

---

## THIS DOCUMENT 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 a licensed securities dealer or registered institution dealing in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in E2-Capital (Holdings) Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, a licensed securities dealer or registered institution dealing in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



E2 - Capital  
GROUP

## E2-CAPITAL (HOLDINGS) LIMITED (金滙投資(集團)有限公司)\*

(Incorporated in Bermuda with limited liability)

(Stock code: 378)

### MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO SPECIAL DEAL DISPOSALS AND DISCLOSEABLE TRANSACTION IN RELATION TO OTHER DISPOSALS

Financial Adviser



SBI E2-Capital (HK) Limited

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



昱豐融資有限公司  
CERES CAPITAL LIMITED

---

A letter from the board of directors of the Company is set out on pages 11 to 47 of this circular. A notice convening a special general meeting of the Company to be held at 9:30 a.m. on Monday, 31 March 2008 at Rooms 4301-09, 43rd Floor, Jardine House, One Connaught Place, Central, Hong Kong ("SGM") is set out on pages 116 to 119 of this circular. Whether or not you are not able to attend and/or vote at the SGM or any adjourned meeting thereof, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM 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 adjourned meeting should you so wish.

14 March 2008

\* For identification purposes only

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	11
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	48
<b>LETTER FROM CERES CAPITAL</b> .....	50
<b>APPENDIX I – FINANCIAL INFORMATION OF THE GROUP</b> .....	101
<b>APPENDIX II – GENERAL INFORMATION</b> .....	106
<b>NOTICE OF SGM</b> .....	116

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:*

“1st Joint Announcement”	joint announcement of the Board and the directors of RPL dated 6 December 2007
“2nd Joint Announcement”	joint announcement of the Board and the directors of RPL dated 22 February 2008 in relation to the Supplemental Agreements
“Accountants”	means the auditors of the Company or such other firm of certified public accountants in Hong Kong as may be appointed by the Purchaser from time to time for the purpose of the Share Purchase Agreement
“Amended Disposed Group”	means the members of the Group or assets of the Group to be disposed of in accordance with the provisions of the Share Purchase Agreement (as amended by the Supplemental Agreements)
“Associated Seller”	Dato’ Wong Sin Just
“AWJ Asset Management”	AWJ Asset Management Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Board”	board of directors of the Company
“Bright Advise”	Bright Advise Holdings Limited, a company incorporated in the BVI with limited liability and an indirect non-wholly-owned subsidiary of the Company
“BVI”	the British Virgin Islands
“Business Day”	any date (other than a Saturday, Sunday, a public holiday or a day on which typhoon signal no. 8 or above or a black rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong are open for business
“Ceres Capital”	Ceres Capital Limited, a licensed corporation to carry on type 6 regulated activity (advising on corporate finance) under the SFO which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Special Deal Disposals and the 60% SBI E2 Asia Disposal

---

## DEFINITIONS

---

“Cheung Wah Ho Dyestuffs”	Cheung Wah Ho Dyestuffs Company Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly-owned subsidiary of the Company
“CMS License”	the capital markets licence (Licence No.: CMS100041-2) issued by the MAS to SBI E2 Asia Securities whereby SBI E2 Asia Securities is licensed to deal in securities, advise on corporate finance and provide custodial services for securities
“Company”	E2-Capital (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are currently listed on the Stock Exchange (stock code: 378)
“Company’s Announcement”	announcement of the Board dated 22 February 2008 concerning major and connected transactions in relation to Special Deal Disposals and discloseable transaction in relation to Other Disposals
“Completion Date”	the date of completion of the Share Purchase Agreement
“Director(s)”	director(s) of the Company
“Disposals”	the disposals of some of the members, associated companies or assets of the Group, pursuant to the Share Purchase Agreement (as amended by the Supplemental Agreements)
“Disposal Agreements”	the agreements relating to the Special Deal Disposals and the Wealth Honor S&P Agreement
“Disposed Group”	the members of the Group or the assets of the Group which are required to be disposed of pursuant to the Share Purchase Agreement (as amended by the Supplemental Agreements)
“e2 BioTech”	e2 BioTech Advisory Group Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“e2-Capital Investment”	e2-Capital Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“E2-Capital Malaysia”	E2-Capital Holdings Sdn. Bhd., a company incorporated in Malaysia with limited liability and a wholly-owned subsidiary of the Company

---

## DEFINITIONS

---

“E2-Capital Technologies”	E2-Capital Technologies Holdings Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“E2-Capital Technologies Disposal”	the disposal by the Group of its interest in E2-Capital Technologies (together with its interest in OpenOffering) pursuant to the E2-Capital Technologies Disposal Agreement
“E2-Capital Technologies Disposal Agreement”	the instrument of transfer dated 28 January 2008 whereby East Technology transferred its entire interest in E2-Capital Technologies to Willow Spring
“e2 Venture”	e2-capital Venture Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“e2 Venture SPA”	the conditional sale and purchase agreement dated 22 February 2008 entered into between the Company, Will Kong Nominees Limited and Mr. Li Tze Leung for the sale and purchase of the entire issued share capital of e2 Venture
“East Technology”	East Technology Holdings Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company and a holding company, inter alia, of E2-Capital Technologies
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Fair Winner”	Fair Winner Ltd., a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“First Supplemental Agreement”	the first supplemental agreement dated 4 February 2008 entered into by RPL and the Vendors pursuant to which the terms of the Share Purchase Agreement have been amended to reflect, inter alia, the extension of the Long Stop Date to 31 March 2008, the change in the Disposed Group and the Remaining Group, the Sinojet Disposal and the terms of the payment mechanism for the Sinojet Disposal and the SBI E2 Asia Disposal

---

## DEFINITIONS

---

“Fortune Chance”	Fortune Chance Investments Limited, a company incorporated in the BVI with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Glory High”	Glory High Holdings Limited, a company incorporated in the BVI with limited liability which is jointly controlled by Vendor 1 and Vendor 2
“GOLFinCHINA.com”	GOLFinCHINA.com Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company (held through Sinojet)
“Golf China Shares”	Sinojet Golf China Share and Will Kong’s Golf China Share
“Goodwill Investment BVI”	Goodwill Investment (BVI) Limited, a company incorporated in the BVI with limited liability which is directly wholly owned by the Company and is the holder of, inter alia, the SBI E2 Asia Sale Shares and the Sinojet Share
“Group”	the Company, its subsidiaries (as defined in the Companies Ordinance, Cap. 32 of the Laws of Hong Kong) and its associated companies (as defined under “associates” in page 41 of the Company’s 2006 annual report)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee established under Rule 2.1 of the Takeovers Code as disclosed in the Company’s announcement dated 19 December 2007
“Independent Financial Adviser”	Ceres Capital
“Independent Shareholders”	Shareholders other than (i) the Vendors and their associates and parties acting in concert with the Vendors; (ii) the Associated Seller; (iii) the Other Vendors; (iv) RPL and their associates and parties acting in concert with RPL; (v) Mr. Li Tze Leung and Willow Spring and their respective concert parties and associates; and (vi) those who are interested in, or involved in, the Share Purchase Agreement and Special Deal Disposals

---

## DEFINITIONS

---

“Independent Third Party(ies)”	a person who himself is, and in the case of a corporate entity its ultimate beneficial owners are, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules)
“Lancerwide”	Lancerwide Company Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Latest Practicable Date”	11 March 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2008 (as agreed by the Vendors and RPL pursuant to the First Supplemental Agreement)
“MAS”	Monetary Authority of Singapore
“Offer Price”	HK\$2.225 per Share
“Offer Shares”	all issued Shares which are not already owned or have been agreed to be acquired by RPL and parties acting in concert with it
“OpenOffering”	OpenOffering Technology Limited, a company incorporated in the BVI with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Other Disposals”	the disposal of certain subsidiaries of the Company pursuant to the Wealth Honor S&P Agreement
“Other Purchase Agreements”	the letters of 29 November 2007 between the Purchaser and each of the Other Vendors
“Other Vendors”	Newmark Capital Corporation Limited, NAPA Macao Commercial Offshore Limited, Mr. Leung Wing Shing Len, and an individual resident in Hong Kong who is an Independent Third Party

---

## DEFINITIONS

---

“Paper Rich”	Paper Rich Investments Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Possible Offer”	the possible mandatory unconditional cash offer to acquire all Shares not already owned or agreed to be acquired by RPL and parties acting in concert with it at the Offer Price
“Remaining Group”	the Group excluding the Amended Disposed Group if and only to the extent that members and assets comprising the Amended Disposed Group have been disposed of and have ceased to be owned (directly or indirectly) beneficially and legally by the Company and “member(s) of the Remaining Group” or “Remaining Group Company(ies)” shall be construed accordingly
“RPL” or “Purchaser”	Right Precious Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of CITIC International Assets Management Limited
“SBI E2 Asia”	SBI E2-Capital Asia Holdings Pte. Ltd., a company incorporated in Singapore with limited liability and an associate of the Company
“SBI E2 Asia Disposal”	the disposal by the Group of its interest in SBI E2 Asia pursuant to the SBI E2 Asia Disposal Agreement
“SBI E2 Asia Disposal Agreement”	the conditional sale and purchase agreement dated 4 February 2008 entered into between Goodwill Investment BVI and Glory High for the sale and purchase of the SBI E2 Asia Sale Shares
“60% SBI E2 Asia Disposal”	the disposal by the SBI E2 Asia Securities Group of its interest in SBI E2 Asia pursuant to the 60% SBI E2 Asia Disposal Agreement
“60% SBI E2 Asia Disposal Agreement”	the conditional sale and purchase agreement dated 4 February 2008 entered into between SBI E2 Asia Securities Group and Glory High for the sale and purchase of the 60% SBI E2 Asia Sale Shares
“60% SBI E2 Asia Sale Shares”	the 10,200,000 ordinary shares in SBI E2 Asia, representing 60% of the entire issued share capital of SBI E2 Asia, which SBI E2 Asia Securities Group has agreed to dispose of to Glory High pursuant to the 60% SBI E2 Asia Disposal Agreement



---

## DEFINITIONS

---

“SBI E2 Asia Sale Shares”	the 6,800,000 ordinary shares in SBI E2 Asia, representing 40% of the entire issued share capital of SBI E2 Asia, which are to be disposed of by the Group pursuant to the SBI E2 Asia Disposal Agreement
“SBI E2 Asia Securities”	SBI E2-Capital Asia Securities Pte. Ltd., a company incorporated in Singapore with limited liability and wholly-owned by SBI E2 Asia
“SBI E2 Asia Securities Group”	SBI E2-Capital Asia Securities Group Limited, a company incorporated in the BVI with limited liability, which holds the 60% SBI E2 Asia Sale Shares
“SBI E2 HK”	SBI E2-Capital (HK) Limited, a licensed corporation to carry on types 1 and 6 regulated activities (dealing in securities and advising on corporate finance) under the SFO and the financial adviser to the Company in relation to the Possible Offer
“Second Supplemental Agreement”	the second supplemental agreement dated 21 February 2008 entered into by RPL and the Vendors pursuant to which the terms of the Share Purchase Agreement have been amended to reflect, inter alia, the E2-Capital Technologies Disposal, the Willow Spring Umbrella SPA and the e2 Venture SPA
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be held on Monday, 31 March 2008 at 9:30 a.m. at Rooms 4301-09, 43rd Floor, Jardine House, One Connaught Place, Central Hong Kong to approve, inter alia, matters related to the Disposals
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Trading Rules”	the trading rules of the SGX-ST, as amended from time to time
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company

---

## DEFINITIONS

---

“Share Purchase Agreement”	the conditional share purchase agreement dated 29 November 2007 (as amended and varied by the Supplemental Agreements) entered into between RPL and the Vendors for the sale and purchase of in aggregate 223,027,931 Shares
“Shareholder(s)”	holder(s) of the Shares
“Sinojet”	Sinojet Properties Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Sinojet and Golf China Shares Completion”	the completion of the Sinojet Disposal
“Sinojet Disposal”	the disposal by the Group of the Sinojet Share, the transfer of the legal interest in the Will Kong’s Golf China Share and the assignment of the Sinojet Shareholder’s Loan pursuant to the Sinojet Disposal Agreement
“Sinojet Disposal Agreement”	the conditional sale and purchase agreement dated 4 February 2008 entered into between Goodwill Investment BVI, Vendor 1 and the Company for the Sinojet Disposal
“Sinojet Disposal Long Stop Date”	31 March 2008
“Sinojet Golf China Share”	one share of HK\$1.00 in GOLFinCHINA.com, representing 50% of the entire issued share capital of GOLFinCHINA.com, which is legally held and beneficially owned by Sinojet
“Sinojet Share”	the one share of US\$1.00 in Sinojet, representing the entire issued share capital of Sinojet, which is to be disposed of by the Group pursuant to the Sinojet Disposal Agreement
“Sinojet Shareholder’s Loan”	the sum of HK\$38,999,810, being the shareholder’s loan to Sinojet from the Company which is to be assigned to Vendor 1 pursuant to terms and conditions of the Sinojet Disposal Agreement
“Special Deal Disposals”	the SBI E2 Asia Disposal, the Sinojet Disposal, the E2-Capital Technologies Disposal, and the disposals pursuant to the Willow Spring Umbrella SPA and the e2 Venture SPA

---

## DEFINITIONS

---

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	the First Supplemental Agreement and the Second Supplemental Agreement
“Suspension”	the suspension of the trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 5 February 2008 up to 9:30 a.m. on 25 February 2008 pending the issue of the Company’s Announcement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers, as amended from time to time
“Trading Member”	an entity that has been approved as a Trading Member in accordance with the SGX-ST Trading Rules
“Vendor 1”	Goodwill International (Holdings) Limited, a company incorporated in Hong Kong which is an associate of Mr. Fung Ka Pun
“Vendor 2”	e2-Capital Inc., a company incorporated in the BVI which is held by a family trust one of whose beneficiaries is the Associate Seller, who is its sole director
“Vendors”	Vendor 1 and Vendor 2
“Will Kong’s Golf China Share”	one share of HK\$1.00 in GOLFinCHINA.com, representing 50% of the entire issued share capital of GOLFinCHINA.com, which is legally held by Will Kong Nominees Limited and beneficially owned by Sinojet
“Wealth Honor”	Wealth Honor International Ltd, a company incorporated in the BVI with limited liability and an Independent Third Party
“Wealth Honor S&P Agreement”	the conditional sale and purchase agreement dated 22 February 2008 entered into between Goodwill Investment BVI and Wealth Honor for the acquisition by Wealth Honor of the Company’s interest in Bright Advise, Fortune Chance, Cheung Wah Ho Dyestuffs and Lancerwide
“Willow Spring”	Willow Spring International Limited, a company incorporated in the BVI with limited liability and an Independent Third Party

---

## DEFINITIONS

---

“Willow Spring Umbrella SPA”	the conditional sale and purchase agreement dated 22 February 2008 entered into between the Company, Goodwill Investment BVI, Will Kong Nominees Limited, East Technology and Willow Spring for the acquisition of the Company’s interest in AWJ Asset Management, e2 BioTech, e2-Capital Investment, E2-Capital Malaysia, Paper Rich, Fair Winner, Winslow Asset Management and Winslow Investment
“Winslow Asset Management”	Winslow Asset Management Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Winslow Investment”	Winslow Investment Management Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“WS Shareholders’ Loans”	the interest free loans of an aggregate amount of HK\$152,728,770 as at 22 February 2008 due from certain companies to be disposed of under the Willow Spring Umbrella SPA
“HK\$”	Hong Kong dollars
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

---

## LETTER FROM THE BOARD

---



E2 - Capital  
GROUP

# **E2-CAPITAL (HOLDINGS) LIMITED** **(金滙投資(集團)有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 378)**

*Executive Directors*

Mr. Fung Ka Pun  
Dato' Wong Sin Just

*Independent Non-executive Directors*

Mr. Ongpin Roberto V.  
Mr. Chung Cho Yee, Mico  
Dr. Hui Ka Wah, Ronnie  
Mr. Ho Kwan Tat

*Registered office*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

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

Rooms 4301-09,  
43rd Floor, Jardine House  
One Connaught Place  
Central  
Hong Kong

14 March 2008

*To the Shareholders,*

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO SPECIAL DEAL DISPOSALS AND DISCLOSEABLE TRANSACTION IN RELATION TO OTHER DISPOSALS**

#### **INTRODUCTION**

In the 1st Joint Announcement, the Board and the directors of RPL jointly announced that after market close on 29 November 2007 RPL had entered into the Share Purchase Agreement with Vendor 1 and Vendor 2 pursuant to which RPL had conditionally agreed to purchase, and Vendor 1 had conditionally agreed to sell, 107,536,181 Shares as well as Vendor 2 had conditionally agreed to sell 113,181,750 Shares and to procure the Associated Seller to sell 2,310,000 Shares at the

\* For identification purposes only

---

## LETTER FROM THE BOARD

---

same terms as those for Vendor 2 for an aggregate consideration of HK\$496,237,146.48 (equivalent to HK\$2.225 per Share sold) in cash. The said sums of Shares represented in aggregate approximately 55.67% of the then issued share capital of the Company. As part of the conditions precedent under the Share Purchase Agreement, the Company is required to complete the disposal of its interest in a number of companies and assets, which include SBI E2 Asia and Sinojet and its subsidiary, GOLFinCHINA.com, as described in more detail under the paragraph headed “VI. Disposals” in the 1st Joint Announcement.

### **Disposal of SBI E2 Asia**

In the Company’s Announcement, the Board announced that after the close of trading on 4 February 2008 Goodwill Investment BVI, a wholly-owned subsidiary of the Company, entered into the SBI E2 Asia Disposal Agreement with Glory High, a company incorporated in the BVI with limited liability which is jointly controlled by Vendor 1 and Vendor 2, pursuant to which Goodwill Investment BVI conditionally agreed to sell, and Glory High conditionally agreed to purchase, the SBI E2 Asia Sale Shares for a consideration of HK\$42,000,000 in cash. The SBI E2 Asia Disposal Agreement is conditional upon the fulfilment of certain conditions as more particularly described in the paragraph headed “Conditions Precedent of the SBI E2 Asia Disposal Agreement” below.

In the Company’s Announcement, the Board also disclosed that SBI E2 Asia Securities Group had entered into a conditional agreement, subject, inter alia, to MAS approval to dispose of its 60% interest in SBI E2 Asia to Glory High. A summary of terms of the 60% SBI E2 Asia Disposal Agreement, including the conditions precedent relating thereto, are set out under the section entitled “SBI E2 Asia Disposal” below. Upon completion of the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal, the Company will have no interest in SBI E2 Asia and SBI E2 Asia will cease to be an associate of the Company.

### **Sinojet Disposal**

In addition, the Board announced in the Company’s Announcement that after the close of trading on 4 February 2008 Goodwill Investment BVI entered into the Sinojet Disposal Agreement with Vendor 1, pursuant to which (i) Goodwill Investment BVI conditionally agreed to sell and Vendor 1 conditionally agreed to purchase the Sinojet Share and the Golf China Shares; and (ii) the Company conditionally agreed to assign the Sinojet Shareholder’s Loan to Vendor 1 and Vendor 1 conditionally agreed to accept the assignment of the Sinojet Shareholder’s Loan at Sinojet and Golf China Share Completion. In addition, Goodwill Investment BVI conditionally agreed to procure Will Kong Nominees Limited to transfer the legal interest of Will Kong’s Golf China Share to Vendor 1 (or its nominees). The agreed consideration for the purchase of the Sinojet Share and the Golf China Shares was HK\$11,000,190 (the “**Sinojet Share and Golf China Shares Consideration**”), and the consideration for the assignment of the Sinojet Shareholder’s Loan was HK\$38,999,810 (the “**Sinojet Shareholder’s Loan Consideration**”, together with the Sinojet Share and Golf China Shares Consideration, collectively known as the “**Aggregate Consideration**”). The Sinojet Disposal Agreement is conditional upon the fulfilment of certain conditions as more particularly described in the paragraph headed “Conditions Precedent of the Sinojet Disposal Agreement” below. Upon completion of the Sinojet Disposal, the Company will have no interest in Sinojet and Sinojet will cease to be a subsidiary of the Company.

---

## LETTER FROM THE BOARD

---

### **E2-Capital Technologies Disposal**

In the Company's Announcement, the Board announced that on 28 January 2008 East Technology completed its disposal of E2-Capital Technologies, together with its non-wholly-owned subsidiary, OpenOffering, to Willow Spring whose principal business is investment holding, which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is an Independent Third Party, for a total cash consideration of HK\$7 million. The consideration was arrived at after having taken into account the carrying value of assets held by E2-Capital Technologies (together with its holding of OpenOffering). Based on the unaudited accounts as at 31 December 2007 net of shareholder's loan and taken into account the revaluation reserve to be realized in income statement upon disposal, the Company will record a gain on completion of disposal amounting to approximately HK\$0.93 million. Following completion of this disposal, the Company has no interest in E2-Capital Technologies and OpenOffering, which have ceased to be subsidiaries of the Company. Subsequent to the completion of this disposal, the Company discovered that Willow Spring is a Shareholder (as at 4 February 2008, Willow Spring held 2,730,000 Shares) and consequently such disposal is subject to the requirements of Note 4 to Rule 25 of the Takeovers Code and therefore required the consent of the Executive.

### **Breach of Note 4 to Rule 25 of the Takeovers Code**

The Company's Announcement discloses that in the view of the Executive, the completion of the E2-Capital Technologies Disposal constitutes a breach of Note 4 to Rule 25 of the Takeovers Code, in respect of which the Board apologises and has taken active steps to rectify. Consequently, an application has been made to the Executive for his consent and the Independent Financial Adviser has been requested to opine on the fairness and reasonableness of the E2-Capital Technologies Disposal, and a resolution will be put to Independent Shareholders to approve of the Special Deal Disposals and to ratify the E2-Capital Technologies Disposal at the forthcoming SGM. If the Executive's consent is granted, it will be conditional upon the Independent Financial Adviser to the Company publicly stating that in its opinion the terms of the E2-Capital Technologies Disposal are fair and reasonable and upon the ratification of such disposal by the Independent Shareholders voting by way of a poll at the SGM.

In addition, in the Company's Announcement, the Board announced that on 22 February 2008 the Company (directly and/or through certain subsidiaries) entered into the following conditional agreements:

- (i) Willow Spring Umbrella SPA;
- (ii) e2 Venture SPA; and
- (iii) Wealth Honor S&P Agreement.

