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

WARNING: THE OFFERS ARE A POSSIBILITY ONLY. AS THE OFFERS WILL ONLY BE MADE, AMONG OTHERS, AFTER THE SALE AND PURCHASE COMPLETION, THE SUBSCRIPTION COMPLETION AND THE COMPLETION OF THE REORGANISATION, WHICH ARE SUBJECT TO A NUMBER OF CONDITIONS, THE OFFERS MAY OR MAY NOT PROCEED. SHAREHOLDERS AND OPTIONHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

THE REORGANISATION (EXCEPT FOR THE CSPT DISPOSAL AND THE AFS DISPOSALS) IS CONDITIONAL UPON, AMONG OTHERS, ALL THE CONDITIONS PRECEDENT OF THE SALE AND PURCHASE AGREEMENTS AND THE SUBSCRIPTION AGREEMENT (OTHER THAN THE CONDITION THAT THE COMPLETION OF THE REORGANISATION IN COMPLIANCE WITH THE RELEVANT LAWS, RULES AND REGULATIONS AND IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE SALE AND PURCHASE AGREEMENTS AND THE SUBSCRIPTION AGREEMENT) HAVING BECOME FULFILLED OR WAIVED. AS SUCH, THE REORGANISATION (EXCEPT FOR THE CSPT DISPOSAL AND THE AFS DISPOSALS) MAY OR MAY NOT PROCEED.

THE CSPT DISPOSAL IS CONDITIONAL UPON, AMONG OTHERS, THE CONSENT OF THE EXECUTIVE AND THE OTHER CONDITIONS PRECEDENT OF THE CSPT DISPOSAL AGREEMENT HAVING BECOME FULFILLED OR WAIVED. AS SUCH, THE CSPT DISPOSAL MAY OR MAY NOT PROCEED.

RECOMMENDATIONS

The Directors consider the Subscription Agreement and transactions contemplated thereunder, the Distribution, the Special Dividend, the CSPT Disposal (as a discloseable and connected transaction under chapter 14 and 14A of the Listing Rules and as a special deal under Note 4 to Rule 25 of the Takeovers Code), and the CSPT Supplemental Agreement (as a special deal under Note 4 to Rule 25 of the Takeovers Code) are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the proposed resolutions as set out in the notice of SGM.

By order of the Board
Skyway Securities Group Limited
Lin Yuehe
Chairlady

天順證券集團有限公司*
SKYWAY SECURITIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1141)

10 April 2017

To the Independent Shareholders

Dear Sir or Madam,

(1) CONDITIONAL AGREEMENT IN RELATION TO THE SUBSCRIPTION OF NEW SHARES OF SKYWAY SECURITIES GROUP LIMITED
(2) DISTRIBUTION IN SPECIE RELATING TO THE INVESTMENT IN LISTED SECURITIES BY SKYWAY SECURITIES GROUP LIMITED
(3) SPECIAL CASH DIVIDEND
(4) DISCLOSEABLE AND CONNECTED TRANSACTION AND SPECIAL DEAL: THE CSPT DISPOSAL
(5) SPECIFIC MANDATE IN RELATION TO THE PROPOSED SUBSCRIPTION OF NEW SHARES IN SKYWAY SECURITIES GROUP LIMITED BY CMBC INTERNATIONAL INVESTMENT LIMITED AND BRILLIANT DECENT LIMITED

We refer to the circular of the Company dated 10 April 2017 (the "**Circular**") of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and transactions contemplated thereunder, the Distribution, the CSPT Disposal (as a discloseable and connected transaction under Chapters 14 and 14A of the Listing Rules and as a special deal under Note 4 to Rule 25 of the Takeovers Code) and the CSPT Supplemental Agreement (as a special deal under Note 4 to Rule 25 of the Takeovers Code) are fair and reasonable so far as the Independent Shareholders are concerned. Optima Capital has been appointed as the Independent Financial Adviser to advise us in this respect.

* *For identification purposes only*

Having considered the principal reasons and factors considered by, and the advice of, Optima Capital as set out in its letter of advice to us on pages 66 to 119 of the Circular, we are of the opinion that the Subscription Agreement and transactions contemplated thereunder, the Distribution, the CSPT Disposal (as a discloseable and connected transaction under Chapters 14 and 14A of the Listing Rules and as a special deal under Note 4 to Rule 25 of the Takeovers Code) and the CSPT Supplemental Agreement (as a special deal under Note 4 to Rule 25 of the Takeovers Code) are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Subscription Agreement and transactions contemplated thereunder, the Distribution, the CSPT Disposal (as a discloseable and connected transaction under Chapters 14 and 14A of the Listing Rules and as a special deal under Note 4 to Rule 25 of the Takeovers Code) and the CSPT Supplemental Agreement (as a special deal under Note 4 to Rule 25 of the Takeovers Code).

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. Chan Kwan Pak	**Mr. Siu Gee Tai**	**Mr. Siu Siu Ling Robert**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in the Circular.

OPTIMA CAPITAL

Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

10 April 2017

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

(1) DISTRIBUTION IN SPECIE RELATING TO THE INVESTMENT IN LISTED SECURITIES BY SKYWAY SECURITIES GROUP LIMITED; (2) DISCLOSEABLE AND CONNECTED TRANSACTION AND SPECIAL DEAL: THE CSPT DISPOSAL; AND (3) CONDITIONAL AGREEMENT IN RELATION TO THE SUBSCRIPTION OF NEW SHARES OF SKYWAY SECURITIES GROUP LIMITED

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Distribution, the CSPT Disposal and the CSPT Supplemental Agreement, the Subscription and the respective transactions contemplated thereunder (the "**Transactions**"), which is part and parcel to the entire proposal which further includes the sale and purchase of the Sale Shares under the Sale and Purchase Agreements (the "**Share Sale**") and the Offers that follow (the "**Proposal**"). Details of the Transactions are contained in the circular of the Company dated 10 April 2017 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 7 March 2017, the Offeror and Brilliant Decent entered into the Sale and Purchase Agreements to acquire approximately 19.0% of the issued share capital of the Company as at the Latest Practicable Date from the Selling Shareholders for a consideration of approximately HK$205.6 million (HK$0.06 per Sale Share). The Offeror and Brilliant Decent also agreed on the same date to subscribe for a total of 26,950,000,000 new Shares to be allotted and issued by the Company at the Subscription Price of HK$0.032 per Subscription Share. The Sale and Purchase Completion is conditional on the Subscription Completion.

The Subscription Completion is conditional on, among others, completion of the Reorganisation, which involves the Distribution, the Special Dividend, the CSPT Disposal, the AFS Disposals, and other reorganisation steps and transactions contemplated thereunder. Upon Sale and Purchase Completion and Subscription Completion, the Offeror and Brilliant Decent will be interested in a total of 67.6% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming no change to the issued share capital of the Company from the Latest Practicable Date other than the issue of the Subscription Shares) and will therefore make the Offers under Rule 26.1 of the Takeovers Code.

The Transactions are subject to the Independent Shareholders' approval by way of poll at the SGM. The Selling Shareholders, the Offeror, Brilliant Decent, their respective associates and parties acting in concert with the Offeror will abstain from voting on the relevant resolutions regarding the Transactions which will be taken by way of poll at the SGM. CSPT will also abstain from voting on the relevant resolutions in respect of the CSPT Disposal and the CSPT Supplemental Agreement and the transactions contemplated thereunder.

We are appointed to advise on the fairness and reasonableness of the terms of the Transactions and the voting of (i) the Subscription by reason that the Subscription Completion is a condition precedent to the Sale and Purchase Agreement I, which was entered into between the Offeror and Mr. Lam (being a substantial shareholder and thus a connected person of the Company); and (ii) the CSPT Disposal (including the amendments under the CSPT Supplemental Agreement (the "**CSPT Amendments**")) which constitutes a discloseable and connected transaction under Chapter 14A of the Listing Rules and a special deal under Rule 25 of the Takeovers Code. Notwithstanding that the Distribution does not fall within the ambit of Chapter 14 or 14A of the Listing Rules, it forms part and parcel of the Proposal. Accordingly, we are also appointed to opine on the Distribution so as to allow the Independent Shareholders to make an informed decision as to the voting thereof.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Chan Kwan Pak, Mr. Siu Gee Tai, and Mr. Siu Siu Ling Robert, has been established to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned and whether the Independent Shareholders should be recommended to vote in favour of the Proposal at the SGM. The Independent Board Committee has approved the appointment of Optima Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company, which we have assumed to be true, accurate and complete at the time they were made and up to the Latest Practicable Date. Shareholders will be informed as soon as reasonably practicable after we become aware of any material change to the above. We have reviewed the published information on the Company, including its annual reports for the three years ended 31 March 2014 ("**FY2014**"), 2015 ("**FY2015**") and 2016 ("**FY2016**"), its interim report for the six months ended 30 September 2016 ("**1H2017**"), the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this Circular, and the property valuation report as set out in Appendix III to this Circular. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information we have received is sufficient for us to reach our opinion and advice as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

We are not associated with the Company, the Offeror, Brilliant Decent, CSPT, any party acting, or presumed to be acting, in concert with any of them, or the Selling Shareholders and, accordingly, are considered eligible to give independent advice on the Transactions. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, Brilliant Decent, CSPT, any party acting, or presumed to be acting, in concert with any of them, or the Selling Shareholders.

PRINCIPAL FACTORS AND REASONS CONSIDERED

The Transactions form part and parcel of the entire Proposal which involves:

(i) **The Share Sale and the Subscription**: the Offeror and Brilliant Decent agreed to acquire approximately 19.0% interest in the Company as at the Latest Practicable Date from the Selling Shareholders on the condition that they can subscribe for an aggregate 26,950,000,000 new Shares, representing approximately 59.9% of the issued share capital of the Company as enlarged by the Subscription Shares;

(ii) **The Reorganisation**: prior to the Sale and Purchase Completion and the Subscription Completion, the Company will conduct the Reorganisation, which involves the Distribution, the Special Dividend, the CSPT Disposal, the AFS Disposals, and other reorganisation steps and transactions contemplated thereunder, with a view to facilitating the Remaining Group's focus on the financial services business including Brokerage Business (defined below), the Asset Management Business (defined below) and the Proprietary Trading Business (defined below) upon Sale and Purchase Completion and Subscription Completion; and

(iii) **The Offers**: upon Sale and Purchase Completion and Subscription Completion, the Offeror and parties acting in concert with it (including Brilliant Decent) will be interested in approximately 67.6% of the issued share capital of the Company (assuming no change to the issued share capital of the Company from the Latest Practicable Date other than the issue of the Subscription Shares) and therefore is required to make the Offers.

In formulating our opinion and recommendation with regard to the Transactions in this letter, we have taken into account the principal factors and reasons set out below.

A. INFORMATION ON THE GROUP

1. Principal business of the Group

The Company is an investment holding company and the Group is principally engaged in the following businesses:

- provision of brokerage services, proprietary trading, securities margin financing, futures and options contracts dealing services to clients (the "**Integrated Brokerage Business**") under Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities) and Type 9 (asset management) licences under the SFO;

- investment in listed equity securities, convertible bonds, interest-bearing notes and available-for-sale ("**AFS**") investments including unlisted equity interests in two private entities (the "**Securities Investment Business**");

- provision of short-term loan financing (the "**Financing Business**"); and

- trading of properties, property investment and letting of properties (the "**Real Estate Business**").

The Group had also been engaged in the supply and procurement in metal minerals, recyclable metal materials and timber logs (the "**Supply and Procurement Business**") until the Group disposed of the relevant subsidiaries in September 2016 in view of the continuous weak demand for building materials from customers in the PRC.

2. Financial performance of the Group

Set out below is a summary of the audited consolidated financial information of the Group for FY2014, FY2015 and FY2016 as extracted from the annual reports of the Company for FY2014 (the "**2014 Annual Report**"), FY2015 (the "**2015 Annual Report**") and FY2016 (the "**2016 Annual Report**"):

HK$' million	FY2016	FY2015	FY2014
Revenue	57.0	300.7	1,369.2
Integrated Brokerage Business	36.0	–	–
Financing Business	17.5	2.9	11.5
Securities Investment Business	3.2	28.8	5.4
Real Estate Business	0.3	–	–
Supply and Procurement Business	–	269.0	1,352.3
Gross profit	47.3	32.0	39.7
Net gains/(losses) on investments at fair value through profit or loss	(1,509.2)	596.4	411.9
Other losses	(378.9)	(3.0)	(2.3)
Other expenses	(80.2)	(39.0)	–
Profit/(loss) and total comprehensive income/(expense) attributable to owners of the Company	(1,874.8)	487.1	417.1

FY2015

As shown above, the Supply and Procurement Business used to be the major revenue contributor of the Group in FY2014 and FY2015, accounting for approximately 98.8% and 89.5% of the total revenue of the Group for FY2014 and FY2015, respectively. However, the performance of the segment has waned with declined transaction volume of metal minerals during FY2015 mainly due to a drop in demand for building materials amid the slow-down in the property sector in the PRC. The segment revenue generated from the Supply and Procurement Business dropped by approximately 80.1% from approximately HK$1,352.3 million in FY2014 to approximately HK$269.0 million in FY2015. The fall in revenue from the Supply and Procurement Business and the Financing Business was slightly cushioned by the boost in revenue contribution from the Securities Investment Business. The revenue from the Securities Investment Business was more than five-folded during FY2015, as a result of an increase in dividend income from the listed equity securities in which the Group had invested. As at 31 March 2015, the securities portfolio included 34 listed equity securities. As a whole, the Group recorded a drop in its total revenue of approximately 78.0% from approximately HK$1,369.2 million in FY2014 to approximately HK$300.7 million in FY2015.

Despite the sharp fall in the Group's total revenue, the Group recorded a net profit of approximately HK$487.1 million in FY2015, representing an increase of approximately 16.8% from FY2014. The improvement was mainly due to the substantial segment profit contributed by the Securities Investment Business as a result of the net gains on investments at fair value through profit or loss during the financial year.

FY2016

The total revenue of the Group dropped further by approximately 81.0% to approximately HK$57.0 million in FY2016 mainly due to absence of transactions recorded for the Supply and Procurement Business during the financial year as a result of the continued slow-down in the property sector in the PRC. The Securities Investment Business also saw a decline of approximately 88.9% in segment revenue in FY2016, primarily due to a decrease in dividend income from the underlying listed equity securities and the reduced portfolio of the listed equity securities investments from 34 as at 31 March 2015 to merely 1 as at 31 March 2016. It is uncertain as to the sustainability of the Securities Investment Business. Nevertheless, the Integrated Brokerage Business, which was acquired by the Group in November 2015, contributed a segment revenue of approximately HK$36.0 million and emerged as the new major revenue contributor of the Group in FY2016 (accounting for approximately 63.2% of the total revenue of the Group in FY2016). Meanwhile, the Financing Business witnessed a significant rise in its segment revenue from approximately HK$2.9 million in FY2015 to approximately HK$17.5 million in FY2016, mainly due to an increase in the number of borrowers and the comparatively large average amount of loans lent to the borrowers. During FY2016, the Group also started to record minimal rental income of approximately HK$0.3 million from the Real Estate Business which involved at that time the holding of a commercial property in North Point as acquired in May 2015, and disposed of by the Group a month later.

The Group retreated from its profit-making position in prior years and recorded net loss attributable to owners of the Company of approximately HK$1,874.8 million in FY2016. The loss was primarily attributable to (i) the significant net losses of approximately HK$1,509.2 million on investments in the listed equity securities and convertible notes held by the Group booked at fair value through profit or loss incidental to the Hong Kong stock market tumble; and (ii) the impairment loss of approximately HK$327.8 million on the AFS investments comprising certain unlisted equity securities made with reference to the latest financial information of the investees available to the Group.

1H2017

Upon disposal of the Supply and Procurement Business in September 2016, results from the Supply and Procurement Business were booked under discontinued operations, whereas the remaining businesses were classified as continuing operations in the unaudited financial results of the Group for 1H2017. Accordingly, the comparative unaudited financial results of the Group for the six months ended 30 September 2015 ("**1H2016**") have been restated to re-present the Supply and Procurement Business as a discontinued operation. Set out below is a summary of the unaudited financial results of the Group for 1H2017 and 1H2016 as extracted from the interim report of the Company for 1H2017 (the "**2017 Interim Report**"):

HK$' million	**1H2017**	**1H2016**
Continuing operations		
Revenue	46.0	20.4
Integrated Brokerage Business	44.9	–
Financing Business	–	16.9
Securities Investment Business	–	3.2
Real Estate Business	1.1	0.3
Net gains/(losses) on investments at fair value through profit or loss	119.7	(459.5)
Other losses	(82.8)	(28.5)
Profit/(loss) for the period	11.5	(442.1)
Discontinued operation		
Loss for the period	(0.3)	(1.2)

The Integrated Brokerage Business had continued to support the Group's overall revenue in 1H2017 and contributed approximately 97.6% of the total revenue of the Group during the period. Despite that no revenue was recorded for the Securities Investment Business and the Financing Business for the period, the revenue contribution solely from the Integrated Brokerage Business in 1H2017 had surpassed the total revenue contributed from the subsisting business segments of the Group in 1H2016 (having excluded the Supply and the Procurement Business, which had been disposed of in September 2016). During the period, the Real Estate Business had also generated revenue to the Group from the rental income in respect of the Property which, however, remained minimal at less than 3% of the total revenue of the Group.

The Group attained positive net profit from the continuing operations in 1H2017 of approximately HK$11.5 million, compared to net loss of approximately HK$442.1 million in 1H2016. The reversal was mainly attributable to the segment profit of approximately HK$260.4 million recorded by the Integrated Brokerage Business, which included commission income from brokerage and margin financing interest (net of relevant operating expenses) of approximately HK$30.5 million and net gains on investment at fair value through profit or loss of approximately HK$229.9 million. The latter was mainly contributed by the fair value gain of the securities held for proprietary trading of Skyway Securities Investment Limited (which was acquired by the Company in November 2015) of approximately HK$226.4 million.

3. Financial position of the Group

Set out below is a summary of the unaudited financial position of the Group as at 30 September 2016 as extracted from the 2017 Interim Report:

	As at 30 September 2016
HK$' million	
Non-current assets	1,460.7
Investment property	403.0
Goodwill	551.4
Contingent consideration	30.0
Intangible assets	123.9
AFS investments	345.7
Other non-current assets	6.7
Current assets	1,366.8
Accounts receivable	598.8
Investments at fair value through profit or loss	573.3
Cash and bank balances – segregated accounts	84.1
Cash and bank balances – house accounts	35.8
Other current assets	74.8
Current liabilities	477.8
Borrowing	246.2
Account payable	126.2
Other current liabilities	105.4
Non-current liabilities	405.2
Promissory notes	25.9
Deferred tax liabilities	58.2
Bank borrowings	173.7
Note payable	147.4
Net asset value ("NAV") of the Company	**1,944.6**

Major assets of the Group

As at 30 September 2016, the total assets of the Group amounted to approximately HK$2,827.5 million, which primarily consisted of (i) the investment property (i.e. the Property) with the fair value of approximately HK$403.0 million; (ii) the non-tangible assets of approximately HK$705.3 million; (iii) the AFS investments of approximately HK$345.7 million; and (iv) the investments at fair value through profit or loss of approximately HK$573.3 million.

The Property is a 3-storey residential garden house located in Hong Kong which was acquired by the Group in July 2016 through the acquisition of Sky Eagle Global Limited (i.e. the Target Company) for a consideration of HK$218 million (detailed discussion of which is set out in the section headed "The CSPT Disposal" below). As at 30 September 2016, the Property was subject to a lease with a monthly rent of HK$450,000.

The non-tangible assets comprised (i) goodwill of approximately HK$551.4 million arising from the acquisitions of Skyway Securities Investment Limited and Skyway Futures Limited (collectively, the "**Brokerage Subsidiaries**") in November 2015 (the "**Brokerage Acquisition**"); (ii) contingent consideration of HK$30.0 million arising from the profit guarantee arrangement pertaining to the aforesaid acquisitions; and (iii) intangible assets of approximately HK$123.9 million arising from the trading rights that confer eligibility for the Group to trade on the Stock Exchange and The Hong Kong Futures Exchange Limited (the "**Trading Rights**"), as well as the customer relationships relating to the Integrated Brokerage Business of the Brokerage Subsidiaries.

The AFS investments refer to the book value of the Group's investments in certain unlisted equity securities as at 30 September 2016, being 13.96% shareholding in Freewill Holdings Limited and 14.16% in Joint Global Limited. On 6 March 2017, the Company announced that the entire AFS investments in Freewill Holdings Limited and Joint Global Limited would be disposed of to Freewill Holdings Limited and Joint Global Limited respectively (i.e. the AFS Disposals). Completion of the AFS Disposals took place on 14 March 2017.

As at 30 September 2016, the Group had investments at fair value through profit or loss mainly in the CSPT Shares and the FW Shares, both of which are companies listed on the Stock Exchange (further details will be discussed in the section headed "The Distribution" below), and the amount of HK$573.3 million was the fair value of the listed equity securities held by the Group determined with reference to the closing prices available on the Stock Exchange.

Major liabilities of the Group

As at 30 September 2016, the Group's total liabilities amounted to approximately HK$883.0 million, which comprised mainly (i) current and non-current borrowings of approximately HK$419.9 million; (ii) notes payable of approximately HK$147.4 million; (iii) accounts payable of approximately HK$126.2 million; (iv) promissory notes of approximately HK$25.9 million; and (v) deferred tax liabilities of approximately HK$58.2 million.

The current and non-current borrowings included (i) bank loans of approximately HK$188.4 million secured by marketable securities; (ii) mortgage bank loan of approximately HK$181.5 million secured by the Property; and (iii) unsecured borrowing due within one year of HK$50 million. The secured bank loans carried variable interest rates ranging from 2.13% to 5.25% during 1H2017 and the interest rates on the mortgaged bank loan and the unsecured borrowing are fixed at 2.25% and 5% per annum respectively.

The accounts payable as at 30 September 2016 arose from the ordinary course of the Integrated Brokerage Business from the cash clients and margin clients.

The notes payable as at 30 September 2016 represented the aggregate carrying amount of the notes issued by the Group during the year ended 31 March 2013 and FY2014 with principal amounts of HK$100.0 million and HK$50.0 million respectively. Both of the notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates.

As mentioned above, the Group acquired the Target Company in July 2016, and thereby issued promissory notes to the vendor, Future World (then known as Central Wealth Financial Group Limited), with a principal amount of HK$29.0 million to settle part of the consideration for the said acquisition. The promissory notes carry an interest rate of 2% per annum and have a term to maturity of two years from the date of issue. As at 30 September 2016, the principal amount of the promissory notes remained at HK$29.0 million and the balance shown on the accounts of the Group represented the fair value of the aforesaid promissory notes based on the valuation carried out by an independent professional valuer.

The Group recorded deferred tax liabilities of approximately HK$58.2 million arising from the unrealised gain on (i) the Group's investments in listed equity securities at fair value through profit or loss; and (ii) the intangible assets as acquired in the Brokerage Acquisition.

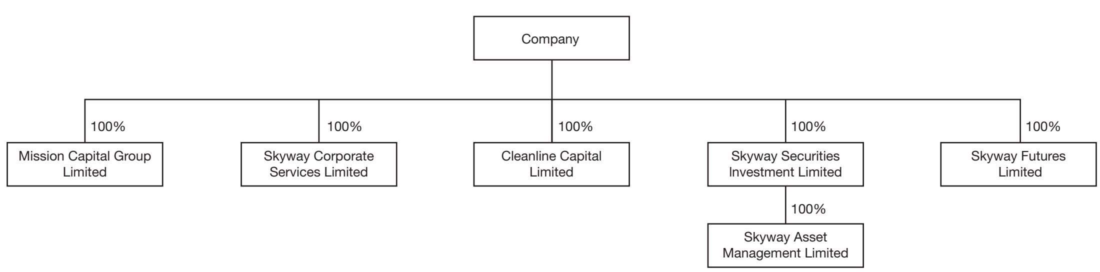
B. INFORMATION ON THE REMAINING GROUP

1. Principal business of the Remaining Group

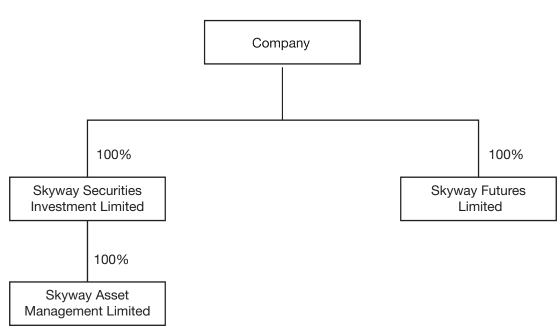
Upon completion of the Reorganisation (the "**Reorganisation Completion**"), the listed securities, the AFS investments and the Property will be carved out from the Group and the Remaining Group will be principally engaged in (i) dealing in securities and future contracts under Type 1, Type 2 and Type 4 licences under the SFO (the "**Brokerage Business**"); (ii) the proprietary trading business including investments and trading in equity and fixed-income securities and assets as well as derivatives (the "**Proprietary Trading Business**"); and (iii) the asset management business under Type 9 licence under the SFO (the "**Asset Management Business**"). The Real Estate Business and the Financing Business will no longer be pursued by the Remaining Group upon Subscription Completion. Detailed intention of the Offeror upon Subscription Completion is set out in the section headed "Intention of the Offeror and future business plan of the Remaining Group" below.

Set out below is a simplified group structure of (i) the Group as at the Latest Practicable Date; and (ii) the Remaining Group

The Group as at the Latest Practicable Date



The Remaining Group (i.e. upon Reorganisation Completion)



The Brokerage Business

The Group had commenced the Brokerage Business since November 2015 through the Brokerage Acquisition in which the Company acquired the Brokerage Subsidiaries for an aggregate consideration of HK$1,200.0 million. The consideration was satisfied by (i) promissory notes in the principal amount of HK$550.0 million; and (ii) issue and allotment of new Shares to the vendors (which together representing approximately 21.6% of the then issued share capital of the Company as enlarged by the issue of such consideration shares). Together with the Shares already held by the vendors (one of which is Mr. Lam), the vendors together held approximately 26.7% of the then issued share capital of the Company upon issue of the consideration shares. Details of the principal terms of the Brokerage Acquisition are set out in the circular of the Company dated 26 August 2015.

As set out in notes 17 and 19 to the consolidated financial statements of the Company in the 2016 Annual Report, a goodwill of approximately HK$551.4 million and intangible assets of approximately HK$136.0 million (net of the amortisation charge of approximately HK$9.8 million in respect of the customer relationship) were recorded as a result of the Brokerage Acquisition. The intangible assets represent the Trading Rights, and the customer networks of brokerage and related business of the Brokerage Subsidiaries.

From there, the Brokerage Business has become a major revenue contributor of the Group and continues to be one to the Remaining Group. The Brokerage Business mainly involves Type 1 (dealing in securities including margin financing), Type 2 (dealing in future contracts) and Type 4 (advising on securities) regulated activities under the SFO, and its revenue is mainly generated from the brokerage fee, custodian fee, and interest received from margin financing.

The Asset Management Business

The Company has not commenced any Asset Management Business in the previous financial years. As detailed in the section headed "Intention of the Offeror and future business plan of the Remaining Group", the Offeror intends to commence the Asset Management Business upon Subscription Completion to carry out Type 9 (asset management) regulated activity under the SFO.

The Proprietary Trading Business

Prior to Reorganisation Completion, the Group has been engaged in the Securities Investment Business through holding of a list of listed and/or unlisted equity investments. Upon Reorganisation Completion, all the listed and unlisted securities of the Securities Investment Business will be disposed of through the AFS Disposals and the Distribution. The Remaining Group will develop the Proprietary Trading Business leveraging on the clientele and business networks of China Minseng and 10% of the net proceeds of the Subscription will be allocated to the development thereof. Detailed allocation of the net proceeds is set out in the sub-section headed "Intended use of proceeds" under the section headed "The Subscription" below.

2. Financial position

Set out below is the comparison of the unaudited financial information of the Group as at 30 September 2016 as extracted from the 2017 Interim Report and the unaudited pro forma financial position of the Remaining Group (upon Reorganisation Completion but prior to Subscription Completion) as derived from Appendix II to the Circular:

HK$' million	As at 30 September 2016	Upon Reorganisation Completion but prior to Subscription Completion
Non-current assets	**1,460.7**	**711.5**
Investment property	403.0	–
Goodwill	551.4	551.4
Contingent consideration	30.0	30.0
Intangible assets	123.9	123.9
Available-for-sale investments	345.7	–
Other non-current assets	6.7	6.2
Current assets	**1,366.8**	**741.8**
Accounts receivable	598.8	200.0
Investments at fair value through profit or loss	573.3	50.9
Cash and bank balances – segregated accounts	84.1	84.1
Cash and bank balances – house accounts	35.8	332.7
Other current assets	74.8	74.1
Current liabilities	**477.8**	**394.2**
Non-current liabilities	**405.2**	**198.4**
NAV	**1,944.6**	**860.7**
Net tangible asset value ("NTAV")	**1,289.7**	**310.0** *(Note)*

Note: As mentioned in note 8 of the unaudited pro forma financial position of the Remaining Group, there is a condition precedent to the Subscription Agreement requiring that the Remaining Group shall have the NTAV of not less than HK$310.0 million. The NTAV represents the NAV excluding the goodwill and intangible assets plus deferred tax liabilities on the intangible assets based on the tax rate of 16.5%.

Upon Reorganisation Completion, the total assets of the Remaining Group would be reduced to approximately HK$1,453.3 million, which is mainly attributable to (i) the disposal of the Property with carrying value of HK$403.0 million and related mortgage loans (including accrued interest thereon) of approximately HK$182.7 million for a total consideration of HK$227.0 million (details of the CSPT Disposal are set out in the letter from the Board); (ii) the disposals of the AFS investments of approximately HK$345.7 million by the Group for an aggregate consideration of HK$110.0 million on 14 March 2017 (details of the AFS Disposals are set out in the announcement of the Company dated 6 March 2017); (iii) the reduction in the investments at fair value through profit or loss as a result of distribution in specie of listed securities (namely the CSPT Shares and the FW Shares) to the Shareholders (i.e. the Distribution); and (iv) other reorganisation steps to be taken to fulfil the conditions precedent of the Subscription Agreement that, among others, the NTAV shall be not less than HK$310.0 million, the cash assets shall be not less than HK$210.0 million, and the account receivables arising in the ordinary and usual course of the Brokerage Business by the list of margin clients as approved by the Subscribers with prior written approval (the "**Selected Brokerage Receivables**") shall be not more than HK$200.0 million.

Upon Reorganisation Completion, the total current liabilities would be reduced from approximately HK$477.8 million to HK$394.2 million, while the non-current liabilities would also decrease by more than a half to approximately HK$198.4 million, mainly due to the sale of the mortgage loans of the Property through the CSPT Disposal and disposal of certain dormant subsidiaries under the Reorganisation.

As shown in the table above, the NAV and the NTAV of the Group as at 30 September 2016 would be significantly reduced by approximately 55.7% and approximately 76.0% respectively as a result of the Reorganisation (assuming the Reorganisation Completion having taken place on 30 September 2016).

C. THE DISTRIBUTION

In formulating our opinion on the fairness and reasonableness of the terms of the Distribution and the voting decision thereof, we have considered the principal factors set out below:

1. Principal terms

As part and parcel of the Reorganisation, the Company will effect the Distribution of all the CSPT Shares and all the FW Shares held by the Group to the Shareholders whose names appear on the register of members of the Company on the Record Date upon the Share Premium Cancellation having become effective, on the following basis (based on 18,019,814,729 Shares in issue as at the Latest Practicable Date):

for every 10,000 Shares held............ 674 CSPT Shares and 175 FW Shares

The Distribution is conditional upon the Independent Shareholders' approval, the Sale and Purchase Completion, the Subscription Completion, and the Share Premium Cancellation having become effective. Details of the terms of the Distribution are set out in the letter from the Board.

2. Information on CSPT and Future World

CSPT

CSPT was incorporated in Bermuda with limited liability and has been listed on the Stock Exchange since 1994, with principal business involving trading and distribution of electronic and accessory products, financial investments and trading, money lending business and the research and development of integrated circuit technology. The board lot size of the CSPT Shares is 14,000.

As shown in the published financial reports of CSPT, CSPT has been loss-making for the last two full financial years and does not have strong net asset backing. In particular, during the year ended 31 March 2016, CSPT recorded negative revenue of approximately HK$472.4 million, mainly attributable to the realised losses on the disposal of listed equity investments of approximately HK$473.1 million in its financial investments and services segment. CSPT continued to record net loss of approximately HK$61.9 million for the six months ended 30 September 2016.

As at 30 September 2016, the NAV per CSPT Share amounted to approximately HK$0.1223 (calculated based on the NAV of CSPT as at 30 September 2016 and the number of CSPT Shares in issue based on the latest available information on the Stock Exchange's website).

Future World

Future World was incorporated in the Cayman Islands with limited liability and has been listed on the Stock Exchange since 2003, with principal business involving in trading business and related services, securities trading and investment, provision of financing services and property investment. The board lot size of the FW Shares is 4,000.

As disclosed in the published financial reports of Future World, Future World recorded a profit after taxation of approximately HK$97.5 million for the year ended 31 December 2016 as compared to a loss in previous financial year. The net profit was mainly attributable to the profit generated from the new e-commerce business segment of approximately HK$71.3 million and gain on disposal of approximately HK$113.4 million of a subsidiary which indirectly held an investment property in Hong Kong.