---

## LETTER FROM THE BOARD

---

### **Willow Spring Umbrella SPA**

In the Company's Announcement, the Board announced that on 22 February 2008 the Company, Goodwill Investment BVI, Will Kong Nominees Limited and East Technology entered into the Willow Spring Umbrella SPA with Willow Spring, which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is an Independent Third Party pursuant to which, inter alia:

- (i) the Company, Goodwill Investment BVI, Will Kong Nominees Limited and East Technology conditionally agreed to sell and Willow Spring conditionally agreed to purchase the following shares in the following companies:
  - (a) 1 share of US\$1.00 each, representing the entire issued share capital of AWJ Asset Management Limited, which wholly owns Winslow Investment Management Limited,
  - (b) 2 shares of HK\$1.00 each, representing the entire issued share capital of e2 BioTech Advisory Group Limited,
  - (c) 100,000 shares of HK\$0.01 each, representing the entire issued share capital of e2-Capital Investment Limited,
  - (d) 1,000 shares of MYR\$1.00 each, representing the entire issued share capital of E2-Capital Holdings Sdn. Bhd.,
  - (e) 1 share of US\$1.00 each, representing the entire issued share capital of Paper Rich Investments Limited, which wholly owns Fair Winner Ltd., as well as
  - (f) 1 share of US\$1.00 each, representing the entire issued share capital of Winslow Asset Management Limited; and
- (ii) the Company, East Technology and Goodwill Investment BVI conditionally agreed to assign to Willow Spring the WS Shareholders' Loans.



---

## LETTER FROM THE BOARD

---

The aggregate consideration payable to the Company, Goodwill Investment BVI, Will Kong Nominees Limited and East Technology by Willow Spring for the acquisition of the aforementioned shares and assignment of the WS Shareholders' Loans was HK\$13,500,010, comprising aggregate share consideration of HK\$13,500,006 and aggregate loan consideration of HK\$4, payable in cash. Given that Willow Spring is a Shareholder (as at 4 February 2008, Willow Spring held 2,730,000 Shares) consequently such disposals and the assignment of the WS Shareholders' Loans are subject to the requirements of Note 4 to Rule 25 of the Takeovers Code and therefore require the consent of the Executive. Consequently, an application was made to the Executive for his consent. Following completion of the Willow Spring Umbrella SPA, the Company will have no residual interest in the companies listed in (i) above and such companies will cease to be a subsidiary or associate, as the case may be, of the Company.

### **e2 Venture SPA**

In addition, in the Company's Announcement, the Board announced that on 22 February 2008 the Company and Will Kong Nominees Limited entered into the e2 Venture SPA with Mr. Li Tze Leung, who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is an Independent Third Party pursuant to which the Company conditionally agreed to sell and Mr. Li Tze Leung conditionally agreed to purchase 2 shares of US\$1.00 each, representing the entire issued share capital of e2 Venture. The aggregate consideration payable to the Company by Mr. Li Tze Leung for the acquisition of the aforementioned shares is HK\$1,400,000, payable in cash. Given that Mr. Li Tze Leung is a Shareholder (as at 4 February 2008, Mr. Li Tze Leung held 900,000 Shares), consequently such disposal is subject to the requirement of Note 4 to Rule 25 of the Takeover Codes and therefore requires the consent of the Executive. Consequently, an application was made to the Executive for his consent. Following completion of the e2 Venture SPA, the Company will have no residual interest in e2 Venture and e2 Venture will cease to be a subsidiary of the Company.

### **Wealth Honor S&P Agreement**

In addition, in the Company's Announcement, the Board announced that on 22 February 2008 Goodwill Investment BVI entered into the Wealth Honor S&P Agreement with Wealth Honor, whose principal business is investment holding and which, to the best knowledge of the Directors, is an Independent Third Party and, as at 4 February 2008, held nil Shares, pursuant to which Goodwill Investment BVI conditionally agreed to sell and Wealth Honor conditionally agreed to purchase 700 shares of US\$1.00 each, representing 70% of the issued share capital of Bright Advise. Bright Advise wholly owns Fortune Chance, which in turn holds Cheung Wah Ho Dyestuffs and Lancerwide.

---

## LETTER FROM THE BOARD

---

The aggregate consideration payable to Goodwill Investment BVI by Wealth Honor for the acquisition of the aforementioned shares is HK\$500,003, payable in cash. Following completion of the Wealth Honor S&P Agreement, the Company will have no interest in Bright Advise, Fortune Chance, Cheung Wah Ho Dyestuffs and Lancerwide and such companies will cease to be subsidiaries of the Company.

More information on the Special Deals Disposals and the 60% SBI E2 Asia Disposal, which constitutes a special deal under Rule 25.1 of the Takeovers Code, is set out in the sections below.

### DISPOSALS THAT CONSTITUTE SPECIAL DEALS – MAJOR TERMS OF THE DISPOSAL AGREEMENTS

#### A. SBI E2 Asia Disposal

##### *SBI E2 Asia Disposal Agreement*

<b>Date:</b>	4 February 2008
<b>Vendor:</b>	Goodwill Investment BVI
<b>Purchaser:</b>	Glory High
<b>Assets to be sold:</b>	6,800,000 shares representing 40% of the total issued share capital of SBI E2 Asia, an associate of the Company
<b>Consideration:</b>	The total consideration is HK\$42,000,000, payable in cash by Glory High in full to Goodwill Investment BVI or its nominee upon completion of the SBI E2 Asia Disposal Agreement.

No deposit has been or will be paid by Glory High to Goodwill Investment BVI.

The consideration for the SBI E2 Asia Sale Shares has been arrived at after arm's length negotiations between the parties thereto having taken into account, inter alia, the audited net asset value (prepared in accordance with Singapore Financial Reporting Standards) of SBI E2 Asia as at 31 December 2006.

Based on the share of unaudited net asset value ("NAV") as at 31 December 2007 and taken into account the exchange reserve to be realised in income statement upon disposal, the Company will record a gain on completion of the SBI E2 Asia Disposal amounting to approximately HK\$3.7 million.

---

## LETTER FROM THE BOARD

---

### *Conditions Precedent of the SBI E2 Asia Disposal Agreement*

Completion of the SBI E2 Asia Disposal Agreement is conditional upon:

- (i) the satisfaction or waiver of all the conditions precedent set out in the Share Purchase Agreement (save for the condition precedent set out in Clause 4.1(n) therein) (namely the simultaneous completion of the SBI E2 Asia Disposal, the 60% SBI E2 Asia Disposal, the Sinojet Disposal and the Share Purchase Agreement);
- (ii) the approval of MAS (to the extent required under the CMS License) being obtained by SBI E2 Asia Securities for the proposed acquisition by Glory High of the SBI E2 Asia Sale Shares; and
- (iii) the SGX-ST being notified (to the extent required under the SGX-ST Trading Rules) of the change in ownership of SBI E2 Asia Securities that would result from the proposed acquisition by Glory High of the SBI E2 Asia Sale Shares and confirmation of SGX-ST being obtained by SBI E2 Asia Securities that such change would not result in revocation of the trading rights of SBI E2 Asia Securities.

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

The long stop date for the satisfaction of conditions under the SBI E2 Asia Disposal Agreement is 31 March 2008.

### *Completion*

Completion of the SBI E2 Asia Disposal will take place simultaneously with the completion of the Share Purchase Agreement.

### **B. Sinojet Disposal**

**Date:** 4 February 2008

**Parties:**

**Assignor of the Sinojet Shareholder's Loan:** The Company

**Seller:** Goodwill Investment BVI

---

## LETTER FROM THE BOARD

---

**Purchaser and Assignee of the Sinojet Shareholder's Loan:** Vendor 1

**Assets to be sold, transferred or assigned:** The Sinojet Share, Will Kong's Golf China Shares and the Sinojet Shareholder's Loan

**Consideration:** The Aggregate Consideration is HK\$50 million, comprising HK\$11,000,190 as the Sinojet Share and Golf China Shares Consideration (which is payable by Vendor 1 to Goodwill Investment BVI) and HK\$38,999,810 as the Sinojet Shareholder's Loan Consideration (which is payable by Vendor 1 to the Company).

No deposit has been or will be paid by Vendor 1 to Goodwill Investment BVI.

The consideration has been arrived at after arm's length negotiations between the parties thereto having taken into account of the unaudited net asset value ("NAV") of Sinojet together with the Sinojet Shareholder's Loan as at 31 December 2006.

Based on the unaudited NAV as at 31 December 2007 net of shareholder's loans, and taken into account the revaluation reserve to be realized in income statement upon disposal, the Company will record a gain on completion of the Sinojet Disposal amounting to approximately HK\$23.70 million.

### ***Conditions Precedent of the Sinojet Disposal Agreement***

Completion of the Sinojet Disposal Agreement is conditional upon the satisfaction or waiver of all the conditions precedent set out in the Share Purchase Agreement (save for the condition precedent set out in Clause 4.1(n) therein) (namely the simultaneous completion of the SBI E2 Asia Disposal, the 60% SBI E2 Asia Disposal, the Sinojet Disposal and the Share Purchase Agreement);

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

If the aforementioned condition precedent for the completion of the Sinojet Disposal Agreement is not fulfilled on or before the Sinojet Disposal Longstop Date, then the parties to the Sinojet Disposal Agreement will not be bound to proceed with the Sinojet Disposal and the Sinojet Disposal Agreement will automatically be terminated.

---

## LETTER FROM THE BOARD

---

An application has been made to the Executive for his consent in relation to the Sinojet Disposal.

If the Executive's consent is granted, it will be conditional upon the Independent Financial Adviser to the Company publicly stating that in its opinion the terms of the Sinojet Disposal Agreement are fair and reasonable and upon the approval of such disposal by the Independent Shareholders voting by way of a poll at a general meeting of the Company.

### *Completion*

Completion of the sale and purchase of the Sinojet Share and the Golf China Shares and the assignment of the Sinojet Shareholder's Loan will take place simultaneously. Completion of the Sinojet Disposal will take place simultaneously with the completion of the Share Purchase Agreement.

### **Payment mechanism for the consideration for the Sinojet Disposal (i.e. the Aggregate Consideration) and the consideration for the SBI E2 Asia Disposal**

The parties agreed that part of the consideration for 107,536,181 Shares payable by RPL to Vendor 1 under the Share Purchase Agreement will be applied towards payment of the Sinojet Share and Golf China Shares Consideration to Goodwill Investment BVI (in respect of the Sinojet Shares and the legal interest in the Will Kong's Golf China Share) and the Company (in respect of the Sinojet Shareholder's Loan) at the Sinojet and Golf China Shares Completion. It is also intended that the consideration for the SBI E2 Asia Disposal payable by Glory High to Goodwill Investment BVI will be settled from part of the consideration for 107,536,181 Shares and 113,181,750 Shares payable by RPL to Vendor 1 and Vendor 2 respectively under the Share Purchase Agreement by means of applying such part of sum equivalent to the consideration for the SBI E2 Asia Disposal at the date of completion for the SBI E2 Asia Disposal Agreement.

More information on the key terms of the First Supplemental Agreement which contains information on this payment mechanism was set out in the 2nd Joint Announcement.

---

## LETTER FROM THE BOARD

---

### C. 60% SBI E2 Asia Disposal

On 4 February 2008, SBI E2-Capital Asia Securities Group Limited entered into the 60% SBI E2 Asia Disposal Agreement, details of which are set out below.

<b>Date:</b>	4 February 2008
<b>Vendor:</b>	SBI E2 Asia Securities Group
<b>Purchaser:</b>	Glory High
<b>Assets to be sold:</b>	10,200,000 shares representing 60% of the total issued share capital of SBI E2 Asia, an associate of the Company
<b>Consideration:</b>	The total consideration is HK\$63,000,000, payable in cash by Glory High in full to SBI E2 Asia Securities Group or its nominee upon completion of the 60% SBI E2 Asia Disposal Agreement.

No deposit has been or will be paid by Glory High to SBI E2 Asia Securities Group.

The consideration for the 60% SBI E2 Asia Sale Shares has been arrived at after arm's length negotiations between the parties thereto having taken into account, inter alia, the audited net asset value (prepared in accordance with Singapore Financial Reporting Standards) of SBI E2 Asia as at 31 December 2006.

Based on the share of unaudited NAV as at 31 December 2007 and taken into account the exchange reserve to be realised in income statement upon disposal, the Company will record a gain on completion of the 60% SBI E2 Asia Disposal amounting to approximately HK\$2.6 million.

---

## LETTER FROM THE BOARD

---

### *Conditions Precedent of the 60% SBI E2 Asia Disposal Agreement*

Completion of the 60% SBI E2 Asia Disposal Agreement is conditional upon:

- (i) the passing of a meeting of the board of directors of Glory High to approve the entry by Glory High into the 60% SBI E2 Asia Disposal Agreement and to approve the purchase of the 60% SBI E2 Asia Sale Shares from SBI E2 Asia Securities Group;
- (ii) the MAS and other relevant regulatory authorities granting the approval for Glory High to become a substantial shareholder of SBI E2 Asia and its relevant subsidiary which is licensed under the Monetary Authority of Singapore Act;
- (iii) the SGX-ST being notified (to the extent required under the SGX-ST Trading Rules) of the change in ownership of SBI E2 Asia Securities that would result from the proposed acquisition by Glory High of the 60% SBI E2 Asia Sale Shares and confirmation of SGX-ST being obtained by SBI E2 Asia Securities that such change would not result in revocation of the trading rights of SBI E2 Asia Securities;
- (iv) all relevant regulatory and government authorities granting the approval to the change in control of SBI E2 Asia as a result of the transfer of the 60% SBI E2 Asia Sale Shares; and
- (v) the satisfaction or waiver of all the conditions precedent set out in the Share Purchase Agreement (save for the condition precedent set out in Clause 4.1(n) therein) (namely the simultaneous completion of the SBI E2 Asia Disposal, the Sinojet Disposal and the Share Purchase Agreement).

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

The 60% SBI E2 Asia Disposal constitutes a special deal under Rule 25.1 of the Takeovers Code. The Executive granted its consent in respect of this disposal. Such consent is conditional upon the Independent Financial Adviser to the Company publicly stating that in its opinion the terms of this disposal is fair and reasonable and upon the approval of such disposal by the Independent Shareholders voting by way of a poll at a general meeting of the Company.

---

## LETTER FROM THE BOARD

---

**D. E2-Capital Technologies Disposal (together with its non-wholly-owned subsidiary, OpenOffering)**

<b>Date:</b>	28 January 2008
<b>Vendor:</b>	East Technology
<b>Purchaser:</b>	Willow Spring
<b>Assets to be sold:</b>	1 share of E2-Capital Technologies, together with its non-wholly-owned subsidiary, OpenOffering
<b>Consideration:</b>	HK\$7,000,000, paid in cash by Willow Spring in full to East Technology or its nominee. The consideration for the disposal of E2-Capital Technologies (together with its non-wholly-owned subsidiary, OpenOffering) was arrived at after arm's length negotiations between the parties thereto having taken into account, inter alia, the unaudited accounts together with shareholder's loan.

Based on the unaudited accounts as at 31 December 2007 net of shareholder's loan and taken into account the revaluation reserve to be realized in income statement upon disposal, the Company will record a gain on completion of disposal amounting to approximately HK\$0.93 million.

***Completion***

The E2-Capital Technologies Disposal was completed on 28 January 2008.

Since the Company discovered that Willow Spring is a Shareholder (as at 4 February 2008, Willow Spring held 2,730,000 Shares), consequently the disposal referred to in the E2-Capital Technologies Disposal should have been subject to the requirements of Note 4 to Rule 25 of the Takeovers Code and the consent of the Executive was therefore required. As disclosed in the Company's Announcement, in the view of the Executive this constitutes a breach of Note 4 to Rule 25 of the Takeovers Code, in respect of which the Board apologises and has taken active steps to rectify. Consequently, an application has been made to the Executive for his consent and the Independent Financial Adviser has been requested to opine on the fairness and reasonableness of the E2-Capital Technologies Disposal, and a resolution will be put to Independent Shareholders to approve the Special Deal Disposals and to ratify the E2-Capital Technologies Disposal at the forthcoming SGM.



---

## LETTER FROM THE BOARD

---

### E. Willow Spring Umbrella SPA

**Date:** 22 February 2008

**Seller:** The Company, Goodwill Investment BVI, Will Kong Nominees Limited and East Technology

**Purchaser:** Willow Spring

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Willow Spring, and its shareholder, Ms. Yap Siew Peng is an Independent Third Party. After the completion of the Willow Spring Umbrella SPA, the Company will cease to have any equity interest in the companies listed below.

**Sale Shares:** the following shares in the following companies:

- (i) 1 share of US\$1.00 each, representing the entire issued share capital of AWJ Asset Management Limited, which wholly owns Winslow Investment Management Limited
- (ii) 2 shares of HK\$1.00 each, representing the entire issued share capital of e2 BioTech Advisory Group Limited
- (iii) 100,000 shares of HK\$0.01 each, representing the entire issued share capital of e2-Capital Investment Limited
- (iv) 1,000 shares of MYR\$1.00 each, representing the entire issued share capital of E2-Capital Holdings Sdn. Bhd.
- (v) 1 share of US\$1.00 each, representing the entire issued share capital of Paper Rich Investments Limited, which wholly owns Fair Winner Ltd.
- (vi) 1 share of US\$1.00 each, representing the entire issued share capital of Winslow Asset Management Limited

---

## LETTER FROM THE BOARD

---

<b>WS Shareholders' Loans:</b>	the interest free loans of an aggregate amount of HK\$152,728,770 as at 22 February 2008 due from e2 BioTech, e2-Capital Investment, Paper Rich and Winslow Asset Management to the Company, Goodwill Investment BVI and/or East Technology (as the case may be)
<b>Aggregate Consideration:</b>	HK\$13,500,010, comprising aggregate share consideration of HK\$13,500,006 and aggregate loan consideration of HK\$4, payable in cash by Willow Spring upon completion of the Willow Spring Umbrella SPA
<b>Basis of consideration:</b>	The consideration for the Willow Spring Umbrella SPA has been arrived at after arm's length negotiation between the parties thereto having taken into account, inter alia, the unaudited NAV of those disposed companies net of shareholders' loans.

Based on the unaudited NAV as at 31 December 2007 net of shareholders' loans and having taken into account the revaluation and exchange reserve to be realized in income statement upon disposal, the Company will record a profit on completion amounting to approximately HK\$6.4 million.

### *Conditions Precedent of the Willow Spring Umbrella SPA*

Completion of the Willow Spring Umbrella SPA is conditional upon:

- the passing by the shareholders of the Company (other than those prohibited from voting under the Listing Rules and the Takeovers Code, if applicable) of all necessary resolutions at a special general meeting of the Company approving the entering into of Willow Spring Umbrella SPA and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules, the Takeovers Code and the memorandum and bye-laws of the Company;
- if and to the extent applicable or required following consultation with the Executive the grant by the Executive of his (i) confirmation that the entering into of Willow Spring Umbrella SPA and the consummation of any transactions contemplated thereunder do not constitute special deals or frustrating actions under the Takeovers Code or (ii) written consent on terms and subject to conditions which are agreeable to parties to the Willow Spring Umbrella SPA if the entering into of Willow Spring Umbrella SPA and the consummation of any transactions contemplated thereunder do constitute special deals or frustrating actions under the Takeovers Code; and

---

## LETTER FROM THE BOARD

---

- all relevant consents and approvals (including regulatory and government authorities, if required) for the transfer of the shares contemplated under the Willow Spring Umbrella SPA and other transactions contemplated thereunder having been obtained.

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

Since the Company discovered that Willow Spring is a Shareholder (as at 4 February 2008, Willow Spring held 2,730,000 Shares), consequently the disposals referred to in the Willow Spring Umbrella SPA are subject to the requirements of Note 4 to Rule 25 of the Takeovers Code and the consent of the Executive is therefore required. Consequently, an application has been made to the Executive for his consent.

If the conditions precedent of the Willow Spring Umbrella SPA have not been satisfied on or before 5:00 p.m. on the Long Stop Date (or such later date as the Company, Will Kong Nominees Limited, Goodwill Investment BVI, East Technology and Willow Spring may agree), the Willow Spring Umbrella SPA shall thereupon terminate and the parties thereto shall thereafter have no further claims against the other parties under the Willow Spring Umbrella SPA for costs, damages compensation or otherwise, save in respect of antecedent breaches.

If the Executive's consent is granted, it will be conditional upon the Independent Financial Adviser to the Company publicly stating that in its opinion the terms of the Willow Spring Umbrella SPA are fair and reasonable and upon the approval of such disposal by the Independent Shareholders voting by way of a poll at the SGM.

### ***Completion***

Completion of the Willow Spring Umbrella SPA will take place on the third business day (being a day (other than Saturday) on which banks are open for business in Hong Kong) after the satisfaction of the conditions set out above (or such other date as the parties may agree).

---

## LETTER FROM THE BOARD

---

### F. e2 Venture SPA

**Date:** 22 February 2008

**Seller:** the Company and Will Kong Nominees Limited

**Purchaser:** Mr. Li Tze Leung

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Li Tze Leung is an Independent Third Party. After the completion of the e2 Venture SPA, the Company will cease to have any equity interest in e2 Venture.

**Sale Shares:** 2 shares of US\$1.00 each, representing the entire issued share capital of e2 Venture (e2 Venture holds 85 shares in Huanghe Venture Capital Limited ("Huanghe"), representing approximately 16.67% of the issued share capital of Huanghe)

**Consideration:** HK\$1,400,000 will be paid by Mr. Li Tze Leung upon completion of the e2 Venture SPA

**Basis of consideration:** The consideration for the e2 Venture SPA has been arrived at after taking into account inter alia, the book value of the company being disposed which was in a net liability position of approximately HK\$0.78 million after netting off shareholder's loan.

Based on the unaudited accounts of the Company as at 31 December 2007 net of shareholder's loan, the Company will incur a gain of approximately HK\$2.2 million in this transaction.

### *Condition Precedent of the e2 Venture SPA*

Completion of the e2 Venture SPA is conditional upon:

- the passing by the shareholders of the Company (other than those prohibited from voting under the Listing Rules and/or the Takeovers Code, if applicable) of all necessary resolutions at a special general meeting of the Company approving the entering into of the e2 Venture SPA and the transactions contemplated thereunder by the Company in accordance with the requirements of the Listing Rules, the Takeovers Code and the memorandum and bye-laws of the Company;

---

## LETTER FROM THE BOARD

---

- if and to the extent applicable or required following consultation with the Executive the grant by the Executive of his (i) confirmation that the entering into of the e2 Venture SPA and the consummation of any transactions contemplated thereunder do not constitute special deals or frustrating actions under the Takeovers Code or (ii) written consent on terms and subject to conditions which are agreeable to the parties to the e2 Venture SPA if the entering into of the e2 Venture SPA and the consummation of any transactions contemplated thereunder do constitute special deals or frustrating actions under the Takeovers Code;
- the consent of all shareholders of Huanghe namely Diligent Assets Limited, 8808 Holding Limited, Grandmoral Investments Limited, Bakershill International Limited having been obtained for the transfer of the shares in e2 Venture to Mr. Li Tze Leung pursuant to clauses 8.3 and 8.9 of the subscription and shareholders agreement relating to Huanghe dated April 2006; and
- all necessary consents and approvals including regulatory and government authorities (if required) for the transfer of the shares in e2 Venture and transactions contemplated under the e2 Venture SPA having been obtained.

Saved for the consent of the shareholders of Huanghe which has been obtained, as at the Latest Practicable Date, none of the above conditions have been fulfilled.

Since the Company discovered that Mr. Li Tze Leung is a Shareholder (as at 4 February 2008, Mr. Li Tze Leung held 900,000 Shares) and consequently the disposals referred to in the e2 Venture SPA are subject to the requirements of Note 4 to Rule 25 of the Takeovers Code and therefore requires the consent of the Executive. Consequently, an application has been made to the Executive for his consent.

If the conditions precedent of the e2 Venture SPA have not been satisfied on or before 5:00 p.m. on the Long Stop Date (or such later date as the parties may agree), e2 Venture SPA shall thereupon terminate and the parties shall thereafter have no further claims against the other under the e2 Venture SPA for costs, damages compensation or otherwise, save in respect of antecedent breaches.

If the Executive's consent is granted, it will be conditional upon the Independent Financial Adviser to the Company publicly stating that in its opinion the terms of the e2 Venture SPA are fair and reasonable and upon the approval of such disposal by the Independent Shareholders voting by way of a poll at the SGM.

---

## LETTER FROM THE BOARD

---

### *Completion*

Completion of the e2 Venture SPA will take place on the third business day (being a day (other than Saturday) on which banks are open for business in Hong Kong) after the satisfaction of the conditions set out above (or such other date as the parties may agree).

### **INFORMATION ON COMPANIES BEING DISPOSED OF PURSUANT TO DISPOSALS THAT CONSTITUTE SPECIAL DEALS UNDER RULE 25.1 OF THE TAKEOVERS CODE**

#### **SBI E2 Asia**

SBI E2 Asia was incorporated under the laws of Singapore and is an investment holding company and an associate of the Company, which through Goodwill Investment BVI, a wholly-owned subsidiary of the Company, is the legal and beneficial owner of 6,800,000 shares in SBI E2 Asia representing a total of 40% of the total issued share capital of SBI E2 Asia. SBI E2 Asia Securities Group holds 10,200,000 shares in SBI E2 Asia representing the remaining 60% of the total issued share capital of SBI E2 Asia.

SBI E2 Asia has one subsidiary, namely, SBI E2 Asia Securities, which has the CMS License and is a Trading Member of the SGX-ST. According to the audited financial statements (prepared in accordance with Singapore Financial Reporting Standards) of SBI E2 Asia, for the year ended 31 December 2006, SBI E2 Asia made profit before tax and net profit of approximately S\$244,600 (equivalent to approximately HK\$1.28 million) and S\$304,000 (equivalent to approximately HK\$1.59 million) respectively. According to the unaudited financial statements for the year ended 31 December 2007, SBI E2 Asia had net asset value of approximately S\$19.26 million (equivalent to approximately HK\$104.37 million), generated revenue of approximately S\$8.40 million (equivalent to approximately HK\$43.81 million) and made profit before tax and net profit of approximately S\$3.52 million (equivalent to approximately HK\$18.36 million) and S\$3.08 million (equivalent to approximately HK\$16.06 million).

*Note:* The HK\$ equivalent of the NAV figure was based on the closing rate for translating balance sheet of HK\$5.419 = S\$1.

The HK\$ equivalent of the revenue, profit before tax and net profit figures was based on the average rate for translating income statement of HK\$5.2158 = S\$1.

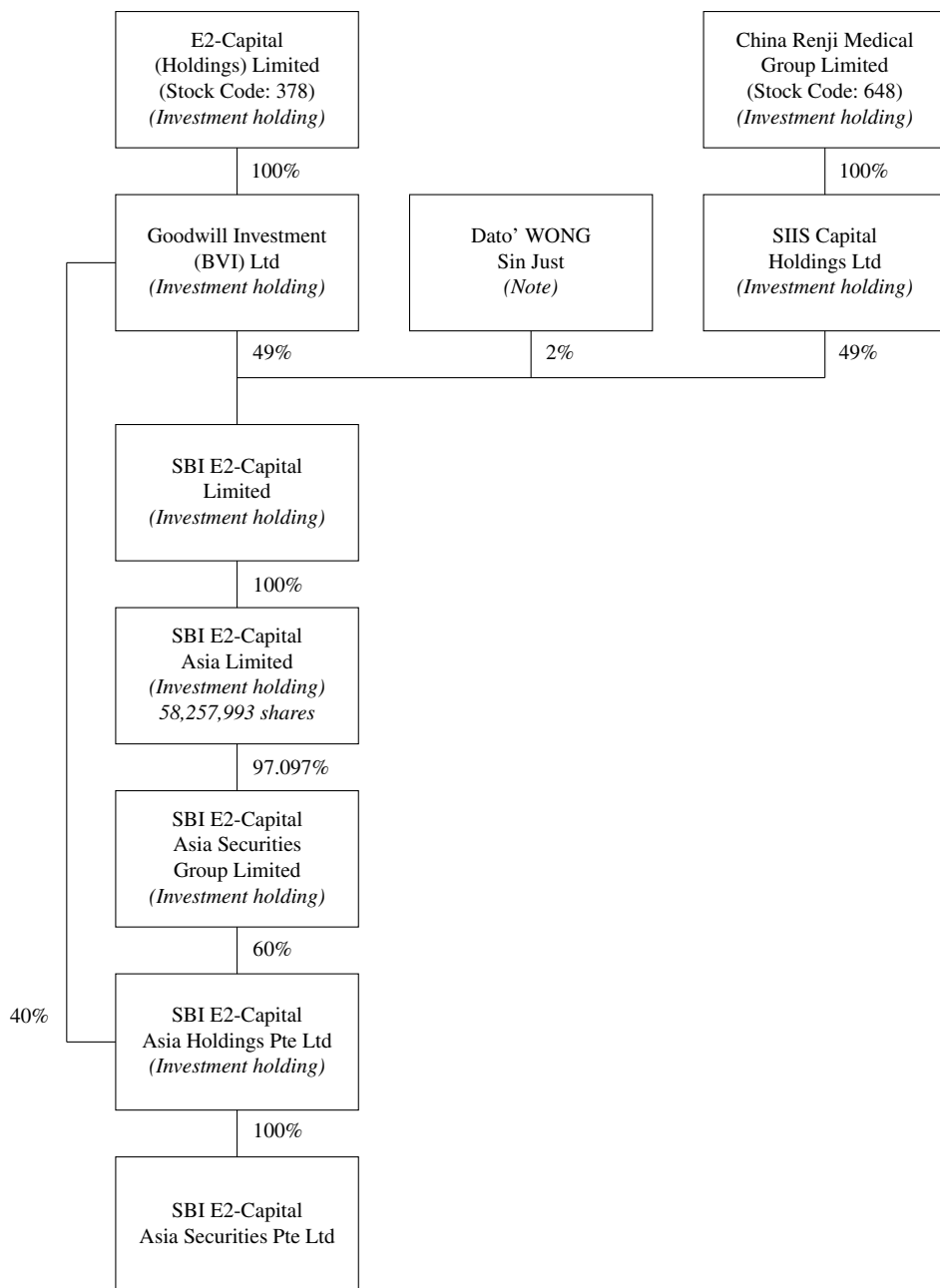
2006 HK\$ equivalent is translated using same average rate of 2007 (5.2158).

---

## LETTER FROM THE BOARD

---

Please refer to the simplified chart below showing the shareholding structure of SBI E2 Asia prior to the SBI E2 Asia Disposal:



*Note:* Dato' WONG Sin Just holds 1,345,368 shares of SBI E2-Capital Asia Securities Group Limited, representing approximately 2.24% of issued share capital of SBI E2-Capital Asia Securities Group Limited.

---

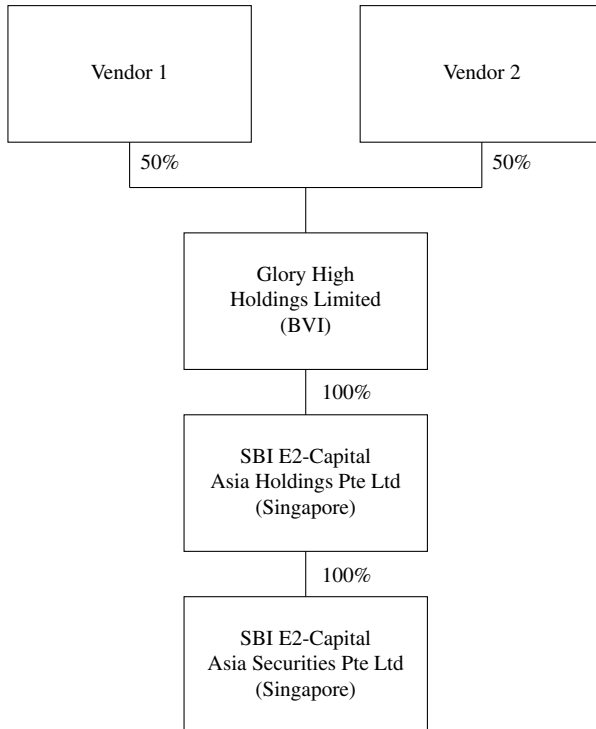
## LETTER FROM THE BOARD

---

The simplified chart below shows the shareholding structure of SBI E2 Asia following the SBI E2 Asia Disposal and the completion of the disposal by SBI E2-Capital Asia Securities Group Limited of its 60% interest in SBI E2 Asia:

### **SBI E2-Capital Asia Holdings Pte Ltd**

#### **Organization Chart Post Completion**





---

## LETTER FROM THE BOARD

---

### **Sinojet and GOLFinCHINA.com**

Sinojet was incorporated under the laws of the BVI and is an investment holding company and a wholly-owned subsidiary of the Company. The Sinojet Share is legally and beneficially owned by Goodwill Investment BVI. Sinojet has one subsidiary, namely, GOLFinCHINA.com, and through its 15.7% equity interest in UCDC International Limited (“UCDC”), which in turn through the wholly-owned subsidiary of UCDC, namely UCDC International Private Limited, holds 100% of UCDC International Private Limited, which then in turn holds a 85% interest in Shanghai Tianma Country Club Company Limited (“Tianma”). As at the Latest Practicable Date, Sinojet has an effective 13.35% interest in Tianma. According to the unaudited financial statements of Sinojet, for the year ended 31 December 2006, Sinojet made a loss before and after tax of approximately HK\$29,800. For the year ended 31 December 2007, Sinojet had net asset value together with the Sinojet Shareholder’s Loan of approximately HK\$53.08 million, generated revenue of approximately HK\$3.56 million and made a profit before and after tax of approximately HK\$3.48 million.

According to Tianma’s audited financial statements (prepared in accordance with the PRC GAAP) for the year ended 31 December 2006, Tianma had net asset value of approximately RMB164.4 million and made a loss of approximately RMB4.8 million. Based on the unaudited accounts of Tianma for the year ended 31 December 2007, Tianma made a loss before and after tax of approximately RMB3.8 million. As at 31 December 2007, Tianma had unaudited net asset value of approximately RMB160.7 million.

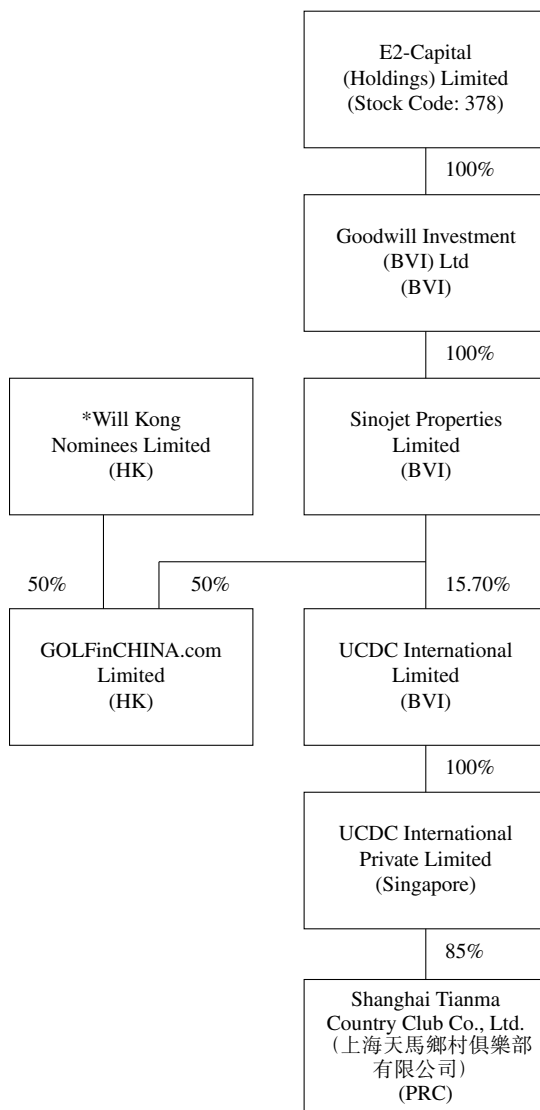
The Directors confirm that GOLFinCHINA.com is, as at the Latest Practicable Date, a shell company and has held no material assets and liabilities since its incorporation on 7 July 2000. For the periods ended 31 December 2006 and 2007, GOLFinCHINA.com generated nil revenue and made losses of HK\$2,705 and HK\$2,705 respectively.

---

## LETTER FROM THE BOARD

---

Please refer to the simplified chart below showing the shareholding structure of Sinojet, GOLFinCHINA.com, UCDC and Tianma prior to the Sinojet Disposal:



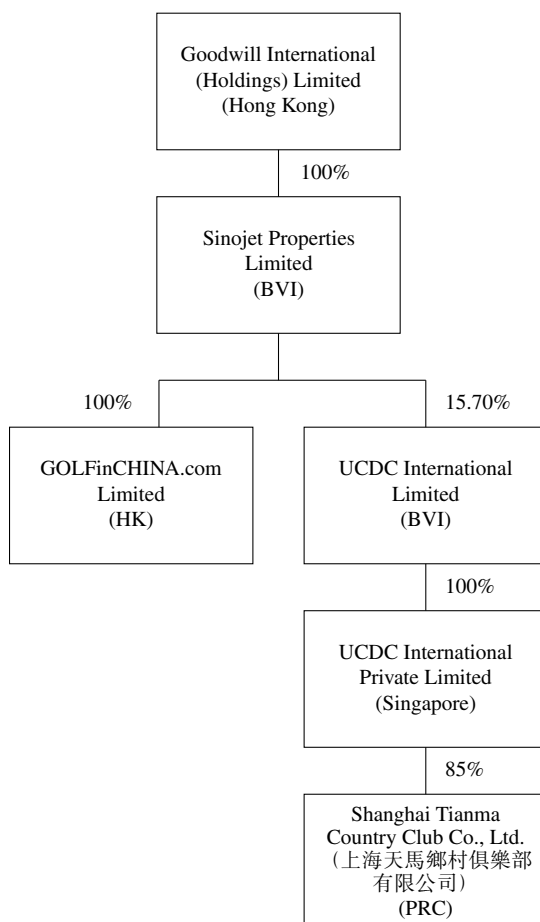
*Note\**: Will Kong Nominees Limited holds a 50% interest in the issued share capital of GOLFinCHINA.com on trust for Sinojet

---

## LETTER FROM THE BOARD

---

The simplified chart below shows the shareholding structure following the Sinojet Disposal:



---

## LETTER FROM THE BOARD

---

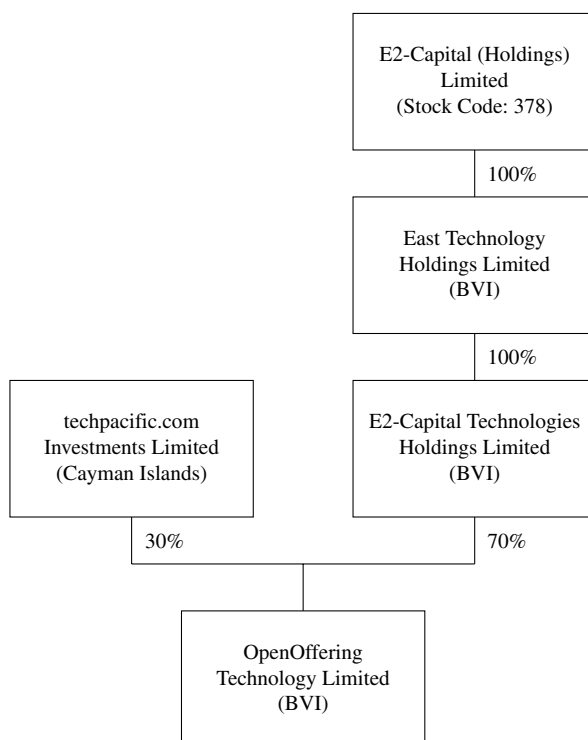
### Companies subject of the E2-Capital Technologies Disposal

#### *E2-Capital Technologies and OpenOffering*

E2-Capital Technologies was incorporated under the laws of the BVI and is an investment holding company and an indirect wholly-owned subsidiary of the Company. Its issued share capital comprises one share of US\$1.00, which is legally and beneficially owned by East Technology. E2-Capital Technologies has one non-wholly-owned subsidiary, namely, OpenOffering. Based on its unaudited accounts for the year ended 31 December 2006, E2-Capital Technologies made a net profit before and after tax of HK\$6,675. For the year ended 31 December 2007, E2-Capital Technologies made a net profit before tax of HK\$2.31 million and after tax of HK\$1.91 million. Its net asset value as at 31 December 2007 amounted to HK\$2.27 million.

For the two years ended 31 December 2006 and 2007, OpenOffering made net losses before and after tax of HK\$3,338,446 and HK\$4,368 respectively. Its net assets value as at 31 December 2007 amounted to HK\$687,749.

Please refer to the simplified chart below showing the shareholding structure of E2-Capital Technologies and OpenOffering prior to the disposal of the Company's interests in these entities:

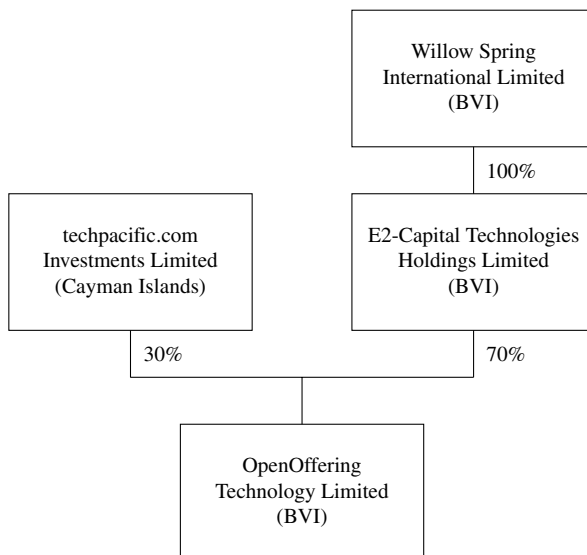


---

## LETTER FROM THE BOARD

---

The simplified chart below shows the shareholding structure of E2-Capital Technologies and OpenOffering following completion of the disposal of the Company's interests in these entities:



### **Companies subject of the Willow Spring Umbrella SPA**

The following are the details of the relevant companies subject of the Willow Spring Umbrella SPA:

#### ***AWJ Asset Management Limited***

AWJ Asset Management is an investment holding company incorporated in the BVI with an issued share capital of US\$1.00, comprising 1 share of US\$1.00, a wholly-owned subsidiary of the Company. Based on its unaudited accounts, for the year ended 31 December 2006, AWJ Asset Management generated nil revenue and realised a gain on disposal of investments of approximately HK\$1.56 million and made net profit before and after tax of approximately HK\$1.3 million. For the year ended 31 December 2007, AWJ Asset Management generated nil revenue and made net loss before and after tax of approximately HK\$4,418. Its net asset value as at 31 December 2007 was approximately HK\$1.3 million.

---

## LETTER FROM THE BOARD

---

### *e2 BioTech Advisory Group Limited*

e2 BioTech is an investment holding company incorporated in Hong Kong with an issued share capital of HK\$2, comprising 2 shares of HK\$1.00 each, of which 1 share is held by East Technology, a wholly-owned subsidiary of the Company, and 1 share is held by Will Kong Nominees Limited. Based on its audited accounts for the year ended 31 December 2006, e2 BioTech made losses before and after tax of HK\$2,706. Based on its unaudited accounts for the year ended 31 December 2007, e2 BioTech generated nil revenue and made losses before and after tax of HK\$2,705. Its net liabilities as at 31 December 2007 amounted to approximately HK\$7.58 million.

### *e2-Capital Investment Limited*

e2-Capital Investment is an investment holding company incorporated in Hong Kong with an issued share capital of HK\$1,000, comprising 100,000 shares of HK\$0.01 each, of which 99,999 shares are held by East Technology, a wholly-owned subsidiary of the Company, and 1 share is held by Will Kong Nominees Limited. Based on its audited accounts for the year ended 31 December 2006, e2-Capital Investment made a profit before and after tax of approximately HK\$174,797. Based on its unaudited accounts for the year ended 31 December 2007, e2-Capital Investment made a loss before tax of HK\$17,705 and after tax of HK\$48,705. Its net liabilities as at 31 December 2007 amounted to approximately HK\$13.83 million.

### *E2-Capital Holdings Sdn. Bhd.*

E2-Capital Malaysia is a wholly-owned subsidiary of the Company and an investment holding company incorporated in Malaysia with an issued share capital of Malaysian Ringgit 1,000 comprising 1,000 shares of Malaysian Ringgit 1.00 each. Based on its unaudited accounts for the year ended 31 December 2006, E2-Capital Malaysia made a profit before tax of HK\$769,057 and after tax of HK\$764,937. Based on its unaudited accounts for the year ended 31 December 2007, E2-Capital Malaysia made nil profit before and after tax. Its net asset value as at 31 December 2007 amounted to approximately HK\$5.36 million.

### *Paper Rich Investments Limited*

Paper Rich is an investment holding company incorporated in the BVI with an issued share capital of US\$1.00, comprising 1 share of US\$1.00 held by Goodwill Investment BVI, a wholly-owned subsidiary of the Company. Based on its unaudited accounts for the year ended 31 December 2006, Paper Rich made a profit before and after tax of HK\$4,202,003. For the year ended 31 December 2007, Paper Rich made a profit before and after tax of HK\$17.88 million and HK\$14.09 million. Its net liabilities as at 31 December 2007 amounted to approximately HK\$147.64 million.

---

## LETTER FROM THE BOARD

---

### *Fair Winner Ltd.*

Fair Winner is an investment holding company incorporated in the BVI with an issued share capital of US\$1.00, comprising 1 share of US\$1.00 held by Paper Rich, an indirect wholly-owned subsidiary of the Company. Based on its unaudited accounts, for the year ended 31 December 2006, Fair Winner made net profit (before and after tax) of HK\$297,085. For the year ended 31 December 2007, Fair Winner made a profit before and after tax of HK\$1,326,834 and HK\$1,272,834 respectively. Its net assets value as at 31 December 2007 amounted to approximately HK\$2.64 million.