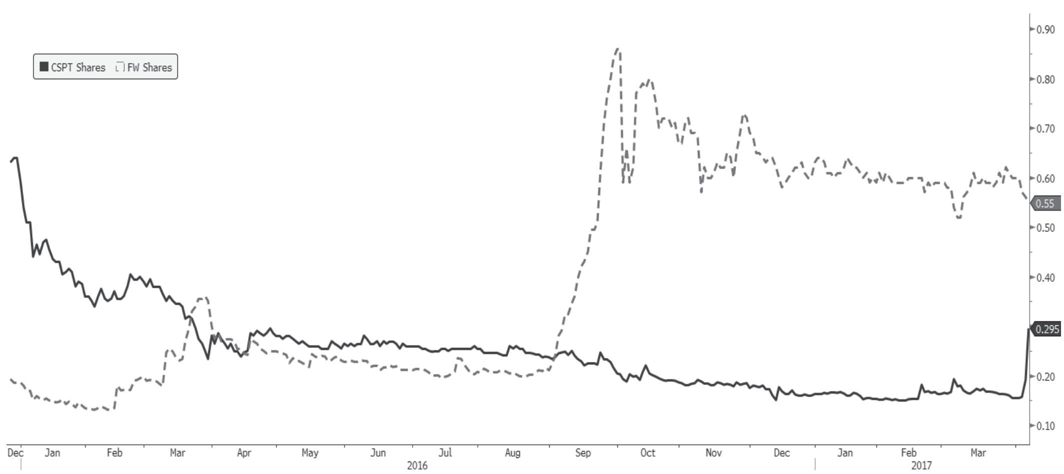
As at 31 December 2016, the NAV per FW Share amounted to approximately HK$0.0969 (calculated based on the NAV of Future World as at 31 December 2016 and the number of FW Shares in issue based on the latest available information on the Stock Exchange's website).

3. Odd lot arrangement

In order to alleviate the difficulties arising from the existence of odd lots of the CSPT Shares and/or the FW Shares as a result of the Distribution, the Company has appointed Skyway Securities Investment Limited as an agent to provide matching services on a best effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the CSPT Shares and/or the FW Shares to be distributed under the Distribution. Details of which have been disclosed in the letter from the Board.

4. Review on the share price performance and liquidity of the CSPT Shares and the FW Shares

Set out below is a chart showing the daily closing prices of the FW Shares and the CSPT Shares during the period commencing from 4 January 2016 and up to and including the Latest Practicable Date (the "**DIS Review Period**"), representing a period of around one year immediately prior to the Latest Practicable Date:



Source: Bloomberg

As shown in the chart above, during the DIS Review Period, the CSPT Shares showed a persistent downward trend, while the FW Shares showed more fluctuations with an upward momentum in general.

During the DIS Review Period, the closing price of the CSPT Shares ranged from HK$0.150 per CSPT Share to HK$0.540 per CSPT Share, with the median and the average closing price both being approximately HK$0.246 per CSPT Share. The highest closing price of HK$0.540 per CSPT Share was recorded on 4 January 2016, which is the beginning of the DIS Review Period. Since then, the closing price of the CSPT Shares had continued to drop and reached the lowest closing price of HK$0.150 per CSPT Share on 12 December 2016. Afterwards, the closing price of the CSPT Shares remained stagnant and fluctuated within a narrow range between HK$0.151 per CSPT Share and HK$0.193 per CSPT Share up to the end of March 2017. The closing price of the CSPT Shares rose significantly to HK$0.295 per CSPT Share on the Latest Practicable Date, on which CSPT published an announcement on placing of new CSPT Shares under general mandate and placing of convertible bonds under specific mandate. Save and except for that, we were not aware of any published announcement made by CSPT recently which might lead to the aforesaid rise in the closing price of the CSPT Shares.

During the DIS Review Period, the closing price of the FW Shares ranged from HK$0.131 per FW Share to HK$0.860 per FW Share, with a median closing price of approximately HK$0.275 per FW Share and an average closing price of approximately HK$0.401 per FW Share. On 4 January 2016, the closing price of the FW Shares was HK$0.180 per FW Share and had gradually climbed up to HK$0.355 per FW Share on 23 March 2016. The closing price had then been on a downward trend until it stalled at slightly above HK$0.20 at the end of August 2016. Since the beginning of September 2016, the closing price of the FW Shares surged sharply to a peak of HK$0.860 per FW Share at the end of September 2016. Save and except for the business updates on development of an e-commerce platform announced by Future World (then known as Central Wealth Finance Group Limited) on 13 September 2016 and 23 September 2016 respectively, we were not aware of any published announcement during such period relating to any business development of Future World which might lead to the drastic rise in the closing price of the FW Share in September 2016. From October 2016 up to the Latest Practicable Date, the closing price of the FW Shares demonstrated intermittent fluctuations on an apparent downward slope. Nevertheless, the closing price of the FW Shares as at the Latest Practicable Date of HK$0.550 per FW Share remained substantially higher than that at the beginning of the DIS Review Period.

Set out below is a table showing the average trading volume of the CSPT Shares and the FW Shares during DIS Review Period:

	Average daily trading volume of the CSPT Shares (the "CSPT Share Volume") *(Note 1)*	Percentage of the average daily trading volume of the CSPT Shares to the total number of issued CSPT Shares (the "CSPT Share Liquidity Ratio") *(Note 2)*	Average daily trading volume of the FW Shares (the "FW Share Volume") *(Note 1)*	Percentage of the average daily trading volume of the FW Shares to the total number of issued FW Shares (the "FW Share Liquidity Ratio") *(Note 2)*
2016				
January	37,027,860	0.44%	8,833,952	0.15%
February	20,712,083	0.24%	24,429,763	0.42%
March	42,697,751	0.50%	63,111,933	1.09%
April	32,067,253	0.36%	31,651,416	0.55%
May	8,786,297	0.10%	10,098,908	0.17%
June	10,064,771	0.11%	2,059,619	0.04%
July	5,827,353	0.07%	4,763,507	0.07%
August	7,265,071	0.08%	11,519,847	0.18%
September	25,564,776	0.29%	98,417,702	1.52%
October	41,945,150	0.47%	52,905,276	0.82%
November	14,182,502	0.16%	21,542,349	0.33%
December	13,860,374	0.15%	18,057,808	0.28%
2017				
January	4,656,183	0.05%	10,615,254	0.16%
February	16,257,491	0.18%	6,456,442	0.10%
March	25,991,848	0.29%	19,519,358	0.30%
April (up to the Latest Practicable Date)	260,365,400	2.90%	13,033,000	0.20%

Source: Bloomberg and the Stock Exchange

Notes:

1. *The CSPT Share Volume or the FW Share Volume is calculated by dividing the total monthly trading volume for the month/period of the CSPT Shares or the FW Shares (as the case may be) by the number of trading days of the CSPT Shares or the FW Shares (as the case may be) during that month/period.*

2. *The CSPT Share Liquidity Ratio or the FW Share Liquidity Ratio is calculated by dividing the CSPT Share Volume or the FW Share Volume (as the case may be) by the total number of the CSPT Shares or the FW Shares (as the case may be) in issue as at the end of each month/period.*

As illustrated in the monthly statistics set out in the table above, from January 2016 to March 2017, the CSPT Share Volume ranged from 4,656,183 CSPT Shares to 260,365,400 CSPT Shares with the corresponding CSPT Share Liquidity Ratio ranging from approximately 0.05% to 0.50%. In particular, the CSPT Share Liquidity Ratio has not exceeded 0.5% during such period. The CSPT Share Liquidity Ratio rose to approximately 2.90% for the period from the beginning of April 2017 up to the Latest Practicable Date. Such increase was due to the exceptional surge in the trading volume of the CSPT Shares on the Latest Practicable Date, on which CSPT published an announcement on placing of new CSPT Shares under general mandate and placing of convertible bonds under specific mandate. Save and except for that, we were not aware of any published announcement made by CSPT recently which might lead to the aforesaid rise in the trading volume of the CSPT Shares. On the other hand, the FW Share Volume ranged from approximately 2,059,619 FW Shares to 98,417,702 FW Shares, indicating the FW Share Liquidity Ratio from approximately 0.04% and 1.52%. While the FW Share Liquidity Ratio was noted to be above 1% in March and September 2016, it remained below 0.5% in most of the other months during the DIS Review Period. In this connection, we are of the view of that the trading of both the CSPT Shares and the FW Shares during the DIS Review Period is generally inactive.

5. Possible cash exit of the Distribution together with the Special Dividend

Based on the closing prices of the CSPT Shares and the FW Shares as quoted on the Stock Exchange as at the Latest Practicable Date of approximately HK$0.295 and HK$0.550 respectively, the total possible cash exit of 674 CSPT Shares and 175 FW Shares amounted to approximately HK$295.1. Based on the 90-day average closing prices of the CSPT Shares and the FW Shares of HK$0.166 and HK$0.606 respectively, the total possible cash exit of 674 CSPT Shares and 175 FW Shares will amount to approximately HK$217.9. The total possible cash exit of the Distribution per Share will be approximately HK$0.030 based on the closing prices of the CSPT Shares and the FW Shares and the number of Shares in issue as at Latest Practicable Date.

Together with the Special Dividend of not less than HK$0.021 per Share, the Shareholders who vote for the resolutions in respect of the Distribution and the Special Dividend would have an aggregate cash exit of not less than approximately HK$0.051. Shareholders are reminded that the exact amount of the Special Dividend per share is yet to be confirmed and will be further announced by the Company in due course. Both CSPT and Future World did not have recent record of dividend declaration, or strong net asset backing (i.e. NAV per CSPT Share of HK$0.1223 and NAV per FW Share of approximately HK$0.0969) that favours Shareholders' long-term investment in the CSPT Shares and the FW Shares.

Shareholders who are entitled to the Distribution are advised to seek professional advice on the investment decision as to the holding or disposal of the CSPT Shares and the FW Shares upon completion of the Distribution and are reminded of the deviation of the actual cash exit upon completion of the Distribution with the market value calculated based on the share prices as at the Latest Practicable Date due to the reflexive drop of the share prices resulting from substantial disposal of shares in a market of thin liquidity.

6. Magnitude of the Distribution and measures in place to protect the minority Shareholders

Given the subject matter of the Distribution is securities listed on the Stock Exchange, the Shareholders' protection would not be reduced upon completion of the Distribution. The aggregate market value of the FW Shares and the CSPT Shares held by the Group as at Latest Practicable Date represents not more than 20% of the total assets of the Company as at 30 September 2016, and no dividend income was declared by CSPT and Future World for the latest financial year. If we take the Distribution as a quasi-disposal of the Company, it would merely constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Despite the above, the Company adopts additional measures to safeguard the minority Shareholders' interest including detailing the financial effect of the Distribution in the Circular and the Independent Shareholders' approval will be sought at the SGM.

7. Conclusion

In view of the above, we consider that the terms of the Distribution are fair and reasonable so far as the Independent Shareholders are concerned.

D. THE CSPT DISPOSAL

In formulating our opinion on the fairness and reasonableness of the terms of the CSPT Disposal and the voting decision thereof, we have considered the principal factors set out below:

1. Principal terms of the CSPT Disposal Agreement and the CSPT Supplemental Agreement

On 28 November 2016, the CSPT Vendor (a wholly-owned subsidiary of the Company) and the CSPT Purchaser (a wholly-owned subsidiary of CSPT) entered into the CSPT Disposal Agreement to dispose of the CSPT Sale Share and the CSPT Sale Loan for a total consideration of HK$227,000,000 (the "**CSPT Consideration**"), which should be settled by way of cash deposit of HK$22,000,000 and issue of the Convertible Bonds by CSPT in the principal amount of HK$205,000,000.

On 7 March 2017, the parties to the CSPT Disposal Agreement agreed under the CSPT Supplemental Agreement that the CSPT Consideration shall be fully settled by way of cash (rather than by the Convertible Bonds to be issued by CSPT) by the CSPT Purchaser.

The CSPT Disposal is conditional on, among other things, the Independent Shareholders' approval, and all debts and liabilities of the Target Company (other than the CSPT Sale Loan and the Bank Loan which shall not be more than HK$179,000,000 and other normal accruals and deposit received in the ordinary course of business of the Target Group and acceptable by the CSPT Purchaser) having been discharged, released, waived or extinguished. Details of the CSPT Disposal are set out in the letter from the Board.

2. Information on the Target Company

The principal asset of the Target Company is its holding of the entire equity interest in the Hong Kong Subsidiary, which in turn holds the Property, being a residential house located at No. 2, Lincoln Road, Kowloon, Hong Kong, with a gross floor area of approximately 6,702 sq. ft. and saleable area of approximately 6,659 sq. ft. As mentioned in the section headed "Financial position of the Group" above, the Property was acquired by the Group in July 2016 for a consideration of HK$218 million.

The Property comprises a 3-storey garden house with a swimming pool on ground floor with internal staircase and a lift. It is currently used for domestic purpose and is currently subject to a two-year tenancy agreement commencing from 1 January 2017 with monthly rent of HK$450,000.

3. Financial information of the Target Group

Set out below is the audited financial information of the Target Group as extracted from the letter from the Board:

	For the year ended 31 December 2015	For the year ended 31 December 2014
	(Audited)	*(Audited)*
	HK$'000	*HK$'000*
Profit/(loss) before taxation	5,892	(11)
Profit/(loss) after taxation	5,892	(11)

	As at 31 December 2015	As at 31 December 2014
	(Audited)	*(Audited)*
	HK$'000	*HK$'000*
Net asset value/(net deficits)	5,882	(10)

As disclosed in the letter from the Board, the Target Group only recorded revenue of approximately HK$450,000 for the year ended 31 December 2015, and the unaudited consolidated net asset value of the Target Group as at 28 February 2017 amounted to approximately HK$39.0 million. We understand from the management of the Company that the increase in the NAV of the Target Group is due to waiver of part of the shareholders' loans owing to the CSPT Vendor such that, as agreed by the parties to the CSPT Disposal Agreement, the CSPT Sale Loan shall be approximately HK$181.0 million at CSPT Disposal Completion.

4. Reasons for and benefits of the CSPT Disposal

As set out in the letter from the Board, while the Group had only acquired the Target Company for a relatively short span of time, it was noted that the property market in Hong Kong has become uncertain since completion of the acquisition in July 2016. On 4 November 2016, the Hong Kong government announced that the Stamp Duty Ordinance would be amended to increase the ad valorem stamp rates for residential property transactions to a flat rate of 15%. Such recent policy change creates uncertainty on the future prospect of the property market in Hong Kong. The Company considers that the CSPT Disposal is an opportunity for the Company to realise its investment in the Target Group and to reallocate its resources for its business development.

5. Valuation of the Property

The appraised value of approximately HK$410 million as at 28 February 2017 for the Property was valued by Ascent Partners Valuation Service Limited (the "**Valuer**"). We have interviewed the Valuer as to its expertise and understand that the Valuer is an established professional property valuer and has completed valuation assignments acting for listed companies with property interests in Hong Kong and the PRC. We understand that the senior members of the Valuer's valuation team have over 13 years' experience in valuing properties in Hong Kong. We have also reviewed the terms of the Valuer's engagement letter and noted that the purpose of which is to prepare a property valuation report and provide the Company with the opinion of value on the property interests held by the Target Group. The engagement letter also contains standard valuation scopes that are typical of property valuation carried out by independent property valuers. As confirmed with the Valuer, they have no current or prior relationships with the Company, other parties of the CSPT Disposal, and core connected persons of either the Company or the Target Group.

(i) Valuation methodologies

The full text of the valuation report and certificate of the Property as at 28 February 2017 (the "**Valuation Report**") is set out in Appendix III to the Circular.

Based on our discussion with the Valuer, the valuation methodologies adopted in the valuation include direct comparison approach as the primary method, which values the subject property by reference to actual sales price of comparable properties of similar size, character and location. Given the price information of the Hong Kong property market is readily available, it is considered to be the most appropriate valuation method for valuing investment properties in Hong Kong.

(ii) Valuation bases and assumptions

According to the Valuation Report, the Property comprises a 3-storey garden house completed in 2006 and erected on a parcel of land with a registered site area of approximately 11,169 sq. ft. It is located in Kowloon Tong, a low-density luxurious residential area, on the west side to the junction of Lincoln Road and Waterloo Road. The vertical access is served by an internal staircase and a lift. Swimming pool and garden are located on the ground floor of the Property. The gross floor area and the saleable area of the Property are approximately 6,702 sq. ft. and 6,659 sq. ft.. The areas of ancillary accommodations including flat roof, top roof and garden or swimming pool or open space are approximately 506 sq. ft., 1,710 sq. ft., and 8,740 sq. ft. respectively.

The Property is currently leased out for a term of two years commencing on 1 January 2017 at a monthly rent of HK$450,000 inclusive of Government rent and rates for residential purpose. As discussed above, the valuation of the Property was arrived at by direct comparison approach which was based on the actual sales price of comparable properties in proximate location, Kowloon Tong. The Valuer has taken into account and analysed a list of recent market transactions of similar residential properties in Kowloon Tong and made adjustments, including but not limited to floor, location, size, building age, facilities and time of transactions, to the unit rate of comparable transactions to reflect the differences between the Property and the comparable properties. The unit rate of the comparable transactions ranged from HK$46,241 to HK$82,694 per sq. ft. and based on the adjustments mentioned above, the unit rate of the Property was estimated to be HK$61,570 sq. ft..