### *Winslow Asset Management Limited*

Winslow Asset Management is an investment holding company incorporated in the BVI with an issued share capital of US\$1.00, comprising 1 share of US\$1.00 and a wholly-owned subsidiary of the Company. Based on its unaudited accounts for the two years ended 31 December 2006 and 2007, Winslow Asset Management made net losses before and after tax of HK\$84,159 and HK\$4,368 respectively. Its net liabilities as at 31 December 2007 amounted to approximately HK\$108,974.

### *Winslow Investment Management Limited*

Winslow Investment is an investment holding company incorporated in the BVI with an issued share capital of US\$1.00, comprising 1 share of US\$1.00 held by AWJ Asset Management, a wholly-owned subsidiary of the Company. Based on its unaudited accounts for the year ended 31 December 2006, Winslow Investment made a net profit before and after tax of approximately HK\$6.31 million. For the year ended 31 December 2007, Winslow Investment made profit before tax of HK\$10.90 million and profit after tax of HK\$8.39 million. Its net assets value as at 31 December 2007 amounted to approximately HK\$14.88 million.

## **Company subject of the e2 Venture SPA**

### *e2-Capital Venture Limited*

e2 Venture is an investment holding company incorporated in the Cayman Islands with an issued share capital of US\$2.00, comprising 2 shares of US\$1.00 each, of which 1 share is held by the Company and 1 share is held by Will Kong Nominees Limited. Based on its unaudited accounts for the year ended 31 December 2006, e2 Venture generated other income of HK\$4,371,571 and made net profit before and after tax of approximately HK\$4.36 million respectively. For the year ended 31 December 2007, its recorded loss before tax of HK\$3.58 million and loss after tax of HK\$4.36 million. Its net liabilities as at 31 December 2007 amounted to approximately HK\$50.69 million.

---

## LETTER FROM THE BOARD

---

### **Implications for the SBI E2 Asia Disposal, the 60% SBI E2 Asia Disposal, the Sinojet Disposal, the E2-Capital Technologies Disposal, the Willow Spring Umbrella SPA and the e2 Venture SPA under the Listing Rules and the Takeovers Code**

The SBI E2 Asia Disposal, the 60% SBI E2 Asia Disposal, the Sinojet Disposal, E2-Capital Technologies Disposal, the Willow Spring Umbrella SPA (which includes AWJ Asset Management, e2 BioTech, e2-Capital Investment, E2-Capital Malaysia, Paper Rich, Fair Winner, Winslow Asset Management and Winslow Investment), the assignment of the WS Shareholders' Loans and the e2 Venture SPA constitute special deals under Rule 25 of the Takeovers Code and therefore require the consent of the Executive. The Executive granted its consent in respect of the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal. Such consent is conditional upon the Independent Financial Adviser to the Company publicly stating that in his opinion the terms of the SBI E2 Asia Disposal are fair and reasonable and upon the approval of such disposal by the Independent Shareholders voting by way of a poll at the SGM. For the Sinojet Disposal, an application has been made to the Executive for his consent. Similarly, for the disposals of E2-Capital Technologies, together with its non-wholly-owned subsidiary, OpenOffering, as well as the companies referred to in the Willow Spring Umbrella SPA (namely, AWJ Asset Management, e2 BioTech, e2-Capital Investment, E2-Capital Malaysia, Paper Rich, Fair Winner, Winslow Asset Management and Winslow Investment), the assignment of the WS Shareholders' Loans, together with the company referred to in the e2 Venture SPA (namely, e2 Venture), an application has been made to the Executive for his consent. Moreover, since the relevant percentage ratios (as defined in the Listing Rules) of the Special Deal Disposals, when taken together, are more than 25% but less than 75%, the Special Deal Disposals constitute a major and, in the case of the SBI E2 Asia Disposal and the Sinojet Disposal, connected transactions for the Company under Chapter 14 and Chapter 14A of the Listing Rules respectively.

### **THE FIRST SUPPLEMENTAL AGREEMENT**

As disclosed in the 2nd Joint Announcement, the Vendors and RPL have entered into the First Supplemental Agreement in relation to the Share Purchase Agreement pursuant to which it was agreed, inter alia, that e2-Capital (Japan) Inc. (Company No.: CR-107527) be included in the Remaining Group and the following companies previously listed under the Disposed Group be included in the Remaining Group (as defined in the Share Purchase Agreement):

1. East Technology Holdings Limited (Company No.: 371923), together with its subsidiaries, Cash Level Investments Limited (Company No.: 390942) and NAPA Global Limited (Company No.: 688885),



---

## LETTER FROM THE BOARD

---

2. Profit Union Investments Limited (Company No.: 379863), together with its subsidiary, Fornex Limited (Company No.: 228355), and
3. Future Strategy Holdings Limited (Company No.: 582326).

Pursuant to the First Supplemental Agreement, it was agreed, inter alia, that the following companies previously listed under the Remaining Group be included in the Disposed Group (as defined in the Share Purchase Agreement):

1. Bright Advise Holdings Limited (Company No.: 471328), together with its subsidiary, Fortune Chance Investments Limited (Company No.: 465671), and further a subsidiary of the subsidiary, Lancerwide Company Limited (Company No.: 254356),
2. OpenOffering Technology Limited (Company No.: 392472), and
3. Winslow Asset Management Limited (Company No.: 617016).

The foregoing amendments mean that the Amended Disposed Group comprises, in addition to Sinojet and SBI E2 Asia, the following subsidiaries:

1. AWJ Asset Management Limited (Company No.: 674753),
2. Bright Advise Holdings Limited (Company No.: 471328), together with its subsidiary, Fortune Chance Investments Limited (Company No.: 465671), and further two subsidiaries of such subsidiary, Lancerwide Company Limited (Company No.: 254356), and Cheung Wah Ho Dyestuffs Company Limited (Company No.: 51045),
3. e2 BioTech Advisory Group Limited (Company No.: 722061),
4. e2-Capital Venture Limited (Company No.: CR-99123),
5. E2-Capital Technologies Holdings Limited (Company No.: 407824), together with its non-wholly-owned subsidiary, OpenOffering Technology Limited (Company No.: 392472),
6. e2-Capital Investment Limited (Company No.: 708383),
7. E2-Capital Holdings Sdn. Bhd. (Company No.: 643023),
8. Fair Winner Ltd. (Company No.: 560482),

---

## LETTER FROM THE BOARD

---

9. Paper Rich Investments Limited (Company No.: 433270),
10. Winslow Investment Management Limited (Company No.: 679141), and
11. Winslow Asset Management Limited (Company No.: 617016).

The Share Purchase Agreement (as amended pursuant to the First Supplemental Agreement dated 4 February 2008) requires that E2-Capital Technologies, together with its non-wholly-owned subsidiary, OpenOffering, as well as the companies referred to in the Willow Spring Umbrella SPA and e2 Venture should not be disposed to the Shareholders. Consequently, as a result of further discussion, on 21 February 2008 RPL and the Vendors entered into the Second Supplemental Agreement to enable Willow Spring and Mr. Li Tze Leung to acquire the relevant companies (together with the assignment of the WS Shareholders' Loans).

In addition to the Special Deal Disposals as described in the section entitled "Special Deals Disposals – Major Terms of the Disposal Agreements" in the Company's Announcement, the Board announced that on 22 February 2008 Goodwill Investment BVI entered into the Wealth Honor S&P Agreement with Wealth Honor, which to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is an Independent Third Party.

A brief summary of the terms of the Wealth Honor S&P Agreement is set out here for Shareholder's reference.

### **Wealth Honor S&P Agreement**

**Date:** 22 February 2008

**Seller:** Goodwill Investment BVI

**Purchaser:** Wealth Honor

To the best knowledge of the Directors, Wealth Honor is an Independent Third Party. After the completion of the Wealth Honor S&P Agreement, the Company will cease to have any equity interest in the companies listed below.

**Sale Shares:** 700 shares of US\$1.00 each, representing 70% of the issued share capital of Bright Advise

---

## LETTER FROM THE BOARD

---

Bright Advise wholly owns Fortune Chance, which in turn holds, Cheung Wah Ho Dyestuffs and Lancerwide.

**Aggregate Consideration:** HK\$500,003, payable in cash by Wealth Honor upon completion of the Wealth Honor S&P Agreement

**Basis of consideration:** The consideration for the Wealth Honor S&P Agreement has been arrived at after arm's length negotiation between the parties thereto having taken into the financial performance of the business and such disposal can help the Company to release cash pledged to ICBC (Asia) Limited amounting to HK\$6,000,000 to secure a facility for Cheung Wah Ho Dyestuffs. The Company is in the process of obtaining consent from the bank for Wealth Honor to take up the guaranteed facility and outstanding loan burden of Cheung Wah Ho Dyestuffs.

Based on the unaudited net asset value as at 31 December 2007 net of shareholders' loans, the Company will incur a loss amounting to approximately HK\$4.2 million.

### *Conditions Precedent of the Wealth Honor S&P Agreement*

Completion of the Wealth Honor S&P Agreement is conditional upon:

- the passing by the shareholders of the Company (other than those prohibited from voting under the Listing Rules and/or the Codes on the Takeovers Code, if applicable) of all necessary resolutions at a special general meeting of the Company approving the entering into of Wealth Honor S&P Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules, the Takeovers Code and the memorandum and bye-laws of the Company; and
- all relevant consents and approvals (including regulatory and government authorities, if required) for the transfer of the shares in Bright Advise and other transactions contemplated under the Wealth Honor S&P Agreement having been obtained.

If the conditions have not been satisfied on or before 5:00 p.m. on the Long Stop Date (or such later date as Goodwill Investment BVI and Wealth Honor may agree), the Wealth Honor S&P Agreement shall thereupon terminate and the parties shall thereafter have no further claims against the other under the Wealth Honor S&P Agreement for costs, damages compensation or otherwise, save in respect of antecedent breaches.

---

## LETTER FROM THE BOARD

---

### *Completion*

Completion of the Wealth Honor S&P Agreement will take place on the third business day (being a day (other than Saturday) on which banks are open for business in Hong Kong) after the satisfaction of the conditions set out above (or such other date as the parties may agree).

### **Information on the subsidiaries to be disposed of pursuant to the Wealth Honor S&P Agreement**

#### *Bright Advise Holdings Limited*

Bright Advise is an investment holding company incorporated in the BVI with an issued share capital of US\$1,000, comprising 1,000 shares of US\$1.00 each, of which 700 shares are held by Goodwill Investment BVI and 300 shares by Win Hero International Limited, an Independent Third Party. Bright Advise has one subsidiary, Fortune Chance, which in turn has two subsidiaries, Lancerwide and Cheung Wah Ho Dyestuffs. Based on its unaudited accounts for the two years ended 31 December 2006 and 2007, Bright Advise generated nil revenue and made net losses before and after tax of HK\$4,290 and HK\$4,368 respectively. Its net liabilities as at 31 December 2007 amounted to approximately HK\$83,822.

#### *Fortune Chance Investments Limited*

Fortune Chance is an investment holding company incorporated in the BVI with an issued share capital of US\$1.00, comprising 1 share of US\$1.00 held by Bright Advise. Based on its unaudited accounts for the two years ended 31 December 2006 and 2007, Fortune Chance generated nil revenue and made net losses before and after tax of HK\$4,290 and HK\$4,368 respectively. Its net asset value as at 31 December 2007 amounted to approximately HK\$617,824.

#### *Cheung Wah Ho Dyestuffs Company Limited*

Cheung Wah Ho Dyestuffs is a company incorporated in Hong Kong with an issued share capital of HK\$801,100 comprising 10 ordinary shares of HK\$100.00 each, of which 9 shares are held by Fortune Chance and one share is held by E2-Capital Nominees Limited, and 8,001 non-voting shares of HK\$100.00 each held by Fortune Chance. Cheung Wah Ho Dyestuffs primarily engages in dyestuffs trading. For the two years ended 31 December 2006 and 2007, Cheung Wah Ho Dyestuffs generated revenue of approximately HK\$17.70 million and HK\$16.05 million respectively and made losses before and after tax of approximately HK\$2.39 million and HK\$5.06 million respectively. Its net liabilities as at 31 December 2007 amount to approximately HK\$15.56 million.

---

## LETTER FROM THE BOARD

---

### *Lancerwide Company Limited*

Lancerwide is a company incorporated in Hong Kong with an issued share capital of HK\$10,000 comprising 1,000 shares of HK\$10.00 each, of which 999 shares are held by Fortune Chance and one share is held by E2-Capital Nominees Limited. Lancerwide primarily engages in dyestuffs trading. Based on its audited accounts for the year ended 31 December 2006, Lancerwide generated revenue of approximately HK\$1.18 million and made profit before tax of HK\$165,528 and profit after tax of HK\$136,405 respectively. Based on its unaudited accounts for the year ended 31 December 2007, it generated revenue of approximately HK\$1.12 million and made profit before tax of HK\$104,499 and profit after tax of HK\$86,499. Lancerwide's net asset value as at 31 December 2007 amounted to approximately HK\$1.28 million.

#### *Notes:*

Audited means audited financial statements on company level were issued for these individual companies.

Unaudited means the results of these companies formed part of the audited consolidated results of E2-Capital (Holdings) Limited, but no audited financial statements on company level were issued.

With the exception of the SBI E2 Asia Disposal, the 60% SBI E2 Asia Disposal, Sinojet Disposal, the E2-Capital Technologies Disposal, the companies referred to in the Willow Spring Umbrella SPA and the e2 Venture SPA (as referred to in the section headed "Special Deal Disposals" above) together with the assignment of the WS Shareholders' Loans, which are dealt with under the First Supplemental Agreement and the Second Supplemental Agreement, the terms of the disposals of the abovementioned companies comply with the following conditions which are set out in the Share Purchase Agreement (as amended by the Supplemental Agreements):

1. consideration shall be payable immediately upon completion of any definitive disposal documentation and shall be paid in cash. Deferred payment of consideration is prohibited;
2. the purchaser must be a bona fide third party and be independent of the Company and shall not be a connected person (as defined in the Listing Rules) of the Company;

---

## LETTER FROM THE BOARD

---

3. the purchaser must not be any of the Vendors or shareholders of the Company or their respective associates or connected persons;
4. any Disposal(s) must not result in any liability (tax or otherwise) being imposed on, or any recourse to, any member of the Group (save for the statutory liability for payment of stamp duty involved);
5. any Disposal(s), individually or collectively, shall not be regarded by the Executive as a special deal or a frustrating action under the Takeovers Code or if so regarded shall only take place with the Executive's consent on terms and subject to conditions which are acceptable to the Purchaser and the Vendors;
6. all Disposals shall comply with all relevant laws and regulations, including compliance by the Company with the relevant provisions of the Listing Rules and the Takeover Code;
7. any Disposal(s), individually or collectively, shall not affect the Company's status as a going concern or the affect the Company's suitability for listing under the Listing Rules; and
8. the Company shall not, without the prior written consent of the Purchaser (such consent not to be unreasonably withheld), make, or agree to, any amendments to the documentation in respect of a Disposal once entered into.

### **IMPLICATIONS FOR THE OTHER DISPOSALS UNDER THE LISTING RULES AND THE TAKEOVERS CODE**

Since the consideration for the disposal pursuant to the Wealth Honor S&P Agreement is approximately HK\$500,003, such disposal standing alone constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. However, the aggregation of the Other Disposals and the Special Deal Disposals result in a major transaction for the Company under Chapter 14 of the Listing Rules and consequently will be subject to approval by the Shareholders. Accordingly, a resolution will be proposed at the SGM to approve the Other Disposals. A separate resolution will also be proposed at the SGM to approve the Special Deal Disposals and the 60% SBI E2 Asia Disposal (which also constitutes a special deal under Rule 25 of the Takeovers Code), which are subject to approval of Independent Shareholders by way of poll.

---

## LETTER FROM THE BOARD

---

The Vendors and their associates and parties acting in concert with the Vendors; the Associated Seller; the Other Vendors; RPL and their associates and parties acting in concert with RPL; Mr. Li Tze Leung and Willow Spring and their respective concert parties and associates; and those who are interested in, or involved in, the Share Purchase Agreement and Special Deal Disposals and the 60% SBI E2 Asia Disposal are required to abstain from voting on the relevant resolutions in respect of the Special Deal Disposals, the 60% SBI E2 Asia Disposal and the Other Disposals.

### REASON FOR THE DISPOSALS

As announced by the Board and the directors of RPL in the 1st Joint Announcement on 6 December 2007, completion of the Share Purchase Agreement is conditional, inter alia, upon the completion of the Disposal Agreements, including, but not limited to, the Special Deal Disposals.

### FINANCIAL EFFECTS OF THE DISPOSALS

The Special Deal Disposal, the 60% SBI E2 Asia Disposal and the disposals pursuant to the Wealth Honor S&P Agreement are expected to realise gain amounted to HK\$35.3 million being the difference between the proceeds of HK\$144.4 million and the book value of the disposal group, net of shareholder loan and taken into account the revaluation and exchange reserve to be realised in income statement upon disposal

The Disposal is expected to decrease the value of assets and liabilities of the Group by approximately HK\$31.1 million and HK\$32.8 million respectively.

### USE OF PROCEEDS FROM THE DISPOSALS

The Board confirms that the proceeds from the the Special Deal Disposals, the 60% SBI E2 Disposal and the Other Disposals will be applied as general working capital of the Company and to finance the Company's principal business activities.

### GENERAL

Upon Completion of the Special Deal Disposals, the 60% SBI E2 Disposal and the Other Disposals, the principal activities of the Company will comprise property development and investment, direct investment and proprietary trading business.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of Special Deal Disposals and the 60% SBI E2 Asia Disposal.

---

## LETTER FROM THE BOARD

---

### THE SGM

The SGM will be held to consider and, if thought fit, pass the resolutions to approve the Special Deal Disposals, the 60% SBI E2 Asia Disposal and the Other Disposals. Notice of the SGM is set out on pages 116 to 119 of this circular.

Only the Independent Shareholders will be permitted to vote by way of poll on the relevant resolutions.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the form of proxy in accordance with the instruction printed thereon as soon as possible but in any event not later than 48 hours before the time appointed by holding of the SGM. Completion of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting thereof should you so wish.

### RECOMMENDATION

Your attention is drawn to the letter of advice from Ceres Capital, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Special Deal Disposals, the 60% SBI E2 Asia Disposal and the principal factors and reasons considered by it in arriving at such advice. The full text of the letter from Ceres Capital is set out on pages 50 to 100 of this circular. Your attention is also drawn to the letter from the Independent Board Committee set out in page 48 to 49 of this circular. The Independent Board Committee, after taking into account the advice of Ceres Capital, consider that the terms of the Special Deal Disposals and the 60% SBI E2 Asia Disposals are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Special Deal Disposals, the 60% SBI E2 Asia Disposal and the Other Disposals to be proposed in the SGM.



---

## LETTER FROM THE BOARD

---

### PROCEDURE FOR DEMANDING A POLL

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:–

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

By Order of the Board  
**E2-Capital (Holdings) Limited**  
**Dato' Wong Sin Just**  
*Co-Chairman*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

*The following is the text of the letter of recommendation from the Independent Board Committee which has been prepared for the purpose of inclusion in this circular:*



E2 - Capital  
GROUP

### **E2-CAPITAL (HOLDINGS) LIMITED** **(金滙投資(集團)有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 378)**

14 March 2008

*To the Independent Shareholders*

Dear Sir or Madam,

#### **MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO SPECIAL DEAL DISPOSALS AND DISCLOSEABLE TRANSACTION IN RELATION TO OTHER DISPOSALS**

#### **INTRODUCTION**

We refer to the circular of the Company dated 14 March 2008 (the “Circular”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the Special Deal Disposals and the 60% SBI E2 Asia Disposal, which constitutes a special deal under Rule 25 of the Takeovers Code. Ceres Capital has been appointed as the independent financial adviser to advise you and us in this regard. Details of its advice, together with the principal factors and reasons that have been taken into consideration in giving such advice, are set out on pages 50 to 100 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

\* *For identification purposes only*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Having considered the terms of the Special Deal Disposals and the 60% SBI E2 Asia Disposal and the transactions contemplated thereunder and taking into account the independent advice of Ceres Capital, in particular the principal factors, reasons and recommendation as set out in their letter on pages 50 to 100 of the Circular, we consider that (i) the terms of the Special Deal Disposals and the 60% SBI E2 Asia Disposal and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable in so far as the Independent Shareholders are concerned; and (ii) the entering into of the Special Deal Disposals and the 60% SBI E2 Asia Disposal are in the interests of the Group and the Independent Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Special Deal Disposals, the 60% SBI E2 Asia Disposal and the transactions contemplated thereunder.

Yours faithfully, for and on behalf of  
the Independent Board Committee  
**Mr. Ongpin Roberto V., Mr. Chung Cho Yee, Mico,  
Dr. Hui Ka Wah, Ronnie and Mr. Ho Kwan Tat**  
*Independent Non-executive Directors*

---

## LETTER FROM CERES CAPITAL

---

*The following is the full text of the letter of advice from Ceres Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Special Deal Disposals and the 60% SBI E2 Asia Disposal.*



昱豐融資有限公司  
**CERES CAPITAL LIMITED**

CERES

Suite 3308, Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

14 March 2008

*To the Independent Board Committee and  
the Independent Shareholders of  
E2-Capital (Holdings) Limited*

Dear Sirs/Madams,

### **SPECIAL DEALS AND MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE DISPOSAL OF EQUITY INTERESTS IN CERTAIN MEMBERS OF THE GROUP**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Special Deal Disposals and the 60% SBI E2 Asia Disposal, some of which also constitute connected transactions of the Company under the Listing Rules. Details of the Special Deal Disposals and the 60% SBI E2 Asia Disposal (collectively, the “Special Deals”) are set out in the letter from the Board (the “Letter from the Board”) contained in the circular dated 14 March 2008 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Special Deals. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

---

## LETTER FROM CERES CAPITAL

---

On 6 December 2007, the Company and the directors of RPL jointly announced that RPL had entered into the Share Purchase Agreement with Vendor 1 and Vendor 2 on 29 November 2007 pursuant to which RPL had conditionally agreed to purchase, and Vendor 1 had conditionally agreed to sell, 107,536,181 Shares as well as Vendor 2 had conditionally agreed to sell 113,181,750 Shares and to procure the Associated Seller to sell 2,310,000 Shares at the same terms as those for Vendor 2 for an aggregate consideration of HK\$496,237,146.48 (equivalent to HK\$2.225 per Share sold) in cash. The said sums of Shares represented in aggregate approximately 55.67% of the issued share capital of the Company as at the date of the 1st Joint Announcement. On 22 February 2008, the Company and the directors of RPL further announced that the First Supplemental Agreement and the Second Supplemental Agreement were entered into on 4 February 2008 and 21 February 2008 respectively to amend, supplement and rectify certain terms of the Share Purchase Agreement. As part of the conditions precedent under the Share Purchase Agreement (as amended and varied by the Supplemental Agreements), the Company is required to dispose of its interests in a number of companies and assets, which include those under the Special Deals, as described in more detail in the Letter from the Board.