The Valuer considered that it would be most appropriate to adopt the value based on the direct comparison approach for valuing the Property which is a residential property located in Hong Kong with sufficient information as to comparable transactions readily available for reference. We also consider that the approach as adopted by the Valuer is in line with the market practice. On this basis, we consider the basis in arriving at the market value of the Property of HK$410 million, or approximately HK$61,570 per sq. ft. of saleable area, as appraised by the Valuer to be reasonable.

6. Analysis on the consideration

As set out in the letter from the Board, the CSPT Consideration of HK$227,000,000 was determined after arm's length negotiations between the parties with reference to, among others, (i) the preliminary property valuation of the Property of HK$410,000,000; and (ii) the outstanding Bank Loan upon CSPT Disposal Completion not exceeding HK$179,000,000. As at the Latest Practicable Date, the CSPT Sale Loan amounted to approximately HK$181.0 million. The consideration for the CSPT Sale Share is approximately HK$46.0 million. Set out below is the unaudited consolidated NAV of the Target Group as at 28 February 2017 reassessed with the latest valuation of the Property (as set out in Appendix III to the Circular):

	HK$' million	*HK$' million*
Consolidated NAV of the Target Group as at 28 February 2017		39.0
Add:		
Property revaluation adjustment:		
Market value of the Property as at 28 February 2017 according to the Valuation Report set out in Appendix III to the Circular	410.0	
Less:		
Related book value of the Property as at 28 February 2017	403.0	
Consolidated reassessed NAV of the Target Group (the "**Reassessed NAV**")		46.0
The CSPT Consideration for the Sale Shares		**46.0**
Premium/discount of the CSPT Consideration over/to the Reassessed NAV		**0%**

On the basis that (i) the CSPT Consideration is at par to the Reassessed NAV, a commonly adopted approach in assessing the fairness of the Consideration for property investment and development companies; (ii) the valuation methodologies adopted by the Valuer in establishing the market values of the Property are reasonable and acceptable; and (iii) the consideration for the CSPT Sale Loan is on a dollar-on-dollar basis, we consider that the basis of the CSPT Consideration as a whole is fair and reasonable.

7. Conclusion

In view of the above, we are of the view that the terms of the CSPT Disposal are fair and reasonable and the CSPT Disposal is in the interests of the Shareholders and the Company as a whole.

E. THE SUBSCRIPTION

In formulating our opinion on the fairness and reasonableness of the terms of the Subscription and the voting decision thereof, we have considered the principal factors set out below:

1. Principal terms

The Subscribers agreed to subscribe for a total of 26,950,000,000 new Shares at the Subscription Price of HK$0.032 per Share for an aggregate consideration of HK$862,400,000. The new Subscription Shares represent approximately 59.9% of the enlarged issued share capital of the Company upon Subscription Completion.

The Subscription Completion is conditional on, among others, the Independent Shareholders' approval, the Reorganisation Completion, and certain requirements on the scale and composition of the assets of the Remaining Group as specified below. Pursuant to the Subscription Agreement, the Remaining Group shall have:

(i) the NTAV of not less than HK$310.0 million;

(ii) the Non-Cash Assets of not more than HK$17.0 million;

(iii) the cash assets (excluding cash deposits held in segregated clients' accounts) of not less than HK$210.0 million; and

(iv) the Selected Brokerage Receivables of not more than HK$200.0 million.

The Subscription Shares will rank pari passu in all respects with the Shares in issue as at the date of the allotment and issue of the Subscription Shares. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares will be allotted and issued pursuant to the Specific Mandate, of which Independent Shareholders' approval will be sought at the SGM.

Details of the terms of the Subscription are set out in the letter from the Board.

2. Reasons for the Subscription

As mentioned in the section headed "Intention of the Offeror and future business plan of the Remaining Group" below, upon completion of the Proposal, the Group will be principally engaged in financial services business involving Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), and Type 9 (asset management) regulated activities under the SFO, through the Brokerage Subsidiaries and Skyway Asset Management Limited.

The Company does not have any imminent funding need. Nevertheless, in light of the increasing competition in the investment banking sector and the need for funding to support the increasing business volume, the Subscription, which will strengthen the capital base and improve the balance sheet, is considered essential for the Group's future business development. Strong financing capability is believed to be one of the key factors to gain clients' confidence and secure new clients and underwriting deals.

The Board considers that the Subscription will not only enable it to raise a substantial amount of funds for its business development but also generate synergy to the Remaining Group upon Subscription Completion in future by tapping into the extensive branch network and client base of China Minsheng. It is believed that the Brokerage Business and the Asset Management Business would be enhanced in a number of ways such as sharing of clients of China Minsheng for brokerage, wealth management, asset management businesses, and the Remaining Group upon Subscription Completion will aim to significantly expand its wealth management business providing high net worth customers with a wide range of investment products and fixed income business providing corporate clients additional means of fund raising other than equity.

The Directors also consider that the terms of the Subscription Agreement are on normal commercial terms, fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole based on the reasons as detailed in the letter from the Board.

3. Information on the Subscribers

The Offeror and its holding companies

The Offeror is a company incorporated in the BVI, which is a direct wholly-owned subsidiary of CMBC International Investment (HK) Limited, which is in turn a direct wholly-owned subsidiary of CMBCI. Both the Offeror and CMBC International Investment (HK) Limited are established for the purpose of engaging in principal investments of CMBCI. CMBCI is a direct wholly-owned subsidiary of China Minsheng and was established on 11 February 2015 in Hong Kong with the approval of China Banking Regulatory Commission. It has a registered capital of HK$2 billion and is principally engaged in investment banking. As a holding company, CMBCI intends to apply for and obtain relevant business licences from the regulatory authorities in Hong Kong through the subsidiaries established by it.

China Minsheng and its subsidiaries mainly provide corporate and personal banking, treasury business, finance leasing, asset management and other financial services in the PRC. China Minsheng is China's first national joint-stock commercial bank initiated and funded mainly by non-state-owned enterprises. As of the end of September 2016, it has grown into a large-scale commercial bank with more than RMB5.6 trillion of total assets and close to 60,000 employees. In the Top 1000 World Banks ranking released by The Banker magazine in July 2016, China Minsheng Bank was ranked No. 33. China Minsheng Bank was ranked No. 221 in the Global 500 list published by Fortune magazine in July 2016. Meanwhile, the investment banking business of China Minsheng bank group has been widely recognised in China and the brand influence continues to improve. In the past year, it won two awards "China Top 10 Investment Banks 2016" and "China Best Cross-border Financing Bank 2016". China Minsheng has a extensive branch network in China. As of the end of June 2016, China Minsheng Bank had in total 42 branches in 41 cities, 1,083 sub-branches and outlets and 2,886 institutions nationwide (including head office, provincial branches and provincial branch business departments (excluding Hong Kong), secondary branches, cross district sub-branches, county sub-branches, same city sub-branches, small micro-franchise sub-branches, community outlets, etc.).

China Minsheng also has a strong high quality customer base. As of the end of June 2016, China Minsheng had 761,100 local corporate deposit customers, approximately 28.0 million individual customers with positive bank balances and 15,517 private banking customers, a large number of which have diversified needs for global asset allocation and investment banking services.

China Huarong, Brilliant Decent and its group

Brilliant Decent is a company incorporated in the BVI, which is a direct wholly-owned subsidiary of China Huarong. Brilliant Decent is an investment holding company. China Huarong Asset Management Co., Limited, a company whose shares are listed on the Stock Exchange (stock code: 2799), indirectly owns 51% of the shares of China Huarong. The principal business segments of China Huarong Asset Management Co., Limited and its subsidiaries are (i) distressed asset management; (ii) financial services; and (iii) asset management and investment. China Huarong Asset Management Co., Limited is a PRC state-owned non-banking financial institution, and the Ministry of Finance of the PRC is the controlling shareholder of China Huarong Asset Management Co., Limited. The Ministry of Finance of the PRC was established in October 1949 as a department under the State Council responsible for the administration of revenue and expenditure and taxation policies of the PRC.

4. Intention of the Offeror and future business plan of the Remaining Group

As set out in the letter from the Board, upon Subscription Completion, the Offeror intends to continue the principal business of the Remaining Group and aims to enhance the Company's profitability by offering a one-stop investment banking solution encompassing cross-border and innovative financial products and services, and to optimise the value of the Remaining Group upon Subscription Completion, which may include but not limited to exploring new business opportunities in the Brokerage Business, the Asset Management Business, the Proprietary Trading Business, and other related businesses, leveraging on the strong reputation, expertise and capability of China Minsheng and CMBCI. It is also the intention of China Minsheng that the Remaining Group will be the principal platform for China Minsheng to conduct securities and investment banking businesses in Hong Kong upon Subscription Completion among other entities within China Minsheng group or under CMBCI.

As extracted from the letter from the Board, the initial business plans contemplated by CMBCI on the Remaining Group upon Subscription Completion are as follows:

- To expand the business scale of the Company through enhancing the capital base, broadening product offerings, and expanding the business teams by leveraging on China Minsheng's expertise and resources.

- To expand its international network of branches. The Company will be an important platform for the international business development of CMBCI. It is CMBCI's plan for the Company to steadily develop internationally in Southeast Asia, North America and the European Union, with the Company as the core and Hong Kong as the base, to better serve the internationalised business development of its own, and that of China Minsheng's customers. The Company will be playing an important role in China Minsheng's sustainable development and receiving comprehensive support from China Minsheng.

- To enhance the fundraising ability of the Company, and to improve the current low registered capital of the Company, and provide support strong financial support for its overall business development. The Offeror intends the Company to utilise its listing status to raise funds in the future. Furthermore, with the new parentage of CMBCI and China Minsheng, the Company would be able to obtain more credit facilities to support its businesses.

- To build an effective business collaboration and referral mechanism for business opportunities in mainland China and Hong Kong. The Offeror intends to make and implement achievable plans to open up the collaboration of mainland China and Hong Kong business opportunities arising from customers of China Minsheng bank group for the Company.

- To improve and upgrade the existing securities service system and support the provision of new securities services and products for the Company. The Offeror expects the Group to serve a larger and more complex customer base and intends for the Company to improve its existing securities service system. China Minsheng will utilise its strong information technology and data service system to support the transformation and upgrading of related systems of the Company.

- To promote the integration of the Company into the comprehensive and global financial service system of China Minsheng and CMBCI. China Minsheng has established a diversified financial service system in mainland China, including businesses in leasing, asset management and fund management, etc. CMBCI will actively participate in the diversified development of China Minsheng bank group through the Company, in particular, CMBCI will actively support the Company in providing services and/or participate in the merger and acquisition of overseas financial businesses.

- To further improve the risk management capabilities of the Company by leveraging on China Minsheng's risk management expertise and experience. CMBCI, adhering to China Minsheng's stringent, efficient and pragmatic risk management philosophy, will provide guidance to the Company to operate all types of investment banking business in accordance with the principals of legal and compliance perseverance, prudent management, controllability risk and commercial sustainability. China Minsheng will share its database and research resources with the Company to enrich the market risk management concept, expand management tools and enhance the management quality.

- To enhance the Company's brand and reputation. China Minsheng has a very high brand recognition in the world. China Minsheng is one of the Top 500 Banking Brands 2016 released by The Banker magazine, and ranked at No. 22 with a brand value of US$8.4 billion. Upon completion of the Offers, China Minsheng will spare no effort in building the brand and reputation of the Company. Leveraging on China Minsheng's global reputation and brand, CMBCI will vigorously promote the Company's reputation, and strengthen its domestic and overseas publicity, to attract more business opportunities.

Notwithstanding that the Brokerage Business of the Remaining Group will be developed leveraging on the extensive business networks and clientele of CMBCI and its parent group companies upon Subscription Completion, the Directors consider that it is a rally between the remaining clientele of margin financing of the Remaining Group as selected and approved by the Subscribers (with the Selected Brokerage Receivables of not more than HK$200 million) and the business network of CMBCI and its parent group which consists of 761,100 local corporate deposit customers, approximately 28.0 million individual customers with positive bank balances and 15,517 private banking customers. As such, we concur with the Directors' view that such rally does not constitute undue reliance that may jeopardise the interests of the Company and the Shareholders as a whole.

5. Business delineation within the China Minsheng group

As advised by the Subscribers, China Minsheng is principally engaged in commercial and retail banking business, provision of corporate and personal banking, treasury business, finance leasing, asset management and other financial services but it does not hold any licences in respect of the regulated activities under the SFO save for its Hong Kong branch ("**CMBHK**") which holds Type 1 (dealing in securities) and Type 4 (advising on securities) licences under SFO (the "**Licences**"). CMBCI, as a direct wholly-owned subsidiary of China Minsheng, has two licensed subsidiaries including CMBC International Securities Limited ("**CMBCIS**") and CMBC International Capital Limited ("**CMBCIC**") with different business focuses. We summarise below the principal businesses of, and type of Licences held by, each of the Remaining Group, CMHK, CMBCIS and CMBCIC (collectively, the "**Four Entities**"):

		Types of the Licences				
	Principal businesses	Type 1	Type 2	Type 4	Type 6	Type 9
Remaining Group	Brokerage Business, Proprietary Trading Business, and Asset Management Business	√	√	√		√
CMBHK	Commercial banking business	√		√		
CMBCIC	Provision of corporate finance advisory services	√			√	
CMBCIS	Provision of securities brokerage services, extension of margin financing, and underwriting of securities offerings to members of China Minsheng group only	√		√		

Notwithstanding that the Licences held by each of the Four Entities overlap one another, we concur with the view of the Board that no direct competition that may jeopardise the interests of the Company and the Shareholders as a whole will arise among them having considered that:

(i) as shown on the table above, the principal businesses of CMBHK and CMBCIC are different from that of the Remaining Group;

(ii) though CMBCIS is engaged in similar businesses as the Remaining Group, the delineation of the customers and their roles within China Minsheng group are distinct given CMBCIS will only serve the members of the China Minsheng group as it is not an Exchange Participant whilst the Remaining Group will serve all other customers in particular the existing clients of the China Minsheng group;

(iii) it is the intention of China Minsheng that the Company will be its principal platform to conduct securities and investment banking businesses in Hong Kong upon Subscription Completion; and

(iv) there are no common directors or management team in the Four Entities and the Remaining Group.

6. Intended use of proceeds

The gross proceeds of the Subscription are approximately HK$862.4 million and the net proceeds of the Subscription are approximately HK$850.0 million (or equivalent to the net Subscription Price of approximately HK$0.0315 per Subscription Share). The net proceeds from the Subscription are intended to be used as follows:

	Percentage of the net proceeds *(approximate)*	Intended use of proceeds
•	40%	*Brokerage Business:* to support and develop the Group's securities business, including brokerage and margin financing business, given the expected increase in trading volume, investment and financing needs of the Group's clients in light of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Connect;
•	25%	*Asset Management Business:* to develop the Asset Management Business by, among other things, expanding the variety of the Group's asset management schemes and products offering, providing seed money of collective asset management schemes to be established by the Group and developing its own investment advisory team;
•	10%	*Proprietary Trading Business:* to develop proprietary trading business, such as including investments and trading in equity and fixed-income securities and assets as well as derivatives;

	Percentage of the net proceeds *(approximate)*	Intended use of proceeds
•	10%	*Financial products:* to develop and expand capital-based intermediary business, such as providing liquidity and risk management products and acting as counterparty against customers, including fixed income products, commodities and currencies, ETF market making and trading, structured financing;
•	10%	*Institutional sales:* for development of the Group's institutional sales capabilities of equity capital markets and debt capital markets products, including hiring experienced personnel and developing information platforms; and
•	5%	as general working capital.

7. Financial effects of the Subscription

According to the unaudited pro forma financial position of the Remaining Group (prior to Subscription Completion) in Appendix II to the Circular, the Remaining Group had bank balances and cash (excluding the segregated clients' accounts) of approximately HK$332.7 million assuming the Reorganisation Completion having taken place on 30 September 2016 (without taking into account the net proceeds from the issue of the Subscription Shares). As set out in the letter from the Board, the net proceeds from the Subscription are expected to be approximately HK$850.0 million and will be used for development of the financial services business (as detailed in the "Intended use of proceeds") above.

As set out in the section headed "Information on the Remaining Group" above, the NTAV of the Remaining Group would be not less than HK$310 million (representing approximately HK$0.017 per Share based on the number of the Shares in issue as at the Latest Practicable Date). The Subscription Price of HK$0.032 represents a premium of approximately 88.2% over the aforesaid NTAV of the Remaining Group per Share. Upon Subscription Completion, the NTAV of the Remaining Group is expected to improve significantly by the net proceeds from the Subscription. The table below sets out, for illustration purpose, such effect on the NTAV of the Remaining Group per Share, assuming the Reorganisation Completion and the Subscription Completion having taken place on 30 September 2016:

	(Approximate)
NTAV of the Remaining Group immediately before Subscription Completion *(Note)*	HK$310.0 million
NTAV of the Remaining Group per Share immediately before Subscription Completion *(Note)*	HK$0.017
Add: Estimated net proceeds from the Subscription	HK$850.0 million
Total NTAV upon Subscription Completion	**HK$1,160.0 million**
Number of Shares in issue as at the Latest Practicable Date	18,019.8 million shares
Add: Number of the Subscription Shares	26,950.0 million shares
Total number of Shares	**44,969.8 million shares**
NTAV per Share of the Remaining Group upon Subscription Completion *(Note)*	**HK$0.0258**

Note: The Independent Shareholders should note that the NTAV of the Remaining Group before and upon Subscription Completion as shown herein is calculated based on the unaudited pro forma financial information of the Remaining Group in Appendix II to this Circular which is derived from the latest published financial results of the Group as at 30 September 2016 and the assumption that the Reorganisation Completion and the Subscription Completion had taken place on 30 September 2016.

As illustrated above, the NTAV per Share of the Remaining Group will increase by approximately 51.8% from approximately HK$0.017 per Share to approximately HK$0.0258 per Share upon Subscription Completion, based on the number of issued Shares as at the Latest Practicable Date. In view of the above, we consider that the Subscription will have a positive effect on the financial position of the Group.

8. Dilution impact

Set out below is a table showing the shareholding structure of the Company (assuming no further issues of new Shares or repurchase of Shares by the Company from the Latest Practicable Date up to the Sale and Purchase Completion Date and the Subscription Completion Date and no exercise of the outstanding Options) as at the Latest Practicable Date and immediately upon Sale and Purchase Completion and Subscription Completion:

	As at the Latest Practicable Date		**Immediately upon Sale and Purchase Completion and Subscription Completion**	
	Number of Shares	*Appr.%*	*Number of Shares*	*Appr.%*
Mr. Lam	2,527,200,000	14.02	–	–
Ms. Ai	1,160,000,000	6.44	260,000,000	0.57
CSPT	2,749,935,829	15.26	2,749,935,829	6.12
The Offeror	–	–	27,527,200,000	61.21
Brilliant Decent	–	–	2,850,000,000	6.34
Subtotal of the Offeror and parties acting in concert with it	–	–	30,377,200,000	67.55
Other Public Shareholders	11,582,678,900	64.28	11,582,678,900	25.76
Total	18,019,814,729	100	44,969,814,729	100

As shown in the above table, upon Sale and Purchase Completion and Subscription Completion, (i) Mr. Lam will cease to be a Shareholder; (ii) the shareholding of CSPT will be diluted from approximately 15.26% to 6.12% and CSPT will cease to be a substantial shareholder of the Company; (iii) the Offeror will be interested in approximately 61.21% of the enlarged issued shares capital of the Company and will become the controlling shareholder of the Company; and (iv) the shareholding of the existing Shareholders (other than Mr. Lam, Ms. Ai and CSPT) will be diluted from approximately 64.28% to 25.76%. As discussed earlier, amid substantial dilution in the shareholding interest of the existing Shareholders, having considered the strategic value of the Offeror as the new controlling shareholder of the Company, the growth potential of the business development of the Group upon Sale and Purchase Completion and Subscription Completion, the entitlement to the Special Dividend and the entitlement to the Distribution to be received by the existing Shareholders in association with the Subscription Completion, and reasons for the Subscription as set out above, the substantial dilution in the shareholding interest of the existing Shareholders, on balance, is justified.

9. Other financing alternatives

As advised by the Company, it did not approach any potential subscribers as the Subscription is not merely a fund raising exercise on the part of the Company but a strategic move of the Group as detailed in section headed "Reasons for the Subscription" above, which can bring along significant advancement and strengthening of the Group's business development to another dimension.

10. Analysis on the Subscription Price

The Subscription Price of HK$0.032 per Share represents:

(a) a discount of approximately 89.8% to the closing price of the Shares of approximately HK$0.315 per Share on the Last Trading Day;

(b) a discount of approximately 89.7% to the average closing price of the Shares of approximately HK$0.31 per Share for the last five consecutive trading days up to and including the Last Trading Day;

(c) a discount of approximately 90.7% to the closing price of the Shares of approximately HK$0.345 per Share on the Latest Practicable Date;

(d) a discount of approximately 70.4% to the unaudited NAV as at 30 September 2016 of approximately HK$0.108 per Share based on 18,019,814,729 Shares in issue as at the Latest Practicable Date; and

(e) a premium of approximately 88.2% over the unaudited NTAV per Share of the Remaining Group of approximately HK$0.017 upon Reorganisation Completion.

As stated in the letter from the Board, the Subscription Price was determined after arm's length negotiation having considered (i) the financial position and performance of the Company including the substantial loss for the year ended 31 March 2016 of approximately HK$1,875.0 million; (ii) the NTAV per Share of the Remaining Group of approximately HK$0.017 after taking into consideration of the future prospects as well as the effect of the Reorganisation; and (iii) the average price to NAV ("**P/NAV Ratio**") of the Comparable Companies as at the date of the Joint Announcement.

Set out below are the principal factors having been taken into account by us for our assessment of the fairness and reasonableness of the Subscription Price:

(i) Basis of the Subscription Price – the NTAV of the Remaining Group

As set out in the letter from the Board, the Company and the Offeror considered it more appropriate and meaningful to assess the fairness and reasonableness of the Subscription Price based on identifiable assets and liabilities of the Group and business so acquired and not on the accounting goodwill and intangible assets which arose from the Brokerage Acquisition. The Directors also believe that the Subscription and the Offeror's takeover of the Company have a strategic meaning to the Group and will help grow the business of the Group significantly by leveraging on the extensive business networks and clientele of CMBCI and its parent group companies, in addition to enhancement of the working capital position of the Group. Therefore, the Subscription Price should not be the only factor in assessing whether the Subscription is fair and reasonable and the strategic benefits to the Group should also be considered.

Our view

Given the Company is loss making in the latest financial year, the parties therefore did not take into account the price to earnings ratio of the Company when determining the Subscription Price. Further, having discussed with the management of the Company, we understand that the Subscription was agreed on a very fundamental basis that the clients profile of the Brokerage Business in particular the margin clients to be retained by the Remaining Group at the Subscription Completion have to be selected and approved by the Subscribers, and thus the Brokerage Business of the Remaining Group upon Subscription Completion will be developed leveraging on the extensive business networks and clientele of CMBCI and its parent group companies (with 761,100 local corporate deposit customers, approximately 28.0 million individual customers with positive bank balances and 15,517 private banking customers as detailed in the section headed "Information on the Subscribers" above), rather than the clientele of the Brokerage Subsidiaries. This illustrates why one of the conditions precedent to the Subscription Agreement stipulates that only the Selected Brokerage Receivables (i.e. those receivables which are from the margin clients selected and approved in writing in advance by the Subscribers prior to Subscription Completion) can be retained in the Remaining Group and the amount of the Selected Brokerage Receivables should not be more than HK$200.0 million. With this condition precedent, the accounts receivables of the Remaining Group (i.e. the size of the margin financing portfolio) to be transacted at the Subscription Completion will be much reduced as compared to that of the Group as at 30 September 2016 (i.e. HK$598.8 million), so are the actual scale of the Brokerage Business and the commission income that can be generated therefrom given they are highly correlated to the size of the margin financing portfolio.

Having taken into account the whole rationale of the Subscription that the Subscribers will mainly rely on its parents' own business network and clientele and the reduced scale of the Brokerage Business at the time of the Subscription Completion, we consider that it is commercially sensible for the parties to exclude the intangible assets which is mainly composed of the customers networks of the Brokerage Business of the Brokerage Subsidiaries when determining the Subscription Price.

In addition, having noted that (i) the Brokerage Business generated a segment loss of HK$22.8 million for FY2016 and over 85% of the segment profit of approximately HK$260.4 million generated therefrom for 1H2017 was indeed attributable to the fair value gain of the securities held for proprietary trading of the Brokerage Subsidiaries, rather than relatively sustainable commission income of the Brokerage Business; and (ii) the Remaining Group will no longer hold any securities at the Subscription Completion, we consider that it is commercially justified for the parties to exclude the goodwill arising from the Brokerage Acquisition when determining the Subscription Price.

We also noted that the parties to the Subscription Agreement had taken into account the average price to net tangible asset value ratio ("**P/NTAV Ratio**") of the comparable companies selected and screened by the parties (i.e. the Comparable Companies) when determining the Subscription Price and the implied P/NTAV of the Subscription Price of approximately 1.88 times is higher than the average P/NTAV of the Comparable Companies of approximately 1.40 times. Notwithstanding this, we have conducted an independent research to assess the fairness and reasonableness of the Subscription Price by comparison with the recent comparable share issues in the market (the "**Comparable Issues**") and the fundamentals of the peer companies of the Company (the "**Peer Comparison**"), details of which are set out in the paragraphs below.

(ii) Comparable Issues

For the purpose of our analysis, we have conducted a research on the Comparable Issues by searching the website of the Stock Exchange based on the criteria that each of the Comparable Issues (i) was carried out by companies listed on the Main Board of the Stock Exchange; (ii) was announced within two years preceding and up to the date immediately prior to the Latest Practicable Date (including those which are terminated due to non-fulfilment of conditions precedent rather than being voted down by the shareholders), which we believe represents a reasonable period to reflect the recent market condition and sentiment as to the share issues and the subscription prices set forth by the listed companies; and (iii) involves issue of new shares to a subscriber, which, together with parties acting in concert with it, did not hold any shares of the offeree company prior to such Comparable Issue, but as a result of such Comparable Issue, a mandatory general offer obligation is triggered under the Takeovers Code. We consider the selection of the Comparable Issues based on the above criteria is fair and representative.

We have excluded (i) placing/subscription/issues by listed companies, which, as at the date of the announcement and/or currently, were/are under prolonged suspension; (ii) placing/subscription/issues involving convertible securities; and (iii) open offers or rights issues, which are usually made at discounts.

Set out below are the summary of a total of 21 Comparable Issues which we have identified exhaustively:

			Premium/(discount) of the relevant subscription price over/to		
Date of announcement	Company name	Stock code	closing price on the last trading day as referred to in the relevant announcement (the "Last Price")	NAV attributable to owners per share *(Note 1)*	NTAV per share *(Note 2)*
21 March 2017	Jutal Offshore Oil Services Limited *(Note 3)*	3303	(40.00)%	(26.38)%	(11.13)%
15 February 2017	Runway Global Holdings Company Limited	1520	(70.25)%	67.76%	67.76%
4 December 2016	China Agri-Products Exchange Limited	149	5.47%	11.51%	(12.25)%
13 July 2016	Sino Golf Holdings Limited	361	(63.23)%	54.55%	52.14%
29 February 2016	Hang Fat Ginseng Holdings Company Limited	911	(85.10)%	(86.60)%	(86.60)%
19 February 2016	Sino Credit Holdings Limited	628	(55.49)%	0.73%	14.81%
16 February 2016	Varitronix International Limited	710	(33.71)%	(41.05)%	(41.06)%

Date of announcement	Company name	Stock code	Premium/(discount) of the relevant subscription price over/to closing price on the last trading day as referred to in the relevant announcement (the "Last Price")	NAV attributable to owners per share *(Note 1)*	NTAV per share *(Note 2)*
14 February 2016	Sun East Technology (Holdings) Limited	365	(72.79)%	(37.58)%	(37.58)%
5 January 2016	Addchance Holdings Limited *(Note 4)*	3344	(60.84)%	(62.47)%	(62.47)%
15 December 2015	Huscoke Resources Holdings Limited *(Note 5)*	704	(62.96)%	(11.78)%	(26.20)%
10 December 2015	China Jiuhao Health Industry Corporation Limited	419	(90.91)%	(77.19)%	(76.90)%
31 August 2015	Quam Limited *(Note 4)*	952	(59.93)%	99.89%	107.16%
30 August 2015	Global Bio-chem Technology Group Company Limited	809	(33.33)%	(8.72)%	(34.51)%
27 August 2015	China Seven Star Holdings Limited *(Note 6)*	245	(89.89)%	86.47%	12,206.97%
31 July 2015	Mascotte Holdings Limited *(Note 7)*	136	(97.90)%	N/A	N/A
28 July 2015	Yueshou Environmental Holdings Limited *(Note 4)*	1191	(80.41)%	153.46%	153.46%
19 June 2015	China Properties Investment Holdings Limited *(Notes 3 and 4)*	736	(88.37)%	(18.51)%	8.64%

Date of announcement	Company name	Stock code	Premium/(discount) of the relevant subscription price over/to closing price on the last trading day as referred to in the relevant announcement (the "Last Price")	NAV attributable to owners per share *(Note 1)*	NTAV per share *(Note 2)*
4 June 2015	World Wide Touch Technology (Holdings) Limited	1282	(82.35)%	7.27%	26.72%
29 May 2015	Reorient Group Limited	376	(77.78)%	(10.18)%	(10.66)%
27 May 2015	China Jinhai International Group Limited	139	(73.96)%	192.26%	229.55%
13 May 2015	21 Holdings Limited	1003	(79.17)%	(31.32)%	(30.41)%
	Mean		**(66.33)%**	**13.11%**	**12.13%** *(Note 8)*
	Median		**(73.37)%**	**(8.72)%**	**(11.13)%** *(Note 8)*
	Maximum		**5.47%**	**192.26%**	**229.55%** *(Note 8)*
	Minimum		**(97.90)%**	**(86.60)%**	**(86.60)%** *(Note 8)*
	The Subscription		**(89.84)%**	**(32.98)%**	**88.24%**

Source: *Relevant announcements in respect of the Comparable Issues and the then latest published balance sheets of the relevant listed companies carrying out the Comparable Issues*

Notes:

1. *The NAV attributable to owners per share of the issuer of each Comparable Issue is calculated by dividing the total equity attributable to owners of the company as shown in the then latest published balance sheet of the relevant company by the then outstanding number of shares as disclosed in the relevant announcement of the corresponding Comparable Issue. The NAV attributable to owners per Share to which the Subscription is compared represents the NAV of the Remaining Group as at 30 September 2016 upon Reorganisation Completion but prior to Subscription Completion divided by the total number of Shares in issue as at the Latest Practicable Date.*

2. *The NTAV per share of the issuer of each Comparable Issue represents the total equity less goodwill and intangible assets as shown in the relevant company's last published balance sheets divided by the then outstanding number of shares as disclosed in the relevant announcement of the corresponding Comparable Issue. The NTAV per Share to which the Subscription is compared is calculated by dividing the estimated NTAV of the Group at Subscription Completion of HK$310 million (as it is one of the Subscription Condition to be fulfilled upon Subscription Completion) by the total number of Shares in issue as at the Latest Practicable Date.*

3. *The NAV and NTAV are shown in Renminbi ("**RMB**") in the published balance sheets of Jutal Offshore Oil Services Limited and China Properties Investment Holdings Limited and have been converted based on the then prevailing exchange rates as quoted on Bloomberg of RMB1 = approximately HK$1.13 on 21 March 2017 and RMB1 = approximately HK$1.25 on 19 June 2015, respectively.*

4. *These issues were not proceeded to completion due to the non-fulfilment of the conditions precedent rather than being voted down by the shareholders.*

5. *According to announcement of Huscoke Resources Holdings Limited dated 15 December 2015, the relevant issue of new shares was conditional upon, among other things, a share consolidation of five issued shares into one consolidated share having become effective. The subscription price is compared to the Last Price as adjusted by the effect of the share consolidation.*

6. *According to the then latest published balance sheet of China Seven Star Holdings Limited as at 31 December 2014, the company did not have any goodwill or intangible assets on book and the NTAV is equal to the total equity of the company. The difference between the premium of the subscription price to the NAV per share and the premium as compared to the NTAV per share is merely due to the significant net liabilities of the non-controlling interests of the company, resulting in a significant difference between the total equity attributable to owners of the company and the total equity.*

7. *According to the then latest published balance sheet of Mascotte Holdings Limited as at 31 March 2015, the company recorded total deficit of approximately HK$27.7 million whereas the total deficit attributable to equity owners amounted to approximately HK$32.7 million. The company did not have any goodwill and intangible assets as at 31 March 2015.*

8. *As discussed in note 6 above, the subscription price of the Comparable Issue carried out by China Seven Star Holdings Limited shows an anomalously high premium of over 120 times to the then latest available NTAV. To avoid distortion to the overall comparable analysis due to the abnormality of the such single result, the subscription price to NTAV ratio of such Comparable Issue carried out by China Seven Star Holdings Limited has been excluded.*

The subscription prices of the 21 Comparable Issues above generally represent discounts to the closing prices of the shares of the subject companies, whilst the discounts to, and premiums over, the NAV and the NTAV of the Comparable Issues (having excluded the Comparable Issue by Mascott Holdings Limited due to the reason set out in note 7 above) split roughly in half. The range of subscription prices of the 21 Comparable Issues to the closing prices of the subject companies falls between premium of approximately 5.47% to discount of approximately 97.90%. The subscription prices to NAV and NTAV of the Comparable Issues ranged from premium of approximately 192.26% to discount of 86.60%, and premium of 229.55% to discount of 86.60% (with the outlier having been excluded).