On 22 February 2008, the Company announced, among other things, that:

- (a) Goodwill Investment BVI, a wholly-owned subsidiary of the Company, entered into the SBI E2 Asia Disposal Agreement with Glory High on 4 February 2008, pursuant to which Goodwill Investment BVI has conditionally agreed to sell, and Glory High has conditionally agreed to purchase, the SBI E2 Asia Sale Shares;
- (b) SBI E2 Asia Securities Group, a non-wholly-owned subsidiary of a joint venture of the Company, entered into the 60% SBI E2 Asia Disposal Agreement with Glory High on 4 February 2008, pursuant to which SBI E2 Asia Securities Group has conditionally agreed to sell, and Glory High has conditionally agreed to purchase, the 60% SBI E2 Asia Sale Shares;
- (c) the Sinojet Disposal Agreement was entered into on 4 February 2008 between Goodwill Investment BVI, Vendor 1 and the Company pursuant to which (i) Goodwill Investment BVI has conditionally agreed to sell and Vendor 1 has conditionally agreed to purchase the Sinojet Share and the Golf China Shares; (ii) the Company has conditionally agreed to assign the Sinojet Shareholder's Loan to Vendor 1 and Vendor 1 has conditionally agreed to accept the assignment of the Sinojet Shareholder's Loan at Sinojet Share and Golf China Shares Completion; and (iii) Goodwill Investment BVI has conditionally agreed to procure Will Kong Nominees Limited to transfer the legal interest of the Will Kong's Golf China Share to Vendor 1 (or its nominees) upon Sinojet and Golf China Shares Completion;

---

## LETTER FROM CERES CAPITAL

---

- (d) the Willow Spring Umbrella SPA was entered into on 22 February 2008 pursuant to which (i) the Company and two of its wholly-owned subsidiaries, namely Goodwill Investment BVI and East Technology, and Will Kong Nominees Limited have conditionally agreed to sell and Willow Spring has conditionally agreed to purchase the entire issued share capital of certain members of the Group; and (ii) the Company, Goodwill Investment BVI and East Technology have conditionally agreed to assign to Willow Spring the WS Shareholders' Loans (collectively, the "Willow Spring Umbrella Disposal");
- (e) the Company, Will Kong Nominees Limited and Mr. Li Tze Leung entered into the e2 Venture SPA on 22 February 2008, pursuant to which, the Company has conditionally agreed to sell and Mr. Li Tze Leung has conditionally agreed to purchase the entire issued share capital of e2 Venture (the "e2 Venture Disposal"); and
- (f) on 28 January 2008, East Technology completed a disposal of E2-Capital Technologies together with its non-wholly-owned subsidiary, OpenOffering, to Willow Spring.

Glory High is jointly controlled by Vendor 1 and Vendor 2. Since Vendor 1, Vendor 2, Willow Spring and Mr. Li Tze Leung are all shareholders of the Company, the SBI E2 Asia Disposal, 60% SBI E2 Asia Share Disposal, the Sinojet Disposal, the Willow Spring Umbrella Disposal, the e2 Venture Disposal and the E2-Capital Technologies Disposal all constitute special deals under Note 4 to Rule 25 of the Takeovers Code and therefore require the consent of the Executive. Applications have been made to the Executive for his consent to the Special Deals which, if granted, will be conditional upon the independent adviser to the Company publicly stating that in its opinion the terms of each of the Special Deals are fair and reasonable and upon the approval of such disposals by the Independent Shareholders voting by way of a poll at a general meeting of the Company. As at the Latest Practicable Date, the Executive had granted his consent to the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal subject to the aforesaid conditions.

Since Vendor 1 and Vendor 2 are connected persons of the Company under the Listing Rules and the relevant percentage ratios (as defined in the Listing Rules) as represented by the Special Deal Disposals, when taken together, are more than 25% but less than 75%, the Special Deal Disposals constitute major and, in the case of the SBI E2 Asia Disposal and the Sinojet Disposal, connected transactions of the Company under Chapter 14 and Chapter 14A of the Listing Rules respectively, and are therefore required to be subject to, among other things, the approval of the Independent Shareholders at a general meeting of the Company.

---

## LETTER FROM CERES CAPITAL

---

The Independent Board Committee, comprising all four independent non-executive Directors, namely Mr. Ongpin Roberto V., Mr. Chung Cho Yee, Mico, Mr. Ho Kwan Tat and Dr. Hui Ka Wah, Ronnie, has been formed to advise the Independent Shareholders in respect of each of the Special Deals. As advised by the Company, each of Mr. Ongpin Roberto V., Mr. Chung Cho Yee, Mico, Mr. Ho Kwan Tat and Dr. Hui Ka Wah, Ronnie has confirmed that he does not have any conflict of interest in the Special Deals or the Share Purchase Agreement. Based on such confirmation, we consider that all four independent non-executive Directors are eligible to be members of the Independent Board Committee to advise the Independent Shareholders in respect of the Special Deals. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether or not each of the Special Deals is in the interests of the Company and the Shareholders as a whole; (ii) whether the Special Deals are on normal commercial terms and are fair and reasonable; and (iii) whether the Independent Shareholders should vote in favour of the resolution to approve the Special Deals at the general meeting of the Company to be convened for such purpose.

Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company. We are independent from the Company for the purposes of Rule 13.84 of the Listing Rules.

### **BASIS OF OUR OPINION**

In forming our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, its advisers and the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, its advisers and the Directors and for which the Directors are solely and wholly responsible, were true and accurate at the time they were made and continue to be so at the date hereof. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make

---

## LETTER FROM CERES CAPITAL

---

any statement in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information which enables us to form a reasonable basis for our opinion. We also consider that we have performed all reasonable steps to ascertain the reliability of the information provided to us and to form our opinion. We have not, however, conducted any independent verification of the information provided, nor have we carried out any in-depth investigation into the business, financial results and positions and affairs of the Group or any parties involved in the Special Deals, or the prospects of the market in which they respectively operate.

Our opinion is necessarily based upon economic, market and other conditions and circumstances existing on, and the facts, information and representations made available to us up to and including, the Latest Practicable Date. Although subsequent developments may affect our opinion, we do not have any obligation, except as required under the Takeovers Code, to update, revise or reaffirm our opinion contained herein.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion regarding the Special Deals, we have taken into consideration the following principal factors:

#### **I. Background information on the Group and reason for the Special Deals**

The Group's current principal activities can be categorized into five business segments as follows:

- broking services – securities broking and provision of margin financing, commodities, options and futures broking;
- investment banking – provision of corporate finance services;
- direct investments – securities trading and investments;
- industrial and management operating services – trading of dyestuffs; and
- property investment – property development and holding.



---

## LETTER FROM CERES CAPITAL

---

The following table summarizes the Group's results of operations by business segments for each of the two years ended 31 December 2006 (audited) and 2007 (unaudited), which are extracted from the Company's announcement of its financial results for 2007 dated 20 February 2008.

	Continuing operations					Discontinued operations		
	Broking services <i>HK\$'000</i>	Investment banking <i>HK\$'000</i>	Direct investments <i>HK\$'000</i>	Industrial and management operating services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>	Digital consumer products <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended</b>								
<b>31 December 2006</b>								
<b>(audited and restated)</b>								
<i>(Note)</i>								
Revenue	44,666	4,595	76,397	17,701	1,241	144,600	20,793	165,393
Segment profit/(loss)	9,223	2,236	90,879	(2,487)	(8,605)	91,246	(3,452)	87,794
Share of profit of associates						2,494	–	2,494
Profit for the year						57,236	(3,452)	53,784
<b>For the year ended</b>								
<b>31 December 2007</b>								
<b>(unaudited)</b>								
Revenue	98,815	3,254	62,040	16,048	935	181,092	784	181,876
Segment profit/(loss)	25,228	(218)	58,765	(4,883)	(12,269)	66,623	(1,926)	64,697
Share of profit of associates						6,711	–	6,711
Profit for the year						28,938	(1,904)	27,034

*Note:* The financial figures for 2006 were extracted from the Company's results announcement for 2007 dated 20 February 2008 and had been adjusted, where necessary, to conform with changes in accounting policy for the year ended 31 December 2007 in respect of accounting treatment of interests in associates (details of which will be disclosed in the Company's annual report for 2007) and to present a consistent basis for comparison.

For the year ended 31 December 2006, the Group reported total revenue of approximately HK\$165.4 million with profit for the year of approximately HK\$53.8 million. The major contributors to the Group's total revenue were the broking services and the direct investments, which accounted for approximately 27% and 46%, respectively, of the Group's total revenue for 2006. The remaining approximately 27% of the total revenue of the Group was contributed by its other business segments. Segment profit of the Group's broking services and direct investments for 2006 amounted to approximately HK\$9.2 million and HK\$90.9 million, respectively. Since the Group's other business segments reported either a loss or a nominal profit, the Group's total segment profit for 2006 was approximately HK\$87.8 million. The Group reported a profit for the year of 2006 of approximately HK\$53.8 million.

---

## LETTER FROM CERES CAPITAL

---

For the year ended 31 December 2007, the broking services and direct investments of the Group remained as its major contributors and accounted for approximately 54% and 34%, respectively, of the Group's total revenue of approximately HK\$181.9 million. The remaining approximately 12% of the Group's total revenue was contributed by the Group's other business segments including the operations in digital consumer products which were discontinued in early 2007. The broking services and direct investments of the Group also reported a segment profit of HK\$25.2 million and HK\$58.8 million, respectively, while all its other business segments reported a segment loss. The total segment profit of the Group for 2007 amounted to approximately HK\$64.7 million. Compared to the preceding financial year, the Group's total profit for the year of 2007 dropped almost 50% to approximately HK\$27.0 million.

As indicated above, the Group is engaged in various industries, ranging from financial services to industrial manufacturing and property investment. As indicated in the Company's annual report for 2006, many of the Group's principal business activities were also carried out through joint ventures or companies in which the Group does not have majority control. For instance, the Group's broking services and investment banking businesses are conducted through a joint venture and companies in which the Group does not have absolute management control. The Group had adopted proportionate consolidation method in its accounting policy to recognize the financial results of such businesses in the Group's overall financial results. In one of its major property investment projects, namely the Tianma Project comprising a golf club and the development of luxurious residential villas in Shanghai, the Group has an indirect attributable interest of only approximately 13.35%. Thus the Group's financial results would heavily rely on its share of interests in those associated companies. Furthermore, a substantial portion of the Group's profit had been derived from the sale of securities in direct investments, which included participations in hedge funds and venture capital. The Group usually does not have the management control over such investments and the performance of which would be vulnerable to inherent investment risks and volatility in the financial markets as evidenced by the 35% drop in segment profit for the Group's direct investments in 2007 from that in 2006.

While the Group appears to be engaged in a diversified portfolio of businesses, it does not seem to have a well-defined business focus and the different nature of those businesses does not seem to create synergy with one another. Thus the overall financial performance of the Group would significantly rely on the stand-alone performance of each of its businesses and companies over most of which the Group has no majority shareholding or management control. The mixed business portfolio of the Group may also present difficulties in classifying the Group as any particular business sector by investors and may therefore affect the share performance or fund-raising capability of the Company in the stock market. For such reasons, we consider it appropriate for the Group to streamline and consolidate its business activities with a distinct focus.

---

## LETTER FROM CERES CAPITAL

---

As stated in the Letter from the Board, completion of the Share Purchase Agreement is conditional, among others, upon completion of the Disposals which include the Special Deals. We consider that the Board's proposals in respect of the Disposals, including the Special Deals, provide a good opportunity for the Group to consolidate its businesses and assets and to streamline its structure and to direct the Group's resources towards a more focused line of business.

### II. Special Deals

#### A. Disposal of SBI E2 Asia

As the interests to be disposed of under the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal refer to the same company, we assess the two disposals together in the same section below.

##### 1. *The SBI E2 Asia Disposal Agreement and the 60% SBI E2 Asia Disposal Agreement*

On 4 February 2008, Goodwill Investment BVI, a wholly-owned subsidiary of the Company, entered into the SBI E2 Asia Disposal Agreement with Glory High, pursuant to which Goodwill Investment BVI has conditionally agreed to sell, and Glory High has conditionally agreed to purchase, the SBI E2 Asia Sale Shares for a total consideration of HK\$42,000,000 in cash. The SBI E2 Asia Sale Shares, i.e. 6,800,000 shares, represent 40% of the total issued share capital of SBI E2 Asia which is an associate of the Company.

On 4 February 2008, SBI E2 Asia Securities Group, a non-wholly-owned subsidiary of a 49% owned joint venture of the Company, entered into the 60% SBI E2 Asia Disposal Agreement also with Glory High, pursuant to which SBI E2 Asia Securities Group has conditionally agreed to sell, and Glory High has conditionally agreed to purchase, the 60% SBI E2 Asia Sale Shares for a total consideration of HK\$63,000,000 in cash. The 60% SBI E2 Asia Sale Shares, i.e. 10,200,000 shares, represent 60% of the total issued share capital of SBI E2 Asia.

The total consideration for the SBI E2 Asia Sale Shares and the total consideration for the 60% SBI E2 Asia Sale Shares under the respective disposal agreements are the same on a pro rata basis.

Completion of the SBI E2 Asia Disposal Agreement is conditional upon:

- (i) the satisfaction or waiver of all the conditions precedent set out in the Share Purchase Agreement (save for the condition precedent set out in Clause 4.1(n) therein) (namely the simultaneous completion of the SBI E2 Asia Disposal, the 60% SBI E2 Asia Disposal, the Sinojet Disposal and the Share Purchase Agreement);

---

## LETTER FROM CERES CAPITAL

---

- (ii) the approval of MAS (to the extent required under the CMS License) being obtained by SBI E2 Asia Securities for the proposed acquisition by Glory High of the SBI E2 Asia Sale Shares; and
- (iii) the SGX-ST being notified (to the extent required under the SGX-ST Trading Rules) of the change in ownership of SBI E2 Asia Securities that would result from the proposed acquisition by Glory High of the SBI E2 Asia Sale Shares and confirmation of SGX-ST being obtained by SBI E2 Asia Securities that such change would not result in revocation of the trading rights of SBI E2 Asia Securities.

The deadline for satisfaction of conditions under the SBI E2 Asia Disposal Agreement is 31 March 2008 or such later date as the parties to the agreement may agree. As stated in the Letter from the Board, none of the above conditions had been fulfilled as at the Latest Practicable Date.

Completion of the 60% SBI E2 Asia Disposal Agreement is conditional upon:

- (i) the passing of a meeting of the board of directors of Glory High to approve the entry by Glory High into the 60% SBI E2 Asia Disposal Agreement and to approve the purchase of the 60% SBI E2 Asia Sale Shares from the SBI E2 Asia Securities Group;
- (ii) the MAS and other relevant regulatory authorities granting the approval for Glory High to become a substantial shareholder of SBI E2 Asia and its relevant subsidiary which is licensed under the MAS Act;
- (iii) the SGX-ST being notified (to the extent required under the SGX-ST Trading Rules) of the change in legal or beneficial ownership of SBI E2 Asia Securities that would result from the proposed acquisition by Glory High of the 60% SBI E2 Asia Sale Shares from SBI E2 Asia Securities Group pursuant to the 60% SBI E2 Asia Disposal Agreement, and confirmation of SGX-ST being obtained by SBI E2 Asia Securities that such change would not result in revocation of the trading rights of SBI E2 Asia Securities;
- (iv) all relevant regulatory and government authorities granting the approval to the change in control of SBI E2 Asia as a result of the transfer of the 60% SBI E2 Asia Sale Shares; and
- (v) the satisfaction or waiver of all the conditions precedent set out in the Share Purchase Agreement (save for the condition precedent set out in Clause 4.1(n) therein) (namely the simultaneous completion of the SBI E2 Asia Disposal, the Sinojet Disposal and the Share Purchase Agreement).

---

## LETTER FROM CERES CAPITAL

---

As stated in the Letter from the Board, none of the above conditions had been fulfilled as at the Latest Practicable Date.

Following completion of the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal, the Company will no longer have any shareholding interest in SBI E2 Asia. The simplified charts showing the shareholding structure of SBI E2 Asia prior to and upon completion of the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal are set out in the Letter from the Board.

### 2. *Information on SBI E2 Asia*

#### a. General information relating to SBI E2 Asia

As stated in the Letter from the Board, SBI E2 Asia was incorporated under the laws of Singapore. The Company has 40% equity interest in SBI E2 Asia through a wholly-owned subsidiary, Goodwill Investment BVI, and an effective interest of approximately 28.5% in SBI E2 Asia through a non-wholly-owned subsidiary of a joint venture of the Company. Thus the Company has a total attributable interest of approximately 68.5% in SBI E2 Asia.

SBI E2 Asia has one subsidiary, namely, SBI E2 Asia Securities, which is a holder of the CMS License since August 2005 to carry on financial services in Singapore, including dealing in securities, advising on corporate finance and providing custodial services for securities. SBI E2 Asia Securities has also been admitted as a clearing member of SGX-ST. As advised by the Company, SBI E2 Asia Securities is managed by one of the Vendors and the Group is not actively involved in the management of SBI E2 Asia Securities. It should be noted that SBI E2 Asia Securities is not licensed to carry on securities financing which is closely associated with securities dealing business. Under the Finance Companies Act of Singapore, a company needs to have both its paid-up capital and capital funds of not less than S\$50 million (approximately HK\$279 million) in order to be granted a licence to carry on financing business in Singapore. As at 31 December 2007, SBI E2 Asia Securities had paid-up capital of only S\$17 million.

Over the past decades, Singapore has thrived to aggressively develop its financial sectors. According to the website of MAS, Singapore offers financial institutions a pro-business environment, cost and tax competitiveness, good infrastructure, and a highly skilled and cosmopolitan labour force. All such efforts have been directed to establish a dynamic, competitive and innovative environment for financial institutions in Singapore with the ambition to become not just a regional, but international financial centre.

---

## LETTER FROM CERES CAPITAL

---

Despite such efforts of the Singapore government, Singapore has not succeeded to outpace or undermine Hong Kong's position as the pre-eminent regional financial centre. Over the past three years, in particular, Hong Kong has been solidifying its position as the premier financial centre for East Asia, and particularly as a preferred fund raising centre for China enterprises. The stock market in Hong Kong has grown large and liquid enough to intermediate the huge flows of capital required by China's state-owned enterprises, as evidenced by a flood of initial public offerings ("IPO") including the world's largest IPO by Industrial and Commercial Bank of China. According to the statistics published by the respective stock exchanges, the total market capitalisation of listed securities on the main board as at the end of 2007 in Hong Kong was approximately HK\$20,536 billion, representing over four times the size of the stock market in Singapore (being approximately S\$776 billion, or HK\$4,325 billion based on an exchange rate of S\$1 = HK\$5.573). In 2007, there were about 84 IPOs in Hong Kong raising total funds of about HK\$292.4 billion, compared to about 70 IPOs in Singapore raising total funds of about HK\$15.3 billion. It is evident that the scale of financial market development in Singapore is very much dwarfed by Hong Kong in comparison.

Since the third quarter of 2007, the global financial markets have experienced significant downturn. The condition of the U.S. financial market continues to be burdened by the deteriorating state of the housing and credit markets, amidst signs of a spilling over into the consumer sector. Current conditions suggest that the U.S. will likely enter into a recession which would inevitably affect the global economy adversely. In Hong Kong, the Hang Seng Index dropped almost 24% from its historical high at 31,958 in October 2007 to 24,331 at the end of February 2008 and the Singapore Straits Times Index dropped about 22% from 3,875 to 3,026 during the same period. According to Bloomberg, tumbling equity markets had prompted 25 companies worldwide in January 2008 to halt plans for IPOs, the most in at least a decade. On 14 February 2008, the Ministry of Trade and Industry of Singapore announced a cut in the official economic growth forecast from 4.5-6.5% to 4-6% for 2008, after the first quarterly contraction since 2003 and citing worries about a U.S. recession.

Since the financial market deregulation in Singapore and the opening of the local banking sector to foreign competition over the past decade, relatively small financial institutions in Singapore have been facing more and keener competition from foreign investment banks which have an established global investment banking network or are affiliated with international banks. This development has put the smaller players into a relatively disadvantaged position in the Singapore market. Having considered the outlook of the global economy and financial market conditions, we consider that the prospect of SBI E2 Asia Securities in its current line of business is limited, especially as a relatively small and new player without all relevant licences to carry on a comprehensive range of financial services in Singapore.

---

## LETTER FROM CERES CAPITAL

---

b. Financial information on SBI E2 Asia

Set out below is a summary of the consolidated financial results of SBI E2 Asia for each of the three years ended 31 December 2005, 2006 and 2007 as extracted from its audited financial statements for the two years ended 31 December 2005 and 2006 and the unaudited consolidated financial statements for the year ended 31 December 2007, all prepared in accordance with Singapore Financial Reporting Standards.

	Year ended 31 December		
	2005	2006	2007
	HK'000	HK'000	HK'000
	(Audited)	(Audited)	(Unaudited)
Revenue	432	20,034	43,824
Net profit/(loss)	(4,394)	618	16,072
Share capital	28,020	32,794	83,534
Net asset value	23,451	31,365	104,386

*Note:* The financial statements of SBI E2 Asia were originally presented in S\$ and, for comparison purpose, we have adopted the same exchange rates as those used by the Group for the purpose of proportionate consolidation into its financial statements.

Although the above financial summary is extracted from financial statements of SBI E2 Asia which were prepared in accordance with Singapore Financial Reporting Standards, the Company has confirmed that, for the purpose of proportionate consolidation into the financial statements of the Group which are prepared in accordance with Hong Kong Financial Reporting Standards, no material adjustments would be required.

As mentioned above, SBI E2 Asia Securities, as the only subsidiary of SBI E2 Asia, was granted the CMS License in August 2005 and it was therefore not yet in full operation until towards the end of 2005. For the year ended 31 December 2005, SBI E2 Asia recorded nominal revenue of approximately HK\$432,000 and a net loss of approximately HK\$4.4 million. For the year 2006, the consolidated revenue of SBI E2 Asia increased to approximately HK\$20.0 million and a net profit of approximately HK\$0.6 million was recorded. Due to the operating loss incurred in 2005, the net asset value of SBI E2 Asia Securities dropped below the basic capital requirement of S\$5,000,000 (approximately HK\$27,865,000 based on an exchange rate of approximately S\$1 = HK\$5.573) as required by the MAS. In order to meet such basic capital requirement and following an increase of share capital to S\$7,000,000 by way of issue of shares, the net asset value of SBI E2 Asia was increased to approximately HK\$31.4 million as at 31 December 2006.

---

## LETTER FROM CERES CAPITAL

---

For the financial year ended 31 December 2007, SBI E2 Asia's total revenue had more than doubled to approximately HK\$43.8 million with a net profit of approximately HK\$16.1 million, 26 times that of the preceding year. During 2007, SBI E2 Asia had increased its share capital to S\$17 million in order to meet its financial requirement. As at 31 December 2007, SBI E2 Asia had a net asset value of approximately HK\$104.4 million.

Based on the above financial results, SBI E2 Asia appears to have operated positively during the first full year of operation in 2006 and recorded significant growth in 2007. However, it should be noted that for a business enterprise to show a substantial growth at the start-up stage is no guarantee for its future success. Given the downturn in the global financial markets since the second half of 2007 and the expected slow economic growth in Singapore as indicated by the official economic growth forecast by the Ministry of Trade and Industry of Singapore, Independent Shareholders should be aware that the financial results of any financial institutions, especially the small ones without an established business track record or strong shareholder's support, such as SBI E2 Asia, may be adversely affected.

3. *Consideration and payment method under the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal*

a. *Consideration and pricing basis*

The total consideration for the SBI E2 Asia Sale Shares payable by Glory High under the SBI E2 Asia Disposal Agreement is HK\$42,000,000 in cash. As stated in the Letter from the Board, the total consideration has been arrived at after arm's length negotiations between the parties having taken into account, inter alia, the audited net asset value (prepared in accordance with Singapore Financial Reporting Standards) of SBI E2 Asia as at 31 December 2006.

The total consideration for the 60% SBI E2 Asia Sale Shares payable by Glory High under the 60% SBI E2 Asia Disposal Agreement is HK\$63,000,000 in cash. Such consideration is the same as that for the SBI E2 Asia Sale Shares under the SBI E2 Asia Disposal Agreement on a pro rata basis.

For the purpose of an assessment of the total consideration for the SBI E2 Asia Sale Shares, we have reviewed and compared the market statistics of listed companies which are principally engaged in the securities brokerage and financial services and had been operating profitably for their respective latest financial years. Since SBI E2 Asia is asset of a listed company on the Stock Exchange and its business is based in Singapore, we have selected for comparison purpose companies that are listed in Hong Kong ("HK Comparables") as well as those listed in Singapore ("Singapore Comparables"). To the best of our knowledge, we have identified a total of 16 companies for comparison, of which 13 are HK Comparables and 3 are Singapore Comparables, (being all the companies listed in Hong Kong or Singapore whose principal businesses are securities brokerage and financial services and which have had been operating profitably for their respective latest financial years). Details of our findings are summarised in the table below.



---

## LETTER FROM CERES CAPITAL

---

Company name (Stock code)	Year-end date <i>(dd/mm/yyyy)</i>	Price/ earnings ratio <i>(note 1)</i>	Price to book ratio <i>(note 2)</i>
<b>HK Comparables</b>			
Karl Thomson Holdings Limited (7)	31/12/2006	63.33	1.61
Emperor Capital Group Limited (717)	31/03/2007	10.43	1.41
First Shanghai Investments Limited (227)	31/12/2006	9.32	0.96
Get Nice Holdings Limited (64)	31/03/2007	3.92	0.70
Hantec Investment Holdings Limited (111)	31/12/2006	9.04	1.34
Quam Limited (952)	31/03/2007	17.22	2.79
Shenyin Wanguo (H.K.) Limited (218)	31/12/2006	26.20	3.47
South China Brokerage Company Limited (619)	31/12/2006	21.96	1.29
Sun Hung Kai & Co. Limited (86)	31/12/2006	19.35	0.90
SW Kingsway Capital Holdings Limited (188)	30/06/2007	3.57	0.86
Tai Fook Securities Group Limited (665)	31/12/2006	11.31	1.44
Tanrich Financial Holdings Limited (812)	30/06/2007	15.15	1.01
Value Convergence Holdings Limited (8101)	31/12/2006	13.99	0.93
	Highest	63.33	3.47
	Lowest	3.57	0.70
	Median	13.99	1.29
	Mean	17.29	1.44

---

## LETTER FROM CERES CAPITAL

---

Company name (Stock code)	Year-end date <i>(dd/mm/yyyy)</i>	Price/ earnings ratio <i>(note 3)</i>	Price to book ratio <i>(note 4)</i>
<b>Singapore Comparables</b>			
Kim Eng Holdings Limited (K50)	31/12/2007	8.32	1.24
UOB-Kay Hian Holdings Limited (U10)	31/12/2007	5.04	1.41
Westcomb Financial Group Limited (5EC)	31/12/2007	6.07	0.94
	Highest	8.32	1.41
	Lowest	5.04	0.94
	Median	6.07	1.24
	Mean	6.48	1.20
	Overall		
	Highest	63.33	3.47
	Lowest	3.57	0.70
	Median	10.87	1.26
	Mean	15.26	1.39
<b>SBI E2 Asia</b>	31/12/2007	<b>6.53</b> <i>(note 5)</i>	<b>1.01</b> <i>(note 6)</i>

*Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of Singapore Exchange Limited ([www.sgx.com](http://www.sgx.com))*

*Notes:*

1. Based on the closing prices of the respective shares on the Latest Practicable Date and the audited earnings per share as indicated in the latest published annual reports of the respective HK Comparables.
2. Based on the closing prices of the respective shares on the Latest Practicable Date, and the net asset value divided by the number of shares in issue as indicated in the most recent published financial results of the respective HK Comparables.
3. Based on the closing prices of the respective shares on the Latest Practicable Date and the unaudited earnings per share as indicated in the most recent published unaudited financial results of the respective Singapore Comparables.
4. Based on the closing prices of the respective shares on the Latest Practicable Date, and the unaudited net asset value divided by the number of shares in issue as indicated in the most recent published unaudited financial results of the respective Singapore Comparables.

---

## LETTER FROM CERES CAPITAL

---

5. Based on the consideration of the SBI E2 Asia Sale Shares under the SBI E2 Asia Disposal adjusted on a pro rata basis to 100% interest in SBI E2 Asia and the unaudited earnings of SBI E2 Asia for the year ended 31 December 2007.
6. Based on the consideration of the SBI E2 Asia Sale Shares under the SBI E2 Asia Disposal adjusted on a pro rata basis to 100% interest in SBI E2 Asia and the unaudited net asset value of SBI E2 Asia as at 31 December 2007.

As shown in the above table, the price/earnings ratios (“PER”) of the HK Comparables range from approximately 3.57 times to 63.33 times, with an average of approximately 17.29 times. While the PERs for four of the HK Comparables are above their average, the PERs of the other nine HK Comparables fall below such average with the median PER being 13.99 times. The PER represented by the consideration under the SBI E2 Asia Disposal of approximately 6.53 times falls below the average PER of the HK Comparables, although it falls within their range between 3.57 times and 63.33 times. It is higher than the PERs of two of the HK Comparables. Based on this comparison, the consideration under the SBI E2 Asia Disposal appears to be relatively low in terms of PER.

Having said that, we have the following observations:

- The HK Comparables are all listed companies with a relatively long history of operations compared with SBI E2 Asia and have a proven track record of profitable operations.
- SBI E2 Asia is a private company and has been operating for only two years and its business success is yet to be proven.
- The HK Comparables have an established business presence in Hong Kong and/or China. As discussed under the section headed “General information relating to SBI E2 Asia” above, the financial market in Hong Kong presents enormous potential, especially with the China factor, by the sheer size of its stock market and the present and expected high rate of growth in financial activities.
- SBI E2 Asia is only operating in Singapore where the market potential is relatively limited by comparison and the business prospects to new and small financial institutions could be dwarfed by the large local financial institutions and foreign firms backed by international banks.
- The PER under the SBI E2 Asia is based on the unaudited earnings for the most current financial year ended 31 December 2007 which has captured the results of the buoyant financial market in the whole 2007. In the case of the HK Comparables, the calculations of their PERs are based on the current share price, but historical earnings per share extracted from their latest published audited financial results, most of which have covered only up to year 2006 or the first quarter of 2007. If we also use the latest audited financial results of SBI E2 Asia for the year 2006 in our calculation, the PER represented by the consideration under the SBI E2 Asia Disposal would be very high at close to 170 times.

---

## LETTER FROM CERES CAPITAL

---

Based on the above facts, we consider that it is justifiable for the consideration under the SBI E2 Asia Disposal to represent a relatively lower PER than those of the HK Comparables. Despite the aforesaid factors, the PER relating to the SBI E2 Asia Disposal is higher than two of the HK Comparables.

As shown in the above table, the PER of the Singapore Comparables range from approximately 5.04 times to 8.32 times, with an average of approximately 6.48 times and a median of approximately 6.07 times. The PER represented by the consideration under the SBI E2 Asia Disposal of approximately 6.53 times is higher than the PERs of two of the Singapore Comparables and the average PER of the Singapore Comparables.

Based on the above analysis, we are of the opinion that the consideration of the SBI E2 Asia Sale Share is fair and reasonable in terms of PER.

As regards the price-to-book ratio (“PBR”) of the HK Comparables, they range from approximately 0.70 time to 3.47 times, with an average of approximately 1.44 times. While the PBRs for three of the HK Comparables are above the overall average, the PBRs of the other ten HK Comparables fall below such average with the median PBR being 1.29 times. The PBR represented by the consideration under the SBI E2 Asia Disposal of approximately 1.01 times falls within the range between 0.70 times and 3.47 times of the HK Comparables, though it is lower than their average PBR. It should be noted that the PBR represented by the consideration under the SBI E2 Asia Disposal is higher than the PBRs of five of the HK Comparables and is about the same as the PBR of another HK Comparable.

Regarding the PBRs of the Singapore Comparables, they range from 0.94 time to 1.41 times, with an average of approximately 1.20 times and a median of approximately 1.24 times. The PBR represented by the consideration under the SBI E2 Asia Disposal of approximately 1.01 times falls within such range, but is lower than both the average and median PBRs of the Singapore Comparables. It should be noted that the Singapore Comparables are all listed companies and have a relatively long history of operations. Some of them also carry a broad scope of business in the Asia Pacific region, including Hong Kong. On this basis, we consider that it is justifiable for the consideration under the SBI E2 Asia Disposal to represent a relatively lower PBR than those of the Singapore Comparables. Having said that, the PBR relating to the SBI E2 Asia Disposal is higher than one of the three Singapore Comparables.

Based on the above analysis, we are of the view that the consideration of the SBI E2 Asia Sale Shares is fair and reasonable in terms of PBR.

---

## LETTER FROM CERES CAPITAL

---

In summary and based on our analysis of the comparison above, we are of the view that the consideration of the SBI E2 Asia Sale Shares under the SBI E2 Asia Disposal is fair and reasonable. Since the consideration under the 60% SBI E2 Asia Disposal is the same as that under the SBI E2 Asia Disposal on a pro rata basis, we are also of the view that the consideration of the 60% SBI E2 Asia Sale Shares under the 60% SBI E2 Asia Disposal is fair and reasonable.

b. Payment mechanism

Under the SBI E2 Asia Disposal, Goodwill Investment BVI and Glory High have agreed that part of the consideration payable by RPL to each of the Vendors under the Share Purchase Agreement shall be applied towards payment of the consideration for the SBI E2 Asia Sale Shares of HK\$42,000,000. In other words, the total consideration of HK\$42,000,000 shall be paid to Goodwill Investment BVI via RPL upon completion of SBI E2 Asia Disposal Agreement and the Share Purchase Agreement, which shall take place simultaneously. Details of the payment mechanism including the amounts of funds payable by RPL to the parties concerned are set out in the 2nd Joint Announcement.

As stated in the Letter from the Board, the consideration payable by RPL under the Share Purchase Agreement to Vendor 1, Vendor 2 and the Associated Seller in aggregate is HK\$496,237,146.48 (the "SPA Consideration"). Pursuant to the First Supplemental Agreement, the Vendors may direct RPL to pay out of the SPA Consideration a total of HK\$53,000,190 to Goodwill Investment BVI and HK\$ 38,999,810 to the Company in respect of completion of the SBI E2 Asia Disposal and the Sinojet Disposal. Under the SBI E2 Asia Disposal Agreement and the Sinojet Disposal Agreement, the total consideration payable by Glory High (which is owned as to 50% by Vendor 1 and 50% by Vendor 2) to Goodwill Investment BVI and the Company is HK\$92,000,000 in aggregate (i.e. the sum of HK\$42,000,000 and HK\$50,000,000). Since the SBI E2 Asia Disposal and the Sinojet Disposal are expected to be completed simultaneously with completion of the Share Purchase Agreement and the SPA Consideration payable by RPL far exceeds the total consideration payable to Goodwill Investment BVI and the Company under the SBI E2 Asia Disposal Agreement and the Sinojet Disposal Agreement, we consider that the payment mechanism as described above is acceptable. We also note that in the First Joint Announcement, CITIC Securities Corporate Finance (Hong Kong) Limited, the financial advisor to RPL, has confirmed that it is satisfied that sufficient financial resources are available to RPL to satisfy full acceptance of the Possible Offer. On this basis, RPL is expected to have sufficient financial resources to satisfy the payment of the SPA Consideration. It is a normal commercial term in an arm's length transaction that payment of the consideration is made in cash upon completion of the transaction. Although Goodwill Investment BVI will receive the total consideration under SBI E2 Asia Disposal in cash from RPL and not Glory High, the timing of such receipt will not change and remains to be upon completion of the disposal. Therefore, we consider that the Company and the Shareholders will not be prejudiced or disadvantaged by such payment mechanism.

---

## LETTER FROM CERES CAPITAL

---

Based on the above, we consider the payment mechanism for the total consideration under the SBI E2 Asia Disposal to be fair and reasonable.

Under the 60% SBI E2 Asia Disposal Agreement, the total consideration of HK\$63,000,000 shall be payable by Glory High to SBI E2-Capital Asia Securities Group or its nominees upon completion of the 60% SBI E2 Asia Disposal which shall take place within 10 Business Days following satisfaction of all the conditions precedent. The 60% SBI E2 Asia Disposal Agreement does not provide for a deadline for satisfaction of the conditions precedent. However, pursuant to the First Supplemental Agreement, it is a condition precedent, among others, that the SBI E2 Asia Disposal, the 60% SBI E2 Asia Disposal and the Sinojet Disposal shall be completed simultaneously with completion of the Share Purchase Agreement. In other words, it is expected that completion of the 60% SBI E2 Asia Disposal, and hence payment of the total consideration of HK\$63,000,000 in cash to SBI E2-Capital Asia Securities Group, shall both take place simultaneously with the completion of the SBI E2 Asia Disposal. It is a normal commercial term in an arm's length transaction that payment of the consideration is made in cash upon completion of the transaction. We therefore consider the payment method for the consideration under the 60% SBI E2 Asia Disposal to be fair and reasonable.

#### *4. Financial effects of the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal*

Since the Group's interest in SBI E2 Asia is held through a joint venture, namely SBI E2-Capital Limited, the Group has adopted the proportionate consolidation method to account for its interest in SBI E2-Capital Limited and its subsidiaries, including SBI E2 Asia. Following completion of the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal, the Company will no longer have any interest, direct or indirect, in SBI E2 Asia and its financial position will not be affected in any way by that of SBI E2 Asia.

As advised by the Company, based on the unaudited consolidated financial statements of SBI E2 Asia for the year ended 31 December 2007 and the total consideration of HK\$42,000,000 for the SBI E2 Asia Sale Shares, it is estimated that the SBI E2 Asia Disposal will result in a gain of approximately HK\$3.7 million. Such gain on the SBI E2 Asia Disposal is primarily due to the fact that the consideration of HK\$42,000,000 represents a premium over the Group's 40% share of the unaudited consolidated net assets of SBI E2 Asia of approximately HK\$104.4 million as at 31 December 2007, and the recognition as profit of the exchange reserve of approximately HK\$3.4 million resulting from exchange differences in the translation of the Group's interests in the SBI E2 Asia Sale Shares.

---

## LETTER FROM CERES CAPITAL

---

Similarly, it is estimated that the 60% SBI E2 Asia Disposal will result in a gain of approximately HK\$2.6 million. Such gain is less than that on the SBI E2 Asia Disposal as the 60% SBI E2 Asia Sale Disposal is made through a joint venture of the Group and the Group has only an attributable interest of approximately 47.6% in the 60% SBI E2 Asia Sale Shares.

Accordingly, a total gain of approximately HK\$6.3 million is estimated to be recognised as a result of the disposal of the Group's entire interest in SBI E2 Asia. Furthermore, the proceeds from the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal will also improve the Group's liquidity. On this basis, we are of the view that each of the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal is in the interests of the Company and the Shareholders (including the Independent Shareholders).

As indicated in the Letter from the Board, the reason for all the Disposals is primarily to facilitate the completion of the Share Purchase Agreement. As advised by the Company, it is the intention of the Board to proceed, subject to Independent Shareholders' approval, with all, and not only some, of the Disposals, including the Special Deals. Independent Shareholders are therefore advised to consider the overall financial effects of all the Special Deals on the Group as set out in the section headed "Overall financial effects of the Special Deals" below. Independent Shareholders may also refer to the overall financial effects of all the Disposals, i.e. the Special Deals and the Other Disposals, on the Group set out in the Letter from the Board.

### 5. *Conclusion*

In forming our opinion on the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal, we have considered all the reasons and factors discussed above, in particular the following:

- The global financial markets have experienced significant downturn since the second half of 2007 and may continue to be affected by the unresolved financial woes in the U.S..
- The growth in the economy of Singapore is expected to slow down as indicated by the recent cut in official economic growth forecast for 2008.
- The prospect of SBI E2 Asia Securities as a relatively new and small financial institution without the licences to carry on a comprehensive range of financial services in Singapore is challenged, in particular following the financial market deregulation in Singapore and the opening of the local banking sector to foreign competition.
- Although the Group has an attributable interest of approximately 68.5% in SBI E2 Asia, it has no shareholding or management control over SBI E2 Asia Securities which is held through associated companies of the Company. The Group is not involved in the management of SBI E2 Asia Securities.

---

## LETTER FROM CERES CAPITAL

---

- The respective consideration of the SBI E2 Sale Shares and the 60% SBI E2 Sale Shares and the payment mechanism are fair and reasonable for reasons as discussed under the section headed “Consideration and mechanism method under the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal” above.
- The SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal are expected to result in an estimated gain of approximately HK\$3.7 million and HK\$2.6 million, respectively, for the Group, and the proceeds therefrom will improve the Group’s liquidity.

In conclusion, we are of the opinion that each of the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole, and on normal commercial terms that are fair and reasonable.

### ***B. The Sinojet Disposal***

#### *1. The Sinojet Disposal Agreement*

On 4 February 2008, Goodwill Investment BVI entered into the Sinojet Disposal Agreement with Vendor 1, pursuant to which (i) Goodwill Investment BVI has conditionally agreed to sell and Vendor 1 has conditionally agreed to purchase the Sinojet Share and the Golf China Shares; (ii) the Company has conditionally agreed to assign the Sinojet Shareholder’s Loan to Vendor 1 and Vendor 1 has conditionally agreed to accept the assignment of the Sinojet Shareholder’s Loan at Sinojet Share and Golf China Shares Completion; and (iii) Goodwill Investment BVI has conditionally agreed to procure Will Kong Nominees Limited to transfer the legal interest of the Will Kong’s Golf China Share to Vendor 1 (or its nominees) upon Sinojet and Golf China Shares Completion.

The total consideration for the purchase of the Sinojet Share and the Golf China Shares is HK\$11,000,190 and the consideration for the assignment of the Sinojet Shareholder’s Loan is HK\$38,999,810. The Golf China Shares represent 100% interest in GOLFinCHINA.com, which is an indirect wholly-owned subsidiary of the Company, and the Sinojet Share represents 100% interest in Sinojet, also an indirect wholly-owned subsidiary of the Company. Sinojet has approximately 15.7% interest in a company which in turn through a wholly-owned subsidiary has an indirect 85% interest in Tianma.



---

## LETTER FROM CERES CAPITAL

---

Completion of the Sinojet Disposal is conditional upon the satisfaction or waiver of all the conditions precedent set out in the Share Purchase Agreement (save for the condition precedent set out in Clause 4.1(n) therein) (namely the simultaneous completion of the SBI E2 Asia Disposal, the 60% SBI E2 Asia Disposal, the Sinojet Disposal and the Share Purchase Agreement). If the aforementioned condition precedent for completion of the Sinojet Disposal Agreement is not fulfilled on or before 31 March 2008 (or such later date as the parties to the agreement may agree in writing), the parties to the Sinojet Disposal Agreement will not be bound to proceed with the Sinojet Disposal and the Sinojet Disposal Agreement will automatically be terminated.

Following completion of the Sinojet Disposal, the Company will no longer have any shareholding interest in Sinojet or GOLFinCHINA.com. The simplified charts showing the shareholding structure of Sinojet and GOLFinCHINA.com prior to and upon completion of the Sinojet Disposal are set out in the Letter from the Board.

### 2. *Information on Sinojet and GOLFinCHINA.com*

#### a. General information relating to Sinojet and GOLFinCHINA.com

As stated in the Letter from the Board, Sinojet was incorporated in the BVI as an investment holding company and an indirect wholly-owned subsidiary of the Company. Sinojet has one subsidiary, namely GOLFinCHINA.com, which is currently a shell company. As advised by the Company, GOLFinCHINA was incorporated in 2000 as a subsidiary of Sinojet with the intention to develop a Web portal through GOLFinCHINA.com which provides a single point of access to all the essential information and services about golfing in China. Such plan had never been materialized following the Internet bubble burst in 2000/2001 and GOLFinCHINA.com has remained a dormant company ever since.

In addition to GOLFinCHINA.com, Sinojet also holds approximately 15.7% interest in a company, namely UCDC International Limited (“UCDC”), which in turn through a wholly-owned subsidiary holds an 85% interest in Tianma. Based on such shareholding structure, Sinojet has an attributable interest of approximately 13.35% in Tianma. A simplified chart showing the shareholding structure of Sinojet and its interests in GOLFinCHINA.com and Tianma is set out in the Letter from the Board.

As advised by the Company, Tianma is engaged in the operation of a golf club, namely Shanghai Tianma Country Club, located in the vicinity of She Shan National Resort District, Shanghai, the PRC. Shanghai Tianma Country Club, comprising a 27-hole golf course and resort facilities, has commenced operations since 1999. It is generally regarded as a first-class golf club among about 30 golf clubs in Shanghai. Tianma also has property interests in the development of 128 residential villas which are currently under construction.

---

## LETTER FROM CERES CAPITAL

---

Since the economic reform and the open-door policy of China more than two decades ago, golf courses have mushroomed in all of China's major cities. According to a report by Asia Times Online, China has reported over 200 golf courses with an annual increase of 20-30%. It was also reported, however, that almost half of the golf courses in China were running a deficit, as hasty golf course development, coupled with an immature market, have led to blind land requisition and unbalanced consumption. According to China Daily, with a population of over 1.3 billion, China has only 300,000 golfers who play at least once a week. By comparison, the U.S. has an estimated 37 million golfers among a population of about 300 million. It is believed that extortionate charges are the major cause of the unpopularity of golfing in China. Most golf clubs run on a membership system and it is not unusual that annual golf membership fees cost up to a few times greater than a white-collar worker's annual income. Therefore golf players in China are now limited to entrepreneurs, public servants, foreigners and sports enthusiasts. The high membership fees in China have not been, however, generating a high return for golf club operators due to the high operating costs. Many high-class golf clubs in China depend heavily on imports in their operations and maintenance, which include grass seeds and preservation services, equipment and its maintenance. Some golf clubs in China have also retained experienced foreign management and professional golfing talent, all of which contribute to massive operating costs.