As set out in the table above, the Subscription Price represents (i) a discount of approximately 89.84% to the closing prices of the Shares as at the Last Trading Day; (ii) a discount of approximately 32.98% to the NAV of the Remaining Group; and (iii) a premium of approximately 88.24% over the NTAV of the Remaining Group. All of these are:

(i) within the range of discounts and premium of the Comparable Issues in respect of the Last Price, the NAV and the NTAV; and

(ii) more favourable than the mean and median of the range of discounts and premium of the Comparable Issues for the NTAV.

(iii) Peer Comparison

For the purpose of assessing the fairness and reasonableness of the Subscription Price, we have sought to compare (i) the P/NAV Ratio; and (ii) the P/NTAV Ratio against a list of companies (the "**Peer Companies**") which are principally engaged in businesses similar to the principal businesses of the Remaining Group and are comparable in size to the Company. We have therefore identified a total of 14 Peer Companies selected exhaustively from Bloomberg based on the following criteria: (a) the principal businesses of the Peer Companies include provisions of brokerage, securities margin financing and related services with not less than half of the total revenue contributed from such businesses for their last audited full financial year as shown in their latest published annual reports; (b) the shares of the Peer Companies are listed on the main board of the Stock Exchange; and (c) each of the Peer Companies has a market capitalisation of not more than two times of the market capitalisation of the Company based on the 90-day average closing price of the Shares up to the Last Trading Day, which we consider as an "undisturbed" average price of the Shares. We consider the selection of the Peer Companies based on the above criteria is fair and representative.

The table below sets out the list of the Peer Companies based on the aforesaid selection criteria:

Company	Stock code	Market capitalisation as at the Latest Practicable Date *(Note 1)* *(HK$' million)*	Consolidated NAV *(Note 2)* *(HK$' million)*	P/NAV Ratio *(Note 3)* *(times)*	Consolidated NTAV *(Note 4)* *(HK$' million)*	P/NTAV Ratio *(Note 5)* *(times)*
Emperor Capital Group Limited	717	4,449	4,250	1.05	4,250	1.05
Bright Smart Securities & Commodities Group Limited	1428	4,276	2,072	2.06	2,072	2.06
Shenwan Hongyuan (H.K.) Limited	218	2,651	2,089	1.27	2,092	1.27
Get Nice Financial Group Limited	1469	2,325	3,550	0.65	3,541	0.66
Get Nice Holdings Limited	64	2,174	4,688	0.46	5,651	0.38
Quam Limited	952	1,773	605	2.93	590	3.01
First Shanghai Investments Limited	227	1,603	2,711	0.59	2,778	0.58
CASH Financial Services Group Limited	510	1,323	543	2.44	533	2.48
China Fortune Financial Group Limited	290	1,090	226	4.82	214	5.09
South China Financial Holdings Limited	619	1.041	1,094	0.95	1,093	0.95
Value Convergence Holdings Limited	821	1.020	700	1.46	698	1.46

Company	Stock code	Market capitalisation as at the Latest Practicable Date *(Note 1)* *(HK$' million)*	Consolidated NAV *(Note 2)* *(HK$' million)*	P/NAV Ratio *(Note 3)* *(times)*	Consolidated NTAV *(Note 4)* *(HK$' million)*	P/NTAV Ratio *(Note 5)* *(times)*
Southwest Securities International Securities Limited	812	842	235	3.58	235	3.58
Cinda International Holdings Limited	111	628	754	0.83	763	0.82
GT Group Holdings Limited	263	393	1,422	0.28	1,422	0.28
Mean				**1.67**		**1.69**
Maximum				**4.82**		**5.09**
Minimum				**0.28**		**0.28**
The Subscription	**1141**	**577**	**861**	**0.67**	**310**	**1.88**

Sources: *Bloomberg, the information provided by the Company and the respective last published balance sheets of the Peer Companies*

Notes:

1. *The market capitalisation figures of the Peer Companies are based on Bloomberg data as at the Latest Practicable Date. The value of the Subscription is calculated based on the Subscription Price of HK$0.032 per Share and the total number of 18,019,814,729 Shares in issue as at the Latest Practicable Date.*

2. *The NAV of the Peer Companies represents the total equity attributable to their respective owners as shown in their last published balance sheets. The NAV of the Company to which the Subscription is compared represents the NAV as at 30 September 2016 upon Reorganisation Completion but prior to Subscription Completion.*

3. *The P/NAV Ratio represents the market capitalisation divided by the NAV and is subject to rounding errors.*

4. *The NTAV of the Peer Companies represents the total equity less goodwill and intangible assets as shown in their last published balance sheets. The NTAV of the Company to which the Subscription is compared represents the NTAV of the Remaining Group immediately after Reorganisation Completion.*

5. *The P/NTAV Ratio represents the market capitalisation divided by the NTAV and is subject to rounding errors.*

As set out in the table above, the P/NAV Ratio of the Peer Companies range from discount of approximately 0.28 to 4.82 times, with a mean of approximately 1.67 times, while the P/NTAV Ratio range from 0.28 to 5.09 times, with a mean of approximately 1.69 times.

The implied P/NAV Ratio of the Subscription of approximately 0.67 times falls within range of the Peer Companies but is below the mean of the P/NAV Ratio of the Comparable Companies, whilst the implied P/NTAV Ratio of the Subscription of approximately 1.88 times is within the range and above the mean of the P/NTAV Ratio of the Peer Companies.

Based on this, as well as the analysis as set out in the sub-section headed "Comparable Issues" above that the implied discounts of the Subscription Price to the closing price of the Shares on the Last Trading Day, NAV and NTAV fall within the range of the 21 Comparable Issues, we consider that the Subscription Price is fair and reasonable.

11. Conclusion

Having considered that:

(i) the strategic meaning of the Subscription in light of the extensive branch network and client base of China Minsheng that would be brought into the Remaining Group to facilitate the growth of the Brokerage Business, the Asset Management Business and the Proprietary Trading Business;

(ii) the financial effect of the Subscription is positive given the capital base of the Remaining Group will substantially increase to approximately HK$1,710.7 million, which is crucial for the future growth of its core businesses;

(iii) the basis of the Subscription Price on the NTAV is commercially justified and the Subscription Price is fair and reasonable having considered the implied discount of the Subscription Price to the closing prices of the Shares on the Last Trading Day, the NAV and the implied premium over the NTAV of the Remaining Group fall within the range of the Comparable Issues and the Peer Companies;

(iv) the dilution effect on the shareholding interests of the existing Shareholders is acceptable in view of the aforesaid reasons and factors; and

(v) the merits of the unconditional Offers resulting from the Sale and Purchase Completion and the Subscription Completion,

we are of the view that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Based on the above analyses, we consider that the terms of the Distribution, the CSPT Disposal (together with the CSPT Amendments), and the Subscription are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise, and recommend the Independent Board Committee to advise, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in relation to the Distribution, the CSPT Disposal (together with the CSPT Amendments) and the Subscription.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Ng Ka Po
Senior Director

Mr. Ng Ka Po is licensed person and responsible officer of Optima Capital Limited registered with the SFC to carry out type 1 (securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of financial advisory and independent financial advisory services for various transactions involving companies listed in Hong Kong.

1. FINANCIAL SUMMARY OF THE GROUP

The following is a summary of the audited consolidated financial information of the Group for the years ended 31 March 2014, 2015 and 2016 as extracted from the published annual financial statements of the Group for the relevant years and the unaudited consolidated financial information of the Group for the six months ended 30 September 2016 as extracted from the published interim financial statements of the Group for the six months ended 30 September 2016.

The auditors of the Company for each of the three financial years ended 31 March 2014, 2015 and 2016 did not issue any qualified opinion on the financial statements of the Group for each of the three years ended 31 March 2014, 2015 and 2016.

	For the six months ended 30 September	For the year ended 31 March		
	2016	**2016**	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
RESULT				
Continuing operations				
Revenue	46,038	57,052	300,700	1,369,188
Profit (loss) before taxation	46,770	(1,930,837)	551,402	417,153
Taxation	(35,267)	55,813	(64,345)	(70)
Profit (loss) for the year from continuing operations	11,503	(1,875,024)	487,057	417,083
Discontinued operation				
Loss for the year from discontinued operation	(339)	–	–	–
Profit (loss) for the year	11,164	(1,875,024)	487,057	417,083
Attributable to:				
Owners of the Company	11,164	(1,874,835)	487,057	417,083
Non-controlling interests	–	(189)	–	–
	11,164	(1,875,024)	487,057	417,083

	As at 30 September 2016	As at 31 March 2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Total assets	2,827,551	2,211,857	2,719,745	1,885,139
Total liabilities	(882,968)	(794,671)	(391,010)	(291,714)
	1,944,583	1,417,186	2,328,735	1,593,425
Equity attributable to				
Owners of the Company	1,944,583	1,414,925	2,328,735	1,593,425
Non-controlling interest	–	2,261	–	–
	1,944,583	1,417,186	2,328,735	1,593,425

2. LATEST PUBLISHED FINANCIAL INFORMATION

The latest audited consolidated financial information of the Group for the year ended 31 March 2016 together with the relevant notes to the consolidated financial statements of the Group has been published in the annual report per below:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0721/LTN20160721497.pdf

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 28 February 2017, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the total indebtedness of the Group is as follows:

Borrowings

As at the close of business on 28 February 2017, the Group had total borrowings of approximately HK$421.1 million, which include unguaranteed and unsecured notes with carrying amount of HK$147.7 million (the nominal value is HK$150.0 million carried at 5% per annum and will mature in 2019 and 2020), unguaranteed and unsecured promissory notes with carrying amount of HK$25.9 million (the aggregate principal amount is HK$29.0 million carried at 2% per annum and will mature in 2018), guaranteed and secured bank overdrafts of HK$43.9 million, guaranteed and secured term loans of HK$25.3 million and guaranteed mortgaged bank loans of HK$178.3 million. Certain term loans and certain bank overdrafts are secured by marketable securities and certain bank overdrafts are secured by a property. Mortgaged bank loans are guaranteed by substantial Shareholders.

Financial guarantees

As at the close of business on 28 February 2017, the Company had a corporate guarantee to a bank in respect of a banking facility granted to its subsidiary.

Facilities

As at the close of business on 28 February 2017, the Group had an aggregate available bank facilities of approximately HK$550.0 million, in which approximately HK$67.9 million was utilized.

Disclaimer

Save as aforesaid, apart from intra-group and normal trade and other payables, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances and acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 28 February 2017.

To the best knowledge of the Directors, having made all reasonable enquires there has been no material change in indebtedness or contingent liabilities of the Group since 28 February 2017 and up to the Latest Practicable Date.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources and banking facilities available to the Group, its internally generated funds and the net proceeds from the CSPT Disposal and the Subscription, in absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of publication of this circular.

5. MATERIAL ADVERSE CHANGE

Reference is made to the announcement of the Company dated 6 March 2017 regarding the disposals by the Company of available-for-sale investments held in the unlisted shares of Joint Global Limited and Freewill Holdings Limited. As disclosed in the unaudited pro forma financial information set out in Appendix II of this circular, the Group recorded a loss of approximately HK$235,701,000 in profit or loss as a result of the AFS Disposals referred thereto in the said announcement. The completion has taken place on 14 March 2017. Furthermore, based on the stock market conditions as at 28 February 2017, the Group recorded a fair value loss of its investments at fair value through profit or loss from 1 April 2016 to 28 February 2017 in profit or loss. The above are only based on information currently available to the Board and taking into account the closing prices of investments at fair value through profit and loss as at the 28 February 2017 and are therefore subject to change, stock market conditions, fluctuations in trading prices, discussions with and/or adjustments by the auditors of the Company during audit procedures for the annual results for the financial year ended 31 March 2017.

Save as disclosed under this section "Material Adverse Change", the Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, being the date to which the latest published audited accounts of the Group have been made up.

6. BUSINESS TREND AND FINANCIAL AND TRADING PROSPECT

Financial Results and Business Review

Revenue

The Group's revenue increased by approximately 124.4% to approximately HK$46.0 million compared to approximately HK$20.5 million for the same period in 2015. It was mainly due to the contribution from brokerage and related services during the period. The analysis of the Group's revenue by reportable segments is as below.

Brokerage and Related Services

Subsequent to the completion of the acquisition of Skyway Securities Investment Limited and Skyway Futures Limited in November 2015, the Group has further expanded its business line of provision of brokerage services, proprietary trading, securities margin financing services and futures and options contracts dealing services to clients. During the period under review, the segment revenue and segment profit contributed by brokerage and related services were approximately HK$44.9 million and HK$260.4 million respectively.

Investments

Securities Investment

During the six months ended 31 September 2016, the segment revenue, which included dividend income from investment in listed equity securities, and interest income from investment in convertible bonds and interest bearing notes decreased by 100% from HK$3.2 million to zero as compared with the same period in last year.

During the period under review, the segment loss significantly reduced by approximately 78.5% to approximately HK$97.9 million in the current period compared to the loss of approximately HK$456.2 million in the previous period. The loss was mainly attributable to:

(1) an unrealized loss on investments at fair value through profit or loss of approximately HK$97.7 million, which reduced by approximately HK$150.2 million compared to the loss of approximately HK$247.9 million for the same period in last year; and

(2) no realized loss on investments at fair value through profit or loss is noted in the current period, compared to the loss of approximately HK$211.6 million for the same period in last year.

At the period end, the Group's securities portfolio mainly constituted of listed equity securities in semiconductors company and sourcing and supply chain service company.

Available-for-sale Investments

As at 30 September 2016, the Group's available-for-sale ("AFS") investments comprised of unlisted equity interests in two private entities (31 March 2016: two private entities). Both entities were principally engaged in investment holding and provision of financial services in Hong Kong.

During the period under review, one of the investees has incurred losses due to the distribution in specie of investments in certain convertible notes to the Group. Accordingly, impairment of approximately HK$12.5 million is recognized to profit or loss in respect of that AFS investee. The AFS investments are measured at cost less impairment at the end of the period with reference to the financial information available to the Group. As the Group is a passive investor in both investees where there were no director nominated by the Group nor the Group takes part in any daily management in these investees, the Group has no information for future prospects of the AFS investments.

Real Estate

The segment recorded rental income of approximately HK$1.1 million (30 September 2015: approximately HK$0.3 million) and segment profit of approximately HK$0.9 million (30 September 2015: approximately HK$5.3 million) during the period under review.

Supply and Procurement

The Group's supply and procurement segment represents sourcing, transporting and supplying of metal minerals and recyclable metal materials. Due to the continuous weak demand for building materials from our customers in PRC, the management of the Group has ceased such business in the current period accordingly.

Results

For the period ended 30 September 2016, the Group recorded a profit attributable to owners of the Company of approximately HK$11.1 million (30 September 2015: loss of approximately HK$443.3 million), basic earnings per share of HK$0.08 cents (30 September 2015: basic loss per share of HK$5.26 cents) and diluted earnings per share of HK$0.07 cent (30 September 2015: diluted loss per share of HK$5.26 cents).

Prospects

Although the stock market in China and Hong Kong showed an upward trend and improved in investment sentiment; together with the Shenzhen-HK Stock Connect Scheme launched in December 2016 and the abolishment of the overall quota limits for the link between Hong Kong and Shanghai Stock Exchange, the surrounding political environments and the expected future interest rates change might bring unstable effects on the economy.

Management of the Group still strikes for the development of the business of brokerage and related services and seizes these opportunities to boarden our client bases.

Looking ahead, the Group will continually enhance its principal business and will seek good business opportunities to enhance the value of the shareholders of the Company and the Company as a whole.

For the financial year ended 31 March 2017, the Company is preparing its management accounts of the Group. Upon such management accounts becoming available, the management of the Company will review and analyse the same taking into account also of cash flow projection(s) and together with professional valuer, make an assessment as to whether or not an impairment on goodwill (which arose as a result of the acquisition by the Company in 2015 of Skyway Securities Investment Limited and its subsidiaries and Skyway Future Limited) would be required. In the event that upon the said assessment, it is determined that an impairment on goodwill should be made and a disclosure obligation arises according to Listing Rules, the Company will comply with the relevant requirements under Listing Rules and Takeovers Code where appropriate.