With ample land held within the golf courses, many golf course investors have opted to develop the cultivated land into luxurious villas or apartments in the hope of pulling in better returns. Such new trend among property developers has caused concerns that China's rampant golf course development has ruined tillage and scarce land that should be used for agriculture. In late 2003, the Ministry of Land and Resources of China issued a circular outlining measures to preserve farmland, stating in particular that villas and golf course projects that are against national guidelines and not in accordance with the country's current situation shall be denied land requisition. In March 2007, Premier Wen Jiabao reiterated in an appearance at a golf course that the Chinese government would enforce a ban on golf course development on agricultural land. Nevertheless, unnecessary luxurious housing developments in the countryside and on cultivated land centred around golf courses are still seen popping up over the past years, many of which were completed years ago and are still available for sale by the developers.

---

## LETTER FROM CERES CAPITAL

---

b. Financial information on Sinojet and GOLFinCHINA.com

As mentioned, GOLFinCHINA.com has become a dormant company soon after its incorporation in 2000. It is stated in the Letter from the Board that GOLFinCHINA.com has no material assets or liabilities. Based on the audited accounts for the years ended 31 December 2006, GOLFinCHINA.com recorded no revenue and a loss of HK\$2,705. We have reviewed the unaudited accounts of GOLFinCHINA.com for the year ended 31 December 2007 which indicate similar results as those for 2006. While GOLFinCHINA.com had no assets as at 31 December 2007, it recorded total liabilities of approximately HK\$20,000, being amounts due to holding companies. As advised by the Company, such liabilities represent the losses incurred by GOLFinCHINA.com over the years as a result of the incorporation and business registration fees which had been financed by its holding companies. Based on the financial position of GOLFinCHINA.com as at 31 December 2007, GOLFinCHINA.com had no significant contribution to the financial results of its holding company, Sinojet.

Set out below is a summary of the unaudited financial results of Sinojet for each of the three years ended 31 December 2005, 2006 and 2007.

	Year ended 31 December		
	2005	2006	2007
	HK'000	HK'000	HK'000
	(unaudited)	(unaudited)	(unaudited)
Revenue	–	–	3,564
Net profit/(loss) for the year	(32)	(30)	3,485
Total assets	31,920	38,758	53,088
Total liabilities	38,976	39,000	35,529
Net asset/(liability) value	(7,056)	(242)	17,559

Since the principal asset of Sinojet is the indirect 13.35% interest in Tianma, we set out below a summary of the audited financial results of Tianma for each of the two years ended 31 December 2005 and 2006 and the unaudited financial results for the year ended 31 December 2007 as extracted from its financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles.

---

## LETTER FROM CERES CAPITAL

---

	Year ended 31 December		
	2005	2006	2007
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Unaudited)
Revenue	310,072	119,665	147,560
Net profit/(loss)	27,997	(4,757)	(3,784)
Net asset value	169,239	164,483	160,698

For the year ended 31 December 2005, Tianma recorded total revenue of approximately RMB310 million and a net profit of approximately RMB28.0 million. For the year 2006, due primarily to the absence of material contribution from the sale of residential villas, Tianma recorded a drop in its total revenue to approximately RMB119.7 million and a net loss of approximately RMB4.8 million for the year 2006. For the year ended 31 December 2007, despite an increase in total revenue to approximately RMB147.6 million, Tianma continued to be loss-making with a net loss of approximately RMB3.8 million. As at 31 December 2007, Tianma had net assets of approximately RMB160.7 million taking into account a retained loss of approximately RMB5.0 million.

As indicated above, Sinojet did not have any income for both financial years ended 31 December 2005 and 2006, indicating that it had not received any dividend income from its indirect investment in Tianma despite Tianma's profitable operations in 2005. On this basis, Sinojet's indirect 13.35% interest in Tianma does not appear to be a good investment in terms of current yield. For the year ended 31 December 2007, Sinojet received revenue of approximately HK\$3.6 million, being dividend income from its investment in Tianma, and reported a net profit of approximately HK\$3.5 million. The fact that Tianma has continued to operate at a loss and would require significant capital for completion of its development of 128 residential villas may suggest that it may not distribute any dividend to its shareholders in the very near future until it has accumulated a comfortable level of earnings. As at 31 December 2007, Sinojet had total assets of approximately HK\$53.0 million represented by the club debentures in Tianma and an attributable 13.35% investment in Tianma which was recorded in Sinojet's financial statements at its fair value. Such investments by Sinojet have been financed by shareholder's loan from the Company. As at 31 December 2007, the shareholder's loan was reduced to HK\$35.5 million following the dividend income received from its interest in Tianma and Sinojet had a net asset value of approximately HK\$17.6 million.

---

## LETTER FROM CERES CAPITAL

---

### 3. *Consideration and payment method under the Sinojet Disposal*

#### a. Consideration and pricing basis

The total consideration under the Sinojet Disposal Agreement payable by Vendor 1 is HK\$50,000,000 in cash. Such amount comprises HK\$11,000,190 for the Sinojet Share and Golf China Shares which is payable by Vendor 1 to Goodwill Investment BVI, and HK\$38,999,810 for the Sinojet Shareholder's Loan which is payable by Vendor 1 to the Company. As stated in the Letter from the Board, the total consideration of HK\$50,000,000 has been arrived at after arm's length negotiations between the parties having taken into account the unaudited net asset value of Sinojet and the amount of the Sinojet Shareholder's Loan as at 31 December 2006.

As indicated above, the consideration for assignment of the Sinojet Shareholder's Loan was determined by reference to its outstanding amount as at 31 December 2006. However, for the year ended 31 December 2007, Sinojet received dividend of approximately HK\$3.6 million from its interests in Tianma and the amount of the Sinojet Shareholder's Loan had been reduced to approximately HK\$35.5 million. As advised by the Company, since the Sinojet Shareholder's Loan is not interest-bearing, it is not expected to change anymore and will remain at the reduced amount of approximately HK\$35.5 million at completion of the Sinojet Disposal. As the consideration of the assignment of the Sinojet Shareholder's Loan under the Sinojet Disposal has been determined at HK\$38,999,810 on a dollar-for-dollar basis by reference to the outstanding loan amount as at 31 December 2006, such consideration seems fair and reasonable and more favourable to the Company due to the recent outstanding loan reduction. However, since the disposal of the Sinojet Share and Golf China Shares forms part and parcel of the Sinojet Disposal Agreement, we consider it more appropriate to assess the total consideration of HK\$50,000,000 of the Sinojet Share and Golf China Shares and the assignment of the Sinojet Shareholder's Loan under the Sinojet Disposal Agreement as one single transaction.

For the purpose of an assessment of the total consideration of HK\$50,000,000 under the Sinojet Disposal, we have attempted to compare it with market statistics of companies listed in Hong Kong or the PRC whose principal business is the operation of golf clubs. However, we have not been able to identify any such listed company for comparison. We note that any such investment by listed companies in the operation of golf clubs usually represents a passive investment only and/or does not form a significant part of their principal businesses. As a matter of fact, even if we could identify a listed company whose principal business is the operation of golf clubs or transaction similar to the Sinojet Disposal, such company or transaction may not be a good comparable for the purpose of our assessment. This is because golf course is usually very unique in its locality, such as in the countryside or a resort location, and its purposes, being stand-alone, mixed-use, resort, or residential development, would have significant impact on its value. The signature effect, such as design by a renowned architect or endorsement by trophy winners, would also play an important role in the valuation of a golf course. Due to the uniqueness of each golf course, it would almost be impossible to draw enough comparables to form a reasonable base for our assessment of the total consideration under the Sinojet Disposal.

---

## LETTER FROM CERES CAPITAL

---

Notwithstanding the aforesaid, we have identified a transaction which involves the transfer of an attributable interest in Tianma (the “Comparable Transaction”). While the Comparable Transaction is referred to as a transfer of an attributable 25% interest in Tianma, it in fact involves the transfer of approximately 29.41% interest in UCDC, i.e. the company in which Sinojet has approximately 15.70% interest and which indirectly holds an 85% interest in Tianma. According to the public announcement on the Comparable Transaction, the agreement in respect of the Comparable Transaction (the “Comparable Agreement”) was entered into on 17 July 2007, i.e. less than seven months before the Sinojet Disposal Agreement. In view of the nature and timing of the Comparable Transaction and the fact that the Comparable Transaction is an arm’s length transaction and is not a connected transaction, we consider that the Comparable Transaction provides a direct comparison for our assessment of the terms of the Sinojet Disposal.

Under the Comparable Transaction, the consideration of 29.41% interest in UCDC was US\$17 million (approximately HK\$132.6 million) subject to upward or downward adjustment on a dollar-for-dollar basis if the net assets or liabilities of UCDC and its subsidiaries in the audited financial statements at the date of completion of the Comparable Transaction differ by more than 5% of US\$17 million. If either party to the Comparable Agreement does not agree to any such adjustment, completion of the Comparable Transaction shall be rescinded.

Since the consideration of 29.41% interests in UCDC under the Comparable Transaction is approximately HK\$132.6 million, an interest in 15.70% UCDC (i.e. the percentage interest held by Sinojet) would cost approximately HK\$70.79 million on a pro rata basis. On this basis, the total consideration of HK\$50 million under the Sinojet Disposal represents a discount of approximately 29.4% to that under the Comparable Transaction.

As advised by the Company, it was aware of the Comparable Transaction at the time of signing the Sinojet Disposal Agreement. According to the Company, it had previously considered negotiating with other shareholders of UCDC in respect of its intended disposal of Sinojet’s interests in UCDC. However, it came to the attention of Sinojet, being a shareholder of UCDC, that despite an original deadline for fulfillment of the conditions precedent to the Comparable Transaction on 4 September 2007 (or such other date as the parties to the Comparable Agreement may agree in writing), completion of the Comparable Transaction has been postponed for unknown reason. To the best of the Directors’ knowledge, no announcement has been made in respect of such postponement or extension of the completion date for the Comparable Transaction. Sinojet has been advised by UCDC that the Comparable Transaction had not been completed as at the Latest Practicable Date. As mentioned above, completion of the Sinojet Disposal is one of the conditions precedent for completion of the Share Purchase Agreement which is currently subject to a deadline on 31 March 2008. The tight time schedule and the postponement of the Comparable Transaction have made the Company almost impossible to find any purchaser in respect of the Sinojet Disposal if it were not Vendor 2. This also explains one of the reasons for entering into the First Supplemental Agreement which provides, among others, that the purchaser for the Sinojet Disposal could be the Vendors or a connected person, and not necessarily an independent third party.

---

## LETTER FROM CERES CAPITAL

---

Despite a series of macroeconomic control measures taken by the PRC government in 2005 to dampen sectors considered to be overheated, economic growth in China surged by 10.7% in 2006, representing the fourth straight annual double-digit growth rate for China since 2003. The second quarter of 2006 registered an 11.5% growth over the same period in 2005, the highest in a decade, prompting the PRC government to take rapid and strong measures in 2007 to curb the overheated economy. In 2007, The People's Bank of China raised the benchmark interest rates of financial institutions six times and hiked the reserve requirement ratio seven times, all in a bid to curb the overheating economy and to tighten control over excessive monetary credit. In September 2007 (i.e. soon after the signing of the Comparable Agreement), the China Banking Regulatory Commission jointly with the People's Bank of China issued the Notice on Strengthening Commercial Property Credit Management, with a focus on strengthening management of property-related loans by stipulating strict criteria for lending, raising down payment requirements for both individual and commercial real estate loans, and restricting second mortgage and second-home mortgage loans. The tightening monetary policy was proved to be effective as evidenced by the significant drop in both property prices and transactions. In Shanghai, the biggest target of government's macroeconomic control over the real estate industry, property prices dropped an average of 7% in a single month in November 2007 from the preceding month. There had also been an accelerating increase of new supply of properties as the new mortgage loan policies prompted the property developers to sell completed projects as soon as possible. However, in downtown areas in Shanghai, transactions dropped about 50% in November 2007. According to Xinhua News, in a land auction in January 2008, the fifth lot in New Jiangwan City, Yangpu District, Shanghai was sold at reserve price representing RMB7,500 per square metre, a drop of 62.5% from the fourth lot in New Jiangwan City sold at RMB20,000 per square metre in November 2007 and a drop of 40% from the third lot sold in July 2007.

While a single transaction may not be representative of the whole market condition, the phenomenon of rapid declines in property prices and transactions in Shanghai is a clear indication of the significant correction in the prices of property-related assets in Shanghai in particular. Furthermore, according to Bloomberg, in his report to the National People's Congress on 5 March 2008, Premier Wen Jiabao said the government must rein in lending and curb inflation.

In summary, we have considered our above analysis, in particular the fact that (i) there has been a significant drop in the property prices in Shanghai, in particular towards the end of 2007 following the PRC government's announcement in November of the tightening credit policy to manage real estate and housing loans; (ii) the Comparable Transaction was entered into in July 2007, i.e. before the announcement of the PRC government's tightened mortgage credit policy; (iii) completion of the Comparable Transaction has been postponed for unknown reasons which has cast uncertainties and difficulty for the Company in finding a purchaser for the Sinojet Disposal; (iv) the attributable interest of 13.35% in Tianma under the Sinojet Disposal is a smaller stake than the effective interest of 25% in Tianma under the Comparable Transaction; and (v) the total consideration of HK\$50,000,000 under the Sinojet Disposal is a firm and fixed amount, while the

---

## LETTER FROM CERES CAPITAL

---

consideration under the Comparable Transaction is subject to adjustment, which in case of a lack of further mutual agreement may lead to rescission of the Comparable Transaction. Although the Comparable Transaction had not been completed as at the Latest Practicable Date, it gives an indication of the terms under which transfer of an indirect interest in Tianma has once been agreed on an arm's length basis. We therefore consider that the Comparable Transaction provides reference value. For such reasons and factors, we are of the view that the total consideration of HK\$50,000,000 under the Sinojet Disposal is fair and reasonable despite that it represents a discount of approximately 29.4% to the consideration under the Comparable Transaction on a pro rata basis.

### b. Payment mechanism

Under the Share Purchase Agreement, Vendor 1, Vendor 2 and RPL have agreed that part of the consideration payable by RPL to each of the Vendors under the Share Purchase Agreement shall be applied towards payment of the total consideration of the Sinojet Share and Golf China Shares of HK\$50,000,000. In other words, the total consideration of HK\$50,000,000 shall be paid to Goodwill Investment BVI and the Company as to HK\$11,000,190 and HK\$38,999,810, respectively, via RPL upon completion of the Sinojet Disposal Agreement and the Share Purchase Agreement, which shall take place simultaneously. Details of the payment mechanism including the amounts of funds payable by RPL to the parties concerned are set out in the 2nd Joint Announcement.

For the same reasons as discussed under the section headed "Consideration and payment method under the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal – Payment mechanism" above, we consider that the payment mechanism for the Sinojet Disposal as described above is acceptable and will not affect the interest of the Company or the Shareholders. We are therefore of the view that the payment mechanism for the total consideration of HK\$50,000,000 under the Sinojet Disposal to be fair and reasonable.

### 4. *Financial effects of the Sinojet Disposal*

Sinojet is presently an indirect wholly-owned subsidiary of the Company and its financial results have been consolidated into those of the Group. Following completion of the Sinojet Disposal, the Company will no longer have any interest, direct or indirect, in Sinojet and its financial position will not be affected in any way by that of Sinojet.

As advised by the Company, based on the unaudited financial statements of Sinojet for the year ended 31 December 2007 and the total consideration of HK\$50,000,000 for the Sinojet Share and Golf China Shares, it is estimated that the Sinojet Disposal will result in a gain of approximately HK\$23.7 million. We note that the total consideration of HK\$50,000,000 under the Sinojet Disposal represents a discount to the sum, i.e. approximately HK\$53.1 million, of the unaudited net asset value of Sinojet and the Sinojet Shareholder's Loan as at 31 December 2007. The estimated net gain of approximately HK\$23.7 million from the Sinojet Disposal has been arrived at after taking into account the recognition as profit of the revaluation reserve of approximately HK\$26.8 million resulting from the accumulated fair value adjustments in respect of Sinojet's interests in Tianma.



---

## LETTER FROM CERES CAPITAL

---

On the basis that the Sinojet Disposal is expected to result in an estimated gain of approximately HK\$23.7 million and the proceeds therefrom will improve the Group's overall liquidity, we are of the view that the Sinojet Disposal is in the interests of the Company and the Shareholders (including the Independent Shareholders).

As indicated in the Letter from the Board, the reason for all the Disposals is primarily to facilitate the completion of the Share Purchase Agreement. As advised by the Company, it is the intention of the Board to proceed, subject to Independent Shareholders' approval, with all, and not only some, of the Disposals, including the Special Deals. Independent Shareholders are therefore advised to consider the overall financial effects of all the Special Deals on the Group as set out in the section headed "Overall financial effects of the Special Deals" below. The overall financial effects of all the Special Deals and the Other Disposals on the Group are also set out in the Letter from the Board.

### 5. *Conclusion*

In forming our opinion on the Sinojet Disposal, we have considered all the reasons and factors discussed above, in particular the following:

- GOLFinCHINA.com has been a dormant company ever since its incorporation.
- Sinojet is a passive investor and is not involved in the management of its principal investment, namely Tianma.
- Sinojet has only an attributable 13.35% interest in Tianma and has no shareholding or management control in Tianma or its holding companies.
- The business of operating golf courses in China is uncertain given the low popularity of golfing in China, and the property market in Shanghai, especially residential properties in resort areas, remains uncertain given the tightening macroeconomic control policy in China;
- The total consideration and the payment mechanism under the Sinojet Disposal are fair and reasonable for factors and reasons as discussed in the section headed "Consideration and payment method under the Sinojet Disposal" above.
- The Sinojet Disposal is expected to result in an estimated gain of approximately HK\$23.7 million for the Group and the proceeds therefrom will improve the Group's liquidity.

In conclusion, we are of the opinion that the Sinojet Disposal is in the interests of the Company and the Shareholders (including Independent Shareholders) as a whole, and on normal commercial terms that are fair and reasonable.

---

## LETTER FROM CERES CAPITAL

---

### *C. The Willow Spring Umbrella Disposal*

#### *1. The Willow Spring Umbrella SPA*

The Willow Spring Umbrella SPA was entered into on 22 February 2008 pursuant to which:

- (i) the Company and two of its wholly-owned subsidiaries, namely Goodwill Investment BVI and East Technology, and Will Kong Nominees Limited have conditionally agreed to sell and Willow Spring has conditionally agreed to purchase the entire issued share capital of the following members of the Group (the “WS Umbrella Sale Shares”):
  - AWJ Asset Management which wholly owns Winslow Investment
  - e2 BioTech
  - e2-Capital Investment
  - E2-Capital Malaysia
  - Paper Rich which wholly owns Fair Winner, and
  - Winslow Asset Management; (collectively, the “WS Umbrella Companies”) and
- (ii) the Company, Goodwill Investment BVI and East Technology have conditionally agreed to assign to Willow Spring the WS Shareholders’ Loans.

The total consideration for the purchase of the WS Umbrella Sale Shares is HK\$13,500,006 and the consideration for the assignment of the WS Shareholders’ Loans is HK\$4.

The WS Umbrella Sale Shares represent 100% interest in each of the WS Umbrella Companies, which are wholly-owned subsidiaries of the Company. The WS Shareholders’ Loans represent the aggregate amount due from four of the WS Umbrella Companies, namely e2 BioTech, e2-Capital Investment, Paper Rich and Winslow Asset Management, to the Company, Goodwill Investment BVI and/or East Technology which amounted to HK\$152,728,770 as at 22 February 2008, being the date of the Willow Spring Umbrella SPA.

---

## LETTER FROM CERES CAPITAL

---

Completion of the Willow Spring Umbrella Disposal is conditional upon:

- (i) the passing by the shareholders of the Company (other than those prohibited from voting under the Listing Rules and the Takeovers Code, if applicable) of all necessary resolutions at a special general meeting of the Company approving the entering into of Willow Spring Umbrella SPA and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules, the Takeovers Code and the memorandum and bye-laws of the Company;
- (ii) if and to the extent applicable or required following consultation with the Executive the grant by the Executive of his (i) confirmation that the entering into of Willow Spring Umbrella SPA and the consummation of any transactions contemplated thereunder do not constitute special deals or frustrating actions under the Takeovers Code or (ii) written consent on terms and subject to conditions which are agreeable to parties to the Willow Spring Umbrella SPA if the entering into of the Willow Spring Umbrella SPA and the consummation of any transactions contemplated thereunder do constitute special deals or frustrating actions under the Takeovers Code; and
- (iii) all relevant consents and approvals (including regulatory and government authorities, if required) for the transfer of the shares contemplated under the Willow Spring Umbrella SPA and other transactions contemplated thereunder having been obtained.

If the conditions precedent of the Willow Spring Umbrella SPA have not been satisfied on or before 5:00 p.m. on 31 March 2008 (or such later date as the Company, Will Kong Nominees Limited, Goodwill Investment BVI, East Technology and Willow Spring may agree), the Willow Spring Umbrella SPA shall thereupon terminate and the parties thereto shall thereafter have no further claims against the other parties under the Willow Spring Umbrella SPA for costs, damages compensation or otherwise, save in respect of antecedent breaches.

As stated in the Letter from the Board, none of the above conditions had been fulfilled as at the Latest Practicable Date.

Following completion of the Willow Spring Umbrella Disposal, the Company will no longer have any shareholding interest in any of the WS Umbrella Companies.

---

## LETTER FROM CERES CAPITAL

---

### 2. *Information on the WS Umbrella Companies*

#### a. General information relating to WS Umbrella Companies

As indicated in the Letter from the Board, all the Willow Spring Umbrella Companies are wholly-owned subsidiaries of the Company and are investment holding companies. Based on our discussion with the Company, we set out below the background and business, if any, of each of the WS Umbrella Companies.

#### AWJ Asset Management and Winslow Investment

AWJ Asset Management was an investment holding company and had made a pre-IPO investment in 2006 which was disposed at a gain in 2006. The company has become inactive since 2007. AWJ Asset Management has a wholly-owned subsidiary, namely Winslow Investment, which is engaged in trading of listed securities and pre-IPO investments. As advised by the Company, for the purpose of facilitating the Willow Spring Umbrella Disposal and hence the Share Purchase Agreement, Winslow Investment has gradually reduced its investment positions in its ordinary course of business and will hold at the time of completion of the Willow Spring Umbrella Disposal primarily two pre-IPO investments, one in the restaurant business in Hong Kong and the other one in an environment project in the U.S., with a total carrying value of approximately HK\$12.7 million.