Deloitte. 德勤

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

Making another century of impact
德勤百年慶 開創新紀元

10 April 2017

The Board of Directors
Skyway Securities Group Limited
Units 6601A and 6607-6608
Level 66 of International Commerce Centre
1 Austin Road West
Kowloon

Dear Sirs,

Skyway Securities Group Limited ("the Company")

Loss of approximately HK$235,701,000 as a result of the AFS Disposals and Fair Value Loss of Investments at Fair Value through Profit or Loss for the Period from 1 April 2016 to 28 February 2017

We refer to the following statement made by the directors of the Company (the "Statement") in the section 5 "Material Adverse Change" of Appendix I "Financial Information of the Group" to the circular of the Company dated 10 April 2017 in connection with (1) conditional agreement in relation to the subscription of new shares of the Company; (2) distribution in specie relating to the investment in listed securities by the Company; (3) share premium cancellation and special cash dividend; (4) discloseable and connected transaction and special deal: the CSPT disposal; (5) specific mandate in relation to the proposed subscription of new shares in the Company by CMBC International Investment Limited and Brilliant Decent Limited; (6) proposed change of company name; and (7) notice of SGM (the "Circular").:

> "…As disclosed in the unaudited pro forma financial information set out in Appendix II of this circular, the Group recorded a loss of approximately HK$235,701,000 in profit or loss as a result of the AFS Disposals referred thereto in the said announcement…the Group recorded a fair value loss of its investments at fair value through profit or loss for the period from 1 April 2016 to 28 February 2017 in profit or loss…"

The Statement is regarded as a "profit forecast" under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

DIRECTORS' RESPONSIBILITIES

The Statement has been prepared by the directors of the Company based on the calculation of the loss arising from the disposal of the available-for-sale investments and change in fair value of the investments at fair value through profit or loss of the Company and its subsidiaries (collectively referred to as the "Group") during the period from 1 April 2016 to 28 February 2017 (collectively the "Investment Loss Computation").

The Company's directors are solely responsible for the Statement and the Investment Loss Computation.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion on the accounting policies and calculations of the Investment Loss Computation based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Investment Loss Computation in accordance with the bases adopted by the directors and as to whether the Investment Loss Computation is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

OPINION

In our opinion, so far as the accounting policies and calculations are concerned, the Investment Loss Computation has been properly compiled in accordance with the bases adopted by the directors of the Company and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the consolidated financial statements of the Group for the year ended 31 March 2016 as published in the annual report on 21 July 2016.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

OPTIMA CAPITAL

Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

10 April 2017

The Board of Directors
Skyway Securities Group Limited
Units 6601A and 6607-6608
Level 66, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Dear Sirs,

We refer to the Statement (defined below) made in the circular of the Company dated 10 April 2017 (the "**Circular**"), of which this letter forms part, and the announcement of the Company dated 6 March 2017 in relation to the AFS Disposals. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless otherwise stated.

The Statement (defined below) is extracted from the section headed "Material Adverse Change" in Appendix I to the Circular as follows:

"…As disclosed in the unaudited pro forma financial information set out in Appendix II of this circular, the Group recorded a loss of approximately HK$235,701,000 in profit or loss as a result of the AFS Disposals referred thereto in the said announcement…the Group recorded a fair value loss of its investments at fair value through profit or loss for the period from 1 April 2016 to 28 February 2017 in profit or loss…" (the "**Statement**").

We note that the Statement is regarded as profit forecast under Rule 10 of the Takeovers Code. We have discussed with the Directors the basis of the Statement and reviewed the calculation prepared by the Directors of the loss arising from the AFS Disposals and change in fair value of the investments at fair value through profit or loss of the Group during the period from 1 April 2016 to 28 February 2017 (collectively the "**Investment Loss Computation**"). We have also considered the letter of Deloitte Touche Tohmatsu ("**DTT**"), the auditors of the Company. DTT is of the opinion that, so far as the accounting policies and calculations are concerned, the Investment Loss Computation has been properly compiled in accordance with the bases adopted by the Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the consolidated financial statements of the Group for the year ended 31 March 2016 as published in the annual report on 21 July 2016. The comfort letter issued by DTT is set out in Appendix IA to the Circular.

On these bases, we are satisfied that the Statement, for which the Directors are solely responsible, have been made by the Directors after due care and consideration.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Ng Ka Po
Senior Director

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma consolidated statement of financial position of the Remaining Group has been prepared to illustrate the effect of the (1) AFS Disposals, (2) Distribution in Specie, (3) The CSPT disposal, (4) Special Cash Dividend, (5) Completion of Reorganisation and (6) Other financial requirement in relation to the account receivables of margin clients of the Remaining Group under Subscription Conditions (collectively the "Events under Condition precedent") as if they had been completed on 30 September 2016. The preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group is based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2016, which has been extracted from the published interim report of the Group for the six months ended 30 September 2016. Narrative descriptions of the unaudited pro forma adjustments are directly attributable to the Events under Conditions Precedent and are factually supportable and are summarised in the accompanying notes. As the unaudited pro forma financial information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position, had the Events under Conditions Precedent been completed on 30 September 2016 or at any future dates or for any future periods.

Unaudited pro forma consolidated statement of financial position of the Remaining Group

		Pro forma adjustments								
	Unaudited condensed consolidated statement of financial position of the Group as at 30 September 2016	CSPT Disposal	Sub-total	AFS Disposals	Distribution in Specie	Special Dividend	Disposal of group companies other than Remaining Group	Other financial requirement under Subscription Conditions	Issue of new Shares to Subscribers	Pro forma total
		Note 1		*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	4,788	(533)	4,255				(9)			4,246
Investment Property	403,000	(403,000)	–							–
Goodwill	551,445		551,445							551,445
Contingent consideration	29,970		29,970							29,970
Intangible assets	123,874		123,874							123,874
Available-for-sale investments	345,701		345,701	(345,701)						–
Other assets	1,943		1,943							1,943
Total non-current assets	1,460,721		1,057,188							711,478
Accounts receivables	598,799		598,799					(398,799)		200,000
Prepayments, deposits and other receivables	11,845	(509)	11,336				(277)			11,059
Loans receivable	63,000		63,000							63,000
Investments at fair value through profit or loss	573,321		573,321		(522,375)					50,946
Bank balance and cash (segregated accounts)	84,096		84,096							84,096
Bank balance and cash	35,769	226,000	261,769	110,000		(330,172)	(107,676)	398,799	850,000	1,182,720
Total current assets	1,366,830		1,592,321							1,591,821

Unaudited pro forma consolidated statement of financial position of the Remaining Group — *continued*

				Pro forma adjustments						
	Unaudited condensed consolidated statement of financial position of the Group as at 30 September 2016	CSPT Disposal	Sub-total	AFS Disposals	Distribution in Specie	Special Dividend	Disposal of group companies other than Remaining Group	Other financial requirement under Subscription Conditions	Issue of new Shares to Subscribers	Pro forma total
		Note 1		*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accounts payable	(126,209)		(126,209)							(126,209)
Other payables and accruals	(21,344)	1,179	(20,165)				563			(19,602)
Borrowings	(246,234)	7,817	(238,417)				74,000			(164,417)
Bank overdrafts	(79,593)		(79,593)							(79,593)
Tax payable	(4,400)		(4,400)							(4,400)
Total current liabilities	(477,780)		(468,784)							(394,221)
Borrowings	(173,654)	173,654	–							–
Notes payable	(147,443)		(147,443)							(147,443)
Promissory notes	(25,885)		(25,885)				25,885			–
Deferred tax liabilities	(58,206)		(58,206)				7,265			(50,941)
Total non-current liabilities	(405,188)		(231,534)							(198,384)
Net assets	1,944,583		1,949,191							1,710,694
Share capital	(157,224)		(157,224)						(269,500)	(426,724)
Reserves	(1,787,359)	(4,608)	(1,791,967)	235,701	522,375	330,172	249	–	(580,500)	(1,283,970)
Total equity	(1,944,583)		1,949,191							(1,710,694)

Unaudited pro forma consolidated statement of financial position of the Remaining Group — *continued*

Notes:

1. It represents the disposal of the Target Company at a consideration of HK$227 million with a gain of HK$4,608,000, after taking into account the transaction cost.

2. It represents disposal of the unlisted available-for-sale investments, namely, approximately 13.96% interest in Freewill Holdings Limited and approximately 14.16% interest in Joint Global Limited, with book value of HK$346 million at consideration of HK$110 million.

3. It represents distribution in specie of certain investments at fair value through profit or loss held by the Company, comprising CSPT Shares and FW Shares which are listed on the Stock Exchange, with a carrying amount of HK$522 million as at 30 September 2016.

4. It represents the special dividend to all Shareholders which is based on dividend per share of HK$0.021 and 15,722,476,000 Shares in issue as at 30 September 2016.

5. It represents the deconsolidation of those group companies under the Disposal and the management considered the consideration would have been negligible.

6. It represents the adjustment to limit account receivables of margin clients to be not more than HK$200,000,000 under the Subscription Conditions.

7. It represents the subscription of 26,950,000,000 new Shares at the Subscription Price of HK$0.032 per Share for an aggregate proceed of HK$862,400,000, after taking into account the transaction cost.

8. For the purpose of preparing the unaudited pro forma financial information, the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2016 has been in use as unadjusted information which would not reflect the condition precedent to the Subscription Agreement that the Remaining Group shall have net asset value (excluding intangible assets) of not less than HK$310,000,000.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF SKYWAY SECURITIES GROUP LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Skyway Securities Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 September 2016 and related notes as set out on pages 132 to 135 of the circular issued by the Company dated 10 April 2017 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on page 132 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of (1) the AFS Disposals, (2) Distribution in Specie, (3) The CSPT disposal, (4) Special Cash Dividend, (5) Completion of Reorganisation and (6) Other financial requirement under Subscription Conditions as defined in the Circular (collectively the "Events under Conditions Precedent") on the Group's financial position as at 30 September 2016 as if the Events under Conditions Precedent had taken place at 30 September 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 September 2016 on which a review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

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

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

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

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

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

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisitions at 30 September 2016 would have been as presented.

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

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

10 April 2017

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at 28 February 2017 of the property interests to be disposed by the Group.

ASCENT PARTNERS

Together We Flourish

Suite 2102, Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong
Tel: 3679-3890
Fax: 3579-0884

Date: 10 April 2017

The Board of Directors
Skyway Securities Group Limited
Unit 6601A and 6607-6608
Level 66
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Dear Sir/Madam,

RE: Valuation of No. 2 Lincoln Road, Kowloon, Hong Kong (the "Property")

In accordance with the instructions received from Skyway Securities Group Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for us to carry out a valuation of the Property, we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 28 February 2017 (referred to as the "**Valuation Date**") for the purpose of incorporation in the circular of the Group.

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's – length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

VALUATION METHODOLOGY

We have valued the property interests of property on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales price of comparable property is made. Comparable properties of similar size, character, and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Unless otherwise stated, our valuation has been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the value of the property interests. We have also assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificate and authorizations have been obtained.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have assumed that the owners of the Property have free and uninterrupted rights to use and dispose of the Property for the whole of the unexpired term of Land Grant.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

TITLE INVESTIGATION

We have carried out title searches at the Land Registry for the property interests located in Hong Kong. We have been, in some instances, provided with the extracts of the documents relating to the Property. However, we have not verified ownership of the Property to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the Property but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Property is free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

We have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We do not make any allowance for contamination or pollution of the land, if any, which may have been caused by past usage.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

REMARKS

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HKD).

Our valuation certificate in respect of the property interests is herewith attached.

Yours faithfully,
For and on behalf of
Ascent Partners Valuation Service Limited

Stephen Y. W. Yeung
MFin BSc(Hons) Land Adm. MHKIS MCIREA RPS(GP)
Principal

Mr. Stephen Y. W. Yeung is a Registered Professional Surveyor (General Practice Division) and a Professional Member of The Hong Kong Institute of Surveyors with over 10 years' experience in valuation of properties in HKSAR and mainland China. Mr. Yeung is also a valuer on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by HKIS.

VALUATION CERTIFICATE

Property interests to be disposed by the Group in Hong Kong

Property	**Description and tenure**	**Particular of Occupancy**	**Market Value in existing state as at 28 February 2017**
No. 2 Lincoln Road, Kowloon New Kowloon Inland Lot No. 705	The Property comprises a 3-storey garden house erected on a parcel of land with a registered site area of approximately 11,169 sq.ft. completed in 2006. The vertical access is served by an internal staircase and a lift. Swimming pool and garden are located on the ground floor of the Property. The gross floor area and the saleable area of the Property are approximately 6,702 sq.ft. and 6,659 sq.ft. respectively. The areas of ancillary accommodations including flat roof, top roof and garden/swimming pool/open space are approximately 506 sq.ft., 1,710 sq.ft. and 8,740 sq.ft. respectively.	The property is currently leased for a term of two years commencing on 1 January 2017 at a monthly rent of HKD 450,000 inclusive of Government rent and rates for residential purpose.	HKD410,000,000 (Hong Kong Dollar Four Hundred Ten Million)

Property	Description and tenure	Particular of Occupancy	Market Value in existing state as at 28 February 2017
	New Kowloon Inland Lot No. 705 is held under Government Lease for a term of 75 years renewable for 24 years commencing from 1 July 1898 and statutorily extended until 30 June 2047. The Government rent payable for the Property is an amount equal to 3% of the rateable value for the time being.		

Notes:

(1) The registered owner of the Property is Metro Victor Limited vide Memorial No. 10050602690456 dated 20 April 2010.

(2) The Property is subject to encumbrances as listed below:

(i) An Occupation Permit No. KN22/2006 dated 29 November 2006;

(ii) A mortgage in favor of Public Bank (Hong Kong) Limited vide Memorial No. 12092101970147 dated 28 August 2012; and

(iii) A second mortgage in favor of Public Bank (Hong Kong) Limited vide Memorial No. 13011002460296 dated 20 December 2012.

(3) The Property lies within an area zoned "Residential (Group C)" under the approved Kowloon Tong Outline Zoning Plan No. S/K18/19 dated 16 January 2015.

(4) Pursuant to the Government Lease of New Kowloon Inland Lot No. 705 in respect of the Property, it contains, inter alia, the following development covenants:

"...And will during the whole of the said term hereby granted keep and maintain on the said piece or parcel of ground hereby demised a messuage or dwelling house...which said messuage or dwelling house shall be of the same type of building elevation character and description and shall front and range in an uniform manner with the buildings immediately adjacent thereto the whole to be done to the satisfaction of His said Majesty's Director of Public Works..."

(5) The Property is located in Kowloon Tong, a low-density luxurious residential area, on the west side to the junction of Lincoln Road and Waterloo Road. The neighbourhood is mainly composed of villa type developments and the district is home to many prestigious schools, such as Maryknoll Convent School, Diocesan Preparatory School, La Salle College and Yew Chung International School as well other international schools. The City University of Hong Kong and Hong Kong Baptist University are also located in the vicinity. Nearby attractions include Festival Walk shopping centre and Kowloon Walled City Park. In addition, the Kowloon Tong Club is next to the Property. Kowloon Tong MTR Station of both East Rail and Kwun Tong Line is within 15-minute walking distance to the Property.

(6) The Group has confirmed as follows:

(i) No options or rights of pre-emption concerning or affecting the Property;

(ii) No environmental issues such as breach of environmental regulations;

(iii) No notices, pending litigation, breach of law or title defects affecting the Property; and

(iv) No plans for construction, renovation, improvement or development of the Property.

(7) The inspection was performed by Mr. Stephen Yeung on 7 December 2016.

Ascent Partners Valuation Service Limited, an independent firm of professional valuer, has valued the property interests held by the Target Company as at 28 February 2017. The text of the letter, summary of valuation and the valuation certificate are set out in Appendix III to this circular. The reconciliation between valuation of the property interests held by the Target Company as at 28 February 2017 and the net book value of such property interest as at 30 September 2016 is as follow:

Fair value of property as of 30 September 2016 per valuation report:

	HKD'000
Valuation as at 30 September 2016	403,000
Valuation surplus	7,000
Valuation as of 28 February 2017 per valuation report	410,000

POTENTIAL TAX LIABILITIES

The Group has acquired 100% equity interest in the Target Company in March 2016 for long term investment purpose and the Group would hold the Property for generating stable rental income. Due to the changes in government policy in late 2016, the Directors of the Company considered that it would create uncertainty on the future prospect of property market. As a result, the Group planned to dispose of the Target Company in November 2016. As the Group only held the Target Company for a short span of time, in the opinion of the Directors, it is possible that the gain arising from the CSPT Disposal, if any, would be treated as gain on disposal of investment in the Target Company as trading of investment and thus may be taxable in Hong Kong.

1. RESPONSIBILITY STATEMENT

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

Mr. Lam accepts full responsibility for the accuracy of the information contained in this circular (other than the information relating to the Offeror, China Huarong, their respective associates and parties acting in concert with them) and confirms having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this circular (other than the opinions expressed by the directors of the Offeror) 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 Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than the information relating to the Offeror, China Huarong, their respective associates and parties acting in concert with them) and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than the opinions expressed by the directors of the Offeror) 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 directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than the information relating to the Group, the Selling Shareholders, China Huarong, their respective associates and parties acting in concert with them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this circular (other than the opinions 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 contained in this circular misleading.

The directors of CMBCI jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than the information relating to the Group, the Selling Shareholders, China Huarong, their respective associates and parties acting in concert with them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this circular (other than the opinions 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 contained in this circular misleading.

The directors of China Huarong jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than the information relating to the Group, the Selling Shareholders, the Offeror, their respective associates and parties acting in concert with them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this circular (other than the opinions 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 contained in this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors or chief executive of the Company had or were deemed to have an interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Name of Director	Capacity	Interest in Shares	Interest in underlying Shares	Total interests in Shares	Approximately percentage of issued share capital
Ms. Lin Yuehe	Beneficial owner	20,000	–	20,000	0.001%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

At the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest of short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

Substantial shareholders' and other persons' interests and short position in shares and underlying shares

As at the Latest Practicable Date, the following persons or entities had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of PART XV of the SFO or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of Group:

Name of Shareholder	Nature of Interest	Number of Shares/underlying Shares interested	Approximate percentage or attributable percentage of shareholding
CMBC International Investment Limited	Beneficial Owner/Long Position	30,377,200,000	168.58%
CSPT *(Note 1)*	Corporate/Long Position	2,749,935,829	15.26%
Lam Hoi Sze	Beneficial Owner/Long Position	2,527,200,000	14.02%
Capital Union Inc.	Beneficial Owner/Long Position	1,450,000,000	8.05%
Future World Financial Holdings Limited (formerly known as Central Wealth Financial Group Limited)	Beneficial Owner/Long Position	1,300,000,000	7.21%
Ai Qing	Beneficial Owner/Long Position	1,160,000,000	6.44%
China Huaneng Overseas Investment Holdings Company Limited	Beneficial Owner/Long Position	2,850,000,000	6.34%

Note 1: These interests were held by Main Purpose Investments Limited and Desert Gold Limited which were wholly owned subsidiaries of Hoshing Limited, which in turn was a wholly owned subsidiary of CSPT.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of the Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. MARKET PRICE

The table below shows the closing price per Share as quoted by the Stock Exchange (i) on the last day on which trading took place in each of the six calendar months during the period commencing six months preceding the Last Trading Day and ending on the Latest Practicable Date; (ii) 7 March 2017, being the Last Trading Day; and (iii) as at the Latest Practicable Date:

Date	Closing price per Share
	HK$
2016	
30 September	0.207
31 October	0.171
30 November	0.177
30 December	0.205
2017	
27 January	0.19
28 February	0.255
7 March (the Last Trading Day)	0.315
31 March	0.335
Latest Practicable Date	0.345

The highest and lowest closing prices per Share recorded on the Stock Exchange during the period between 8 September 2016 (being the date falling six months prior to 8 March 2017, the date of the Joint Announcement) and ending on the Latest Practicable Date (both dates inclusive) are HK$0.380 and HK$0.152 on 6 March 2017 and 9 November 2016 respectively.

4. SHARE CAPITAL

(a) Share capital

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) assuming the Subscription has completed was/will be as follows:

(i) As at the Latest Practicable Date:

Authorised		*HK$*
100,000,000,000	Shares	1,000,000,000.00
Issued and fully paid		
18,019,814,729	Shares	180,198,147.29

(ii) Assuming the Subscription has completed

Authorised		*HK$*
100,000,000,000	Shares	1,000,000,000.00
Issued and fully paid		
18,019,814,729	Shares as at the Latest Practicable Date	180,198,147.29
26,950,000,000	Subscription Shares to be allotted and issued pursuant to the Subscription Agreement	269,500,000
44,969,814,729	Shares	449,698,147.29

All the existing Shares in issue are listed on the Stock Exchange and rank pari passu in all respects with each other including rights to dividends, voting and return of capital.

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

(b) Options, warrants and convertible securities

As at the Latest Practicable Date, save for the 808,943,000 outstanding Options, the Company does not have any derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

5. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interests in any business which competes or was likely to compete, either directly or indirectly, with the Group's business.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, save as Mr. Wang Haixiong ("Mr. Wang") none of the Directors or proposed Directors had entered into any service contracts with the Company or any member of the Group or any associated company of the Company which (a) (including continuous and fixed term contracts) have been entered into or amended within the Relevant Period; (b) are continuous contracts with a notice period of 12 months or more; (c) are fixed term contracts with more than 12 months to run irrespective of the notice period; or (d) are not determinable by any member of the Group within one year without payment of compensation (other than statutory compensation).

The details of Mr. Wang's service contract are as follows:

Pursuant to the director's service agreement between the Company and Mr. Wang, he has been appointed with effect from 22 July 2016 and will continue until it is terminated in accordance with the terms of the aforesaid service agreement. The directorship of Mr. Wang will be subject to retirement by rotation and reelection pursuant to the Company's Bye-Laws. Mr. Wang is entitled to receive a director's remuneration of HK$80,000 per month on a 13 months basis per year which has been approved by the Remuneration Committee based on his qualifications, experience, level of responsibilities undertaken, contribution to the Company and prevailing market conditions. Mr. Wang will be eligible for discretionary bonus each year and might be entitled to be granted share options of the Company and shares under the share award scheme of the Company. The director's remuneration of Mr. Wang is subject to annual review by the Remuneration Committee and the Board.

7. DIRECTORS' INTEREST IN ASSETS

None of the Directors had any direct or indirect interest in any asset which had been, since 31 March 2016 (being the date to which the latest published audited financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. DIRECTORS' INTEREST IN CONTRACTS

There was no contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisting as at the Latest Practicable Date.

9. EXPERTS AND CONSENT

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

Name	Qualification
Optima Capital	A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Ascent Partners	Independent professional valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the experts did not have 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, or any interests, directly or indirectly, in any assets which have been, since 31 March 2016, being the date to which the latest published audited financial statements of the Group were made up, acquired, disposed of or leased to any member of the Group, or were proposed to be acquired, disposed of or leased to any member of the Group.

10. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim 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.

11. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in ordinary course of business of the Group, have been entered into by the members of the Group within two years preceding the date of the MOU Announcement of the Company dated 16 December 2016 and the date of this circular and which are, or maybe, material:

1. the conditional sale and purchase agreement dated 7 May 2015 entered into between the Company and the vendors in relation to the sale and purchase of the shares in Skyway Securities Investment Limited and Skyway Futures Limited and the shareholders' loan, representing the 81% shareholding of the issued share capital of each of Skyway Securities Investment Limited and Skyway Futures Limited.

2. the conditional sale and purchase agreement dated 11 May 2015 entered into between the Company and Yiu Ka Fung Susan in relation to the sale and purchase of the shares in Skyway Securities Investment Limited and Skyway Futures Limited and the shareholders' loan, representing the 19% shareholding of the issued share capital of each of Skyway Securities Investment Limited and Skyway Futures Limited.

3. the share subscription agreement dated 2 July 2015 made between Freewill Holdings Limited and Ultron Prime Limited in relation to the subscription of 80,000,000 Shares in Freewill Holdings Limited.

4. an agreement dated 15 September 2015 entered into between Joint Global Limited, Mission Investments Holdings Limited and the other investee shareholders in relation to the exchange of shares in HEC Capital Limited and shares in Joint Global Limited.

5. the sale and purchase agreement dated 4 March 2016 and entered into between Central Wealth Financial Group Limited (now known as "Future World Financial Holdings Limited") and Gold Mission Limited for the sale and purchase of the share in Sky Eagle Global Limited and the sale loan.

6. the conditional placing agreement entered into between the Company and Skyway Securities Investment Limited dated 3 May 2016 in relation to placing of up to 2,550,000,000 placing shares in a best effort basis.

7. the conditional agreement dated 3 May 2016 and entered into between the Company and Capital Union Inc., in respect of the subscription of 1,450,000,000 new shares of the Company.

8. the CSPT Disposal Agreement and the CSPT Supplemental Agreement.

9. the Subscription Agreement.

12. CORPORATE AND OTHER INFORMATION

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

(b) The head office and principal place of business of the Company in Hong Kong is located at Units 6601A and 6607-6608 on Level 66 of International Commerce Centre, 1 Austin Road, West Kowloon, Hong Kong.

(c) The secretary of the Company is Mr. Ng Kwok Leung who is a member of the Hong Kong Institute of Certified Public Accountants and fellow number of the Association of Chartered Certified Accountants.

(d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) The register office of the Independent Financial Adviser, Optima Capital Limited, is at Suite 1501, 15th floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

(f) As at the Latest Practicable Date, the Board comprises two executive Directors, namely Ms. Lin Yuehe and Mr. Wang Haixong and three independent non-executive Directors, namely Mr. Chan Kwan Pak, Mr. Siu Gee Tai and Mr. Siu Siu Ling Robert.

(g) As at the Latest Practicable Date, the directors of the Offeror are Shek Yeung, Eric and Li Jianyang.

As at the Latest Practicable Date, the directors of CMBCI are Hong Qi, Wang Hang, Wong Stacey Martin, Li Jinze and Shi Jie.

As at the Latest Practicable Date, the directors of China Huarong are Yang Hongwei, Wang Jinglan, Sun Siu Kit, Fu Qunming and Fan Haibo

(a) The registered office of the Offeror is at Corporate Registrations Limited of Sea Meadow House, Blackbume Highway (P.O. Box 116), Road Town, Tortola, British Virgin Islands. The registered office of China Huarong is at Cralgmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands;

(b) The financial adviser of the Subscriber, namely Platinum Securities Limited, is a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO, whose registered office is at 21/F, LHT Tower, 31 Queen's Road Central, Hong Kong;

(c) As at the Latest Practicable Date, none of the Independent Shareholders had irrevocably committed themselves to vote for or against the Subscription.

(d) As at the Latest Practicable Date, save as disclosed in the Joint Announcement, there is no agreement, arrangement or understanding (including any compensation arrangement) between the Subscribers or any person acting in concert with it and any of the Directors, recent Directors, Shareholders and recent Shareholders having any connection with or dependence upon the outcome of the Subscription.

(e) There are no benefits to be given to any Directors as compensation for loss of office or otherwise in connection with the Subscription.

(f) As at the Latest Practicable Date, there is no agreement or arrangement between any Directors and any other person which is conditional on or dependent upon the outcome of the Subscription or otherwise connected therewith.

(g) The Subscribers, their ultimate beneficial owners and the parties acting in concert with any of them have not borrowed or lent any Relevant Securities in the Company.

(h) There is no material contract entered into by the Subscribers in which any Director has a material personal interest.

(i) Save for the CSPT Disposal, none of the Directors has any interest, direct or indirect, in any assets which had been, since 31 March 2016, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(j) The Subscribers and their respective concert parties will abstain from voting on the resolutions in relation to the Subscription Agreement and the transactions contemplated thereunder.

(k) There is no agreement, arrangement or understanding to transfer, charge or pledge any voting rights over the Subscription Shares.

(l) The English text of this Circular shall prevail over the Chinese text in case of inconsistency.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at Units 6601A and 6607-6608M, Level 66 of International Commerce Centre, 1 Austin Road, West Kowloon, Hong Kong during normal business hours (except Saturdays, Sundays and public holidays) from the date of this Circular up to and including the date of the SGM:

(i) the Sale and Purchase Agreements;

(ii) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(iii) the accountants' report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix II;

(iv) the valuation report on the Property, the text of which is set out in Appendix III;

(v) the letter from the Independent Board Committee, the text of which is set out in this Circular;

(vi) the letter from Optima Capital, the text of which is set out in this Circular;

(vii) the comfort letters from Deloitte and Optima Capital set out in Appendix IA of this Circular; and

(viii) the consent letters of the experts referred to in the paragraph headed "Experts and Consent" in this Appendix.

天順證券集團有限公司*
SKYWAY SECURITIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1141)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Skyway Securities Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") will be held at Units 6601A and 6607-6608 on Level 66 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Friday, 28 April 2017 at 11:15 a.m. or immediately after the conclusion of the special general meeting which is to be held on the same day and at the same place at 11:00 a.m., whichever is earlier for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the conditional subscription agreement dated 7 March 2017 (the "**Subscription Agreement**"), a copy of which has been produced to the meeting and marked "A" and initialed by the chairman of the Meeting for the purpose of identification, and entered into among the Company as issuer and CMBC International Investment Limited (the "**Offeror**") and Brilliant Decent Limited ("**Brilliant Decent**", together with the Offeror as the "**Subscribers**") as subscribers and Ms. Lin Yuehe as guarantor in relation to, among others, the subscription by the Subscribers and the allotment and issue of 26,950,000,000 new ordinary shares (each a "**Subscription Share**") of HK$0.01 each in the share capital of the Company at the subscription price of HK$0.032 per Subscription Share (the "**Subscription Price**") and the transactions contemplated thereunder (the "**Subscription**"), be and are hereby confirmed, approved and ratified;

* *For identification purposes only*

(b) subject to the fulfillment (or waiver, as appropriate) of the conditions of the Subscription Agreement, any one director (each a "**Director**") of the Company be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in his/her opinion be desirable or necessary in connection with the Subscription Agreement to, including and without limitation, allot and issue the Subscription Shares in favour of the Subscribers in accordance with the terms and conditions of the Subscription Agreement;

(c) subject to The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Subscription Shares, the directors of the Company be and are hereby granted a specific mandate to allot and issue the Subscription Shares pursuant to the Subscription Agreement; and

(d) any Director be and is hereby authorised to do such acts and things, to sign and execute all such further documents and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith."

2. "**THAT**, subject to and conditional upon, among others, the Share Premium Cancellation (as defined in the circular of the Company dated 6 April 2017) having becoming effective, the distribution in specie (the "**Distribution**") in the following manner is and be hereby approved, confirmed and ratified:–

(a) all the issued shares of HK$0.01 each (the "**CSPT Shares**") in the share capital of China Soft Power Technology Holdings Limited ("**CSPT**") held by the Group be distributed to the qualifying shareholders of the Company (the "**Qualifying Shareholders**") whose names appear on the register of members of the Company at the close of business on the record date (the "**Record Date**") out of the contributed surplus account of the Company;

(b) all the issued shares of HK$0.001 each (the "**FW Shares**") in the share capital of Future World Financial Holdings Limited ("**Future World**") held by the Group be distributed to the Qualifying Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date out of the contributed surplus account of the Company;

(b) for the overseas shareholder(s) whose registered address(es) in the Company's register of members as at the Record Date is/are in place(s) where the Directors, after making enquiries, consider it necessary or expedient 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 not to offer the CSPT Shares and the FW Shares to such overseas shareholder(s) (the "**Excluded Shareholders**"), arrangement will be made for the CSPT Shares and/or the FW Shares which would otherwise be distributed to the Excluded Shareholders to be sold by the Group with the net proceeds after deduction of all expenses and costs (if any) be distributed to the Excluded Shareholders; and

(d) the Directors be and are hereby authorised to do all such acts and things, to sign and execute all documents on behalf of the Company in accordance with the bye-laws of the Company (the "**Bye-laws**"), including under seal where necessary, and to take such steps as they consider necessary, desirable or expedient to give effect to or in connection with the foregoing in respect of the Distribution and/or the transactions contemplated thereunder."

3. "**THAT**, subject to and conditional upon, among others, the Share Premium Cancellation (as defined in the circular of the Company dated 6 April 2017) having becoming effective, the proposed special dividend of not less than HK$0.021 (the "**Special Dividend**") for every Share held by the Shareholders on the Record Date out of the contributed surplus account of the Company and the transactions contemplated thereunder hereby approved, confirmed and ratified, and the Directors be and are hereby authorised to do all such acts and things, to sign and execute all documents on behalf of the Company in accordance with the Bye-laws, including under seal where necessary, and to take such steps as they consider necessary, desirable or expedient to give effect to or in connection with the foregoing in respect of the Special Dividend and/or the transactions contemplated thereunder."

4. “**THAT**:

(a) the conditional sale and purchase agreement (the “**CSPT Disposal Agreement**”) dated 28 November 2016 (as supplemented by the supplemental agreement (the “**CSPT Supplemental Agreement**”) dated 7 March 2017) and entered into between Gold Mission Limited, a subsidiary of the Company, as vendor (the “**Vendor**”) and Celestial Lodge Limited (the “**Purchaser**”), a subsidiary of CSPT as purchaser in relation to the sale and purchase of the entire equity interests of Sky Eagle Global Limited for a total consideration of HK$227,000,000 (a copy of the CSPT Disposal Agreement and the CSPT Supplemental Agreement is marked “B” and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder as a special deal under the Hong Kong code on Takeover and Mergers be and are hereby ratified, confirmed and approved; and

(b) any one or more of the Directors be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal, where applicable) which he/she/they consider(s) necessary, desirable or expedient to give effect to the CSPT Disposal Agreement, the CSPT Supplemental Agreement and the transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

By order of the Board
Skyway Securities Group Limited
Lin Yuehe
Chairlady

Hong Kong, 10 April 2017

Registered office
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
Units 6601A and 6607-6608
Level 66, Int’l Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Notes:

1. The register of members of the Company will be closed for a period commencing from 25 April 2017 to 28 April 2017, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the meeting, all transfers accompanied by the relevant share certificates must be lodged with 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 not later than 4:30 p.m. on 24 April 2017.

2. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and, subject to the provisions of the bye-laws of the Company vote on his/her behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

4. To be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered 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 not less than 48 hours before the time appointed for holding of the Meeting (i.e. at 11:15 a.m. on 26 April 2017) or any adjournment thereof.

5. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.

6. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

7. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.