#### e2 BioTech

e2 BioTech was incorporated as an investment holding company to facilitate the Group's involvement in the life sciences field. In 2001, e2 BioTech invested HK\$5 million to take a 6.5% interest in a joint venture company which was engaged in a bio-technology development, and subscribed for US\$1 million convertible notes in a company which carried out research and development and manufacture of healthcare products. Due to unsatisfactory performance of such companies, the investments were fully written off by the end of 2002. e2 BioTech has become dormant afterwards. The investments made by e2 BioTech were financed by shareholder's loan which amounted to approximately HK\$7.6 million as at 22 February 2008 and forms part of the WS Shareholders' Loans.

#### e2-Capital Investment

e2-Capital Investment was incorporated as an investment holding company to engage in general securities investments, which were financed by its holding company, East Technology. Due to investment losses, e2-Capital Investment had net liabilities of approximately HK\$13.8 million as at 31 December 2007, being part of the WS Shareholders' Loans. E2-Capital Investment has become dormant since 2007.

---

## LETTER FROM CERES CAPITAL

---

### E2-Capital Malaysia

E2-Capital Malaysia was incorporated as an investment holding company to engage in listed securities investment in Malaysia. It has become dormant since 2007. As at 31 December 2007, e2-Capital Malaysia had net asset value of approximately HK\$5.4 million.

### Paper Rich and Fair Winner

Paper Rich and its wholly-owned subsidiary, Fair Winner, were both incorporated as investment holding companies and are engaged in listed securities investments in Hong Kong which have been financed by Goodwill Investment BVI. Due to accumulated investment losses, Paper Rich had an unaudited consolidated net liabilities of approximately HK\$145.0 million as at the date of the Willow Spring Umbrella SPA, of which approximately HK\$131.2 million form part of the WS Shareholders' Loans.

### Winslow Asset Management

Winslow Asset Management was incorporated with the intention to become an investment management company, but has been dormant ever since its incorporation.

As indicated above, many of the WS Umbrella Companies have been dormant, while the rest are holding some pre-IPO venture investments and/or insignificant investment positions in listed securities. While pre-IPO venture investments offer the potential for above average returns, they are generally high-risk investments due to the lack of liquidity of shares in private companies. With just a minority stake in the venture companies, the Group has no control over their management or financial policy and does not seem to possess the expertise in understanding some of the underlying businesses, such as life sciences and bio-technology. Since venture companies seeking investors are usually in need of funds for growth and expansion, they do not usually offer good current yield in terms of dividend or interest payment, if any at all. Thus it would usually take a medium to long term perspective to realise pre-IPO venture investments, provided that the underlying businesses will succeed and do not fail, which venture investments have a high tendency of doing so.

As mentioned above, the purpose of the Disposals, including the Willow Spring Umbrella Disposal, is to facilitate the completion of the Share Purchase Agreement. Having considered the investments held by the WS Umbrella Companies and their investment performance as indicated by the significant accumulated losses, we consider that the Board's proposal in respect of the Willow Spring Umbrella Disposal provides a good opportunity for the Group to consolidate its businesses and assets and to streamline its structure. On this basis, the Willow Spring Umbrella Disposal is in the interest of the Company and the Shareholders (including the Independent Shareholders).

---

## LETTER FROM CERES CAPITAL

---

b. Financial information on the WS Umbrella Companies

As mentioned, the WS Umbrella Companies have been either dormant or engaged in investment holding. Therefore, their operating performance for the past years, except that for the latest year ended 31 December 2007, would not be relevant in the assessment of their financial position.

Set out below is a summary of the unaudited financial results of each of the WS Umbrella Companies for the year ended 31 December 2007.

	<b>Revenue</b>	<b>Net profit/ (loss)</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Net assets/ (liabilities)</b>	<b>Net amount due from/(to) holding companies</b>
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
AWJ Asset Management	–	(4)	1,313	–	1,313	1,313
e2 BioTech	–	(3)	–	7,586	(7,586)	(7,586)
e2-Capital Investment	–	(49)	–	13,829	(13,829)	(13,783)
E2-Capital Malaysia	–	–	5,369	14	5,355	5,313
Paper Rich	20,005	14,091	6,022	153,696	(147,674)	(149,909)
Fair Winner	2,392	1,273	7,239	4,595	2,644	(4,542)
Winslow Investment	22,347	8,387	48,806	33,926	14,880	(31,416)
Winslow Asset Management	–	(4)	524	633	(109)	(130)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total:	<u>44,744</u>	<u>23,691</u>	<u>69,273</u>	<u>214,279</u>	<u>(145,006)</u>	<u>(200,740)</u>

As advised by the Company, since all the WS Umbrella Companies are/were investment holding companies, they did not have transactions among one another except with their holding companies for the purpose of obtaining shareholders' financing for their investments. We have therefore added up some of the figures above for illustration purpose only. Independent Shareholders should note that the above figures do not represent the actual consolidated financial results of the WS Umbrella Companies, although such figures provide a reasonable basis for our assessment.

As most of the WS Umbrellas Companies have been dormant since 2007, they did not record significant revenue during the year 2007 except three which had remained relatively active. WS Umbrella Companies recorded a total profit of approximately HK\$23.7 million for the year 2007. Since investment income is not a stable source of income, we do not consider it of material importance in our assessment of the WS Umbrella Companies, especially in view of their substantial accumulated losses.

---

## LETTER FROM CERES CAPITAL

---

As indicated above, the WS Umbrella Companies had total assets of approximately HK\$69.3 million which were primarily investments at their carrying values and amounts due to group companies as at 31 December 2007. As for the total liabilities of over HK\$210 million, they were primarily amounts due to group companies and taxation payable. Four of the WS Umbrella Companies had net liabilities as at 31 December 2007 primarily due to significant accumulated losses. Taking into account the net assets of the other four companies, the aggregate net liabilities position of all the WS Umbrella Companies was approximately HK\$145.0 million. As at 31 December 2007, the total net amount of the WS Shareholders' Loans was approximately HK\$200.7 million. As indicated in the WS Umbrella Disposal SPA and the Letter from the Board, the WS Shareholders' Loans had been reduced to HK\$152,728,770 as at the date of the WS Umbrella Disposal SPA following disposals of some investment interests. On this basis, the WS Umbrella Companies had a total book value of approximately HK\$7.7 million, being the sum of the total net liabilities of approximately HK\$145.0 million and the WS Shareholders' Loans of approximately HK\$152.7 million. As advised by the Company, any net outstanding amount due to group companies by the WS Umbrella Companies will be eliminated by way of capitalization so that at the time of completion of the Willow Spring Umbrella Disposal, the WS Umbrella Companies will primarily have the investment interests recorded at their fair values and taxation provision of approximately HK\$6.4 million.

3. *Consideration and payment method under the Willow Spring Umbrella Disposal*
  - a. Consideration and pricing basis

The total consideration under the Willow Spring Umbrella SPA payable by Willow Spring is HK\$13,500,010 in cash. Such amount comprises HK\$13,500,006 for the WS Umbrella Sale Shares which is payable by Willow Spring to the Company and Goodwill Investment BVI, and HK\$4 for the WS Shareholders' Loans which is payable by Willow Spring to the Company, Goodwill Investment BVI and East Technology, as the case may be. As stated in the Letter from the Board, the total consideration of HK\$13,500,010 has been arrived at after arm's length negotiations between the parties having taken into account the unaudited net asset value of the WS Umbrella Companies net of the amount of the WS Shareholders' Loans as at 22 February 2008.

The consideration of HK\$4 for the assignment of the Willow Spring Shareholders' Loans is a nominal amount compared to the face value of the Willow Spring Shareholders' Loans of approximately HK\$152.7 million as at 22 February 2008. However, since the disposal of the WS Umbrella Sale Shares forms part and parcel of the Willow Spring Umbrella SPA, we consider it more appropriate to assess the total consideration of HK\$13,500,010 of the WS Umbrella Sale Shares and the assignment of the Willow Spring Shareholders' Loans under the Willow Spring Umbrella SPA as one single transaction.

---

## LETTER FROM CERES CAPITAL

---

Since the WS Umbrella Companies are primarily investment holding companies, we consider it appropriate to assess the value of the investments held by them upon the completion of the Willow Spring Umbrella Disposal. As advised by the Company, the WS Umbrella Companies are presently holding, and will continue to hold upon completion of the Willow Spring Umbrella Disposal, three investments, namely a convertible note and a minority stake in two private companies and a convertible bond in a listed company. While the interest in the convertible bond related to a listed company has been recorded at the market value of the underlying listed securities, the convertible note and equity interest in the two private companies have been recorded at their fair values which were determined by reference to valuation as at 31 December 2007 (the “Independent Valuation”) by an independent firm of appraisers and the financial position of the underlying companies. We have reviewed the valuation report and noted that the Independent Valuation was conducted in accordance with the relevant Hong Kong Accounting Standards for the Group’s internal accounting purpose and auditing reference. As advised by the Company, its auditors have reviewed the fair values of the Group’s investments in the course of their audit and the Independent Valuation had been reflected in the Group’s financial statements for the year ended 31 December 2007. We note that the methodology used in the Independent Valuation is consistent with the market practice in valuation of similar investment assets. The total value of the investments held by the WS Umbrella Companies was therefore recorded at approximately HK\$13.67 million as at 31 December 2007. On this basis, the total consideration under the Willow Spring Umbrella Disposal of HK\$13,500,010 is substantially equal to the fair values of the investments held by the WS Umbrella Companies. It should be noted that while the WS Umbrella Companies have the aforesaid investment interests, they also carry taxation provision of approximately HK\$6.4 million upon completion of the Willow Spring Umbrella Disposal.

As an alternative, we have also assessed the total consideration of HK\$13,500,010 by comparison with the total book value of the WS Umbrella Companies. As discussed above, the total book value of the WS Umbrella Companies is approximately HK\$7.7 million, being the sum of the total net liabilities of approximately HK\$145.0 million as at 31 December 2007 and the WS Shareholders’ Loans of approximately HK\$152.7 million. On this basis, the total consideration under the Willow Spring Umbrella Disposal of HK\$13,500,010 represents a premium of approximately 75% over the total book value of the WS Umbrella Companies.

Since the total consideration of HK\$13,500,010 under the Willow Spring Umbrella Disposal substantially equals the fair value of the underlying investments, and represents a substantial premium over the book value of the WS Umbrella Companies as at 31 December 2007 to the Group, we consider it fair and reasonable.



---

## LETTER FROM CERES CAPITAL

---

b. Payment mechanism

Under the Willow Spring Umbrella SPA, the total consideration of HK\$13,500,010 shall be payable by Willow Spring upon completion of the Willow Spring Umbrella SPA which shall take place on the third Business Days after satisfaction of all the conditions precedent. Under the Willow Spring Umbrella SPA, fulfillment of the conditions precedent is presently subject to the deadline on 31 March 2008, or such later date as the parties to the agreement may agree. It is a normal commercial term in an arm's length transaction that payment of the consideration is made in cash upon completion of the transaction. We therefore consider the payment method for the consideration under the Willow Spring Umbrella Disposal to be fair and reasonable.

4. *Financial effects of the Willow Spring Umbrella Disposal*

The WS Umbrella Companies are all wholly-owned subsidiaries of the Company and their financial results have been consolidated into those of the Group. Following completion of the Willow Spring Umbrella Disposal, the Company will no longer have any interest, direct or indirect, in the WS Umbrella Companies and its financial position will not be affected in any way by those of the WS Umbrella Companies.

As advised by the Company, based on the unaudited financial statements of the WS Umbrella Companies for the year ended 31 December 2007 and the total consideration of HK\$13,500,010 for the WS Umbrella Sale Shares and the assignment of the WS Shareholders' Loans, it is estimated that the Willow Spring Umbrella Disposal will result in a gain of approximately HK\$6.4 million. Such gain on the Willow Spring Umbrella Disposal is primarily due to (i) the premium of approximately HK\$5.8 million as represented by the total consideration of HK\$13,500,010 over the sum of approximately HK\$7.7 million of the unaudited net liabilities of all the WS Umbrella Companies as at 31 December 2007 and the WS Shareholders' Loans; and (ii) the recognition as profit of the revaluation reserve and the exchange reserve of approximately HK\$0.66 million resulting from the accumulated fair value adjustments and the exchange differences arising from the Group's interests in respect of the WS Umbrella Companies.

On the basis that the Willow Spring Umbrella Disposal is expected to result in an estimated gain of approximately HK\$6.4 million and the proceeds therefrom will improve the Group's overall liquidity, we are of the view that the Willow Spring Umbrella Disposal is in the interests of the Company and the Shareholders (including the Independent Shareholders).

---

## LETTER FROM CERES CAPITAL

---

As indicated in the Letter from the Board, the reason for all the Disposals is primarily to facilitate the completion of the Share Purchase Agreement. As advised by the Company, it is the intention of the Board to proceed, subject to Independent Shareholders' approval, with all, and not only some, of the Disposals, including the Special Deals. Independent Shareholders are therefore advised to consider the overall financial effects of all the Special Deals on the Group as set out in the section headed "Overall financial effects of the Special Deals" below. The overall financial effects of all the Special Deals and the Other Disposals on the Group are also set out in the Letter from the Board.

### 5. *Conclusion*

In forming our opinion on the Willow Spring Umbrella Disposal, we have considered all the reasons and factors discussed above, in particular the following:

- Most of the WS Umbrella Companies have been dormant while the others have not had a well-defined investment strategy.
- The investment performance of the WS Umbrella Companies has not been satisfactory as indicated by their substantial accumulated losses.
- Pre-IPO venture investments are relatively high-risk investments which may not offer any current yield and/or exit opportunity.
- The total consideration and the payment method under the Willow Spring Umbrella Disposal are fair and reasonable for factors and reasons as discussed in the section headed "Consideration and payment method under the Willow Spring Umbrella Disposal" above.
- The Willow Spring Umbrella Disposal is expected to result in an estimated gain of approximately HK\$6.4 million for the Group and the proceeds therefrom will improve the Group's liquidity.

In conclusion, we are of the opinion that the Willow Spring Umbrella Disposal is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole, and on normal commercial terms that are fair and reasonable.

---

## LETTER FROM CERES CAPITAL

---

### *D. The e2 Venture Disposal*

#### *1. The e2 Venture SPA*

The Company, Will Kong Nominees Limited and Mr. Li Tze Leung entered into the e2 Venture SPA on 22 February 2008, pursuant to which, the Company has conditionally agreed to sell and Mr. Li Tze Leung has conditionally agreed to purchase the entire issued share capital of e2 Venture.

e2 Venture is an investment holding company of 85 shares, representing approximately 16.67% interest, in Huanghe Venture Capital Limited.

The consideration of the e2 Venture Disposal is HK\$1,400,000 payable in cash.

Completion of the e2 Venture Disposal is conditional upon:

- (i) the passing by the shareholders of the Company (other than those prohibited from voting under the Listing Rules and/or the Takeovers Code, if applicable) of all necessary resolutions at a special general meeting of the Company approving the entering into of the e2 Venture SPA and the transactions contemplated thereunder by the Company in accordance with the requirements of the Listing Rules, the Takeovers Code and the memorandum and bye-laws of the Company;
- (ii) if and to the extent applicable or required following consultation with the Executive the grant by the Executive of his (i) confirmation that the entering into of the e2 Venture SPA and the consummation of any transactions contemplated thereunder do not constitute special deals or frustrating actions under the Takeovers Code or (ii) written consent on terms and subject to conditions which are agreeable to the parties to the e2 Venture SPA if the entering into of the e2 Venture SPA and the consummation of any transactions contemplated thereunder do constitute special deals or frustrating actions under the Takeovers Code;
- (iii) the consent of all shareholders of Huanghe, namely Diligent Assets Limited, 8808 Holding Limited, Grandmoral Investments Limited, Bakershill International Limited having been obtained for the transfer of the shares in e2 Venture to Mr. Li Tze Leung pursuant to clauses 8.3 and 8.9 of the subscription and shareholders agreement relating to Huanghe dated April 2006; and
- (iv) all necessary consents and approvals including regulatory and government authorities (if required) for the transfer of the shares in e2 Venture and transactions contemplated under the e2 Venture SPA having been obtained.

---

## LETTER FROM CERES CAPITAL

---

If the conditions precedent of the e2 Venture SPA have not been satisfied on or before 5:00 p.m. on 31 March 2008 (or such later date as the parties may agree), the e2 Venture SPA shall thereupon terminate and the parties thereto shall thereafter have no further claims against the other parties under the e2 Venture SPA for costs, damages compensation or otherwise, save in respect of antecedent breaches.

As stated in the Letter from the Board, save for the consent of the shareholders of Huanghe which has been obtained, none of the above conditions had been fulfilled as at the Latest Practicable Date.

Following completion of the e2 Venture Disposal, the Company will no longer have any shareholding interest in e2 Venture or Huanghe.

### 2. *Information on e2 Venture*

#### a. General information relating to e2 Venture

As indicated in the Letter from the Board, e2 Venture is a wholly-owned subsidiary of the Company and is an investment holding company. As advised by the Company, the principal asset of e2 Venture is its 85 shares, representing approximately 16.67% interest, in Huanghe. Huanghe was incorporated in 2005 for the purpose of raising a pool of funds for making venture investments in a venture company which is a multimedia network and content operator in China. Through e2 Venture, the Group had subscribed for 85 shares in Huanghe for a total subscription price of US\$849,915 (approximately HK\$6.6 million) in April 2006. However, Huanghe has not performed as expected and the venture company in which Huanghe has invested has incurred substantial losses. In view of this, the Group had fully written off such investment in its financial results in the first half of 2007. As advised by the Company, while e2 Venture holds 16.67% interest in Huanghe, it is a passive investor and has not been involved in the management of Huanghe or its investments. Huanghe is a venture fund company and is not involved in the management of the venture company.

As discussed under the section headed “The Willow Spring Umbrella Disposal” above, venture investments are generally high-risk investments due to the lack of liquidity of shares in private companies. With just a minority stake in the venture companies, the Group has no control over their management or financial policy. The failure rate of start-up companies is particularly high. Since the Board has considered e2 Venture’s investment in Huanghe unsuccessful and had fully written off the value of such investment, we consider it in the interest of the Company if it can realise a positive return from such investment. On this basis, we consider the e2 Venture Disposal to be in the interest of the Company and the Shareholders (including the Independent Shareholders).

---

## LETTER FROM CERES CAPITAL

---

b. Financial information on e2 Venture

Set out below is a summary of the unaudited financial results of e2 Venture for the two years ended 31 December 2006 and 2007.

	Year ended 31 December	
	2006	2007
	HK'000	HK'000
	(unaudited)	(unaudited)
Revenue	4,372	530
Net profit/(loss)	4,361	(4,364)
Net (liabilities)	(46,264)	(50,695)

For the year ended 31 December 2006, e2 Venture recorded a net profit of approximately HK\$4.4 million as a result of gain on disposal of investments. Following the investment disposal, the 16.67% in Huanghe has become e2 Venture's principal asset. As advised by the Company, the business of Huanghe has not performed as expected and the venture company in which Huanghe has invested has incurred substantial losses. As a result, the value of such investment was fully written off and accordingly, a net loss of approximately HK\$4.4 million was recorded by e2 Venture for the year ended 31 December 2007.

3. *Consideration and payment method under the e2 Venture Disposal*

a. Consideration and pricing basis

The consideration under the e2 Venture SPA payable by Mr. Li Tze Leung is HK\$1,400,000 in cash. As stated in the Letter from the Board, the consideration of HK\$1,400,000 has been arrived at after taking into account, inter alia, the book value of the company being disposed which was in a net liability position of approximately HK\$0.78 million as at 31 December 2007 after netting off the shareholder's loans.

As discussed above, the principal asset of e2 Venture is the 16.67% interest in Huanghe, the carrying value of which had been fully written off. As at the 31 December 2007, e2 Venture did not have material assets other than the receivables from group companies, which could be fully set-off by its payables to group companies. As at 31 December 2007, e2 Venture had net liabilities of approximately HK\$50.7 million due to the accumulated losses carried from previous years which had been financed by group companies. As advised by the Company, any such net amount due to group companies by e2 Venture shall be eliminated by way of capitalisation so that e2 Venture shall only have interest in Huanghe and tax liabilities upon completion of the e2 Venture Disposal.

---

## LETTER FROM CERES CAPITAL

---

On the basis that the Company can realize a positive value of HK\$1,400,000 under the e2 Venture Disposal over a fully-written off investment, we consider the consideration of HK\$1,400,000 under the e2 Venture Disposal to be fair and reasonable.

b. Payment mechanism

Under the e2 Venture SPA, the consideration of HK\$1,400,000 shall be payable to the Company upon completion of the e2 Venture Disposal which shall take place on the third Business Days after satisfaction of all the conditions precedent. Under the e2 Venture SPA, fulfillment of the conditions precedent is presently subject to the deadline on 31 March 2008, or such later date as the parties to the agreement may agree. It is a normal commercial term in an arm's length transaction that payment of the consideration is made in cash upon completion of the transaction. We therefore consider the payment method for the consideration under the e2 Venture Disposal to be fair and reasonable.

4. *Financial effects of the e2 Venture Disposal*

e2 Venture is a wholly-owned subsidiary of the Company and its financial results have been consolidated into those of the Group. Following completion of the e2 Venture Disposal, the Company will no longer have any interest, direct or indirect, in e2 Venture or Huanghe, and its financial position will not be affected in any way by those of e2 Venture or Huanghe.

As advised by the Company, based on the unaudited financial statements of e2 Venture for the year ended 31 December 2007 and the consideration of HK\$1,400,000 for the e2 Venture Disposal, it is estimated that the e2 Venture Disposal will result in a gain of approximately HK\$2.2 million. Such gain on the e2 Venture Disposal is due to the fact that the carrying value of Huanghe in e2 Venture's accounts had been fully written off and the tax liabilities of approximately HK\$0.78 million of e2 Venture will be discharged from the Group following completion of the e2 Venture Disposal.

On the basis that the e2 Venture Disposal is expected to result in an estimated gain of approximately HK\$2.2 million and the proceeds therefrom will improve the Group's overall liquidity, we are of the view that the e2 Venture Disposal is in the interests of the Company and the Shareholders (including Independent Shareholders).

---

## LETTER FROM CERES CAPITAL

---

As indicated in the Letter from the Board, the reason for all the Disposals is primarily to facilitate the completion of the Share Purchase Agreement. As advised by the Company, it is the intention of the Board to proceed, subject to Independent Shareholders' approval, with all, and not only some, of the Disposals, including the Special Deals. Independent Shareholders are therefore advised to consider the overall financial effects of all the Special Deals on the Group as set out in the section headed "Overall financial effects of the Special Deals" below. The overall financial effects of all the Special Deals and the Other Disposals on the Group are also set out in the Letter from the Board.

### 5. *Conclusion*

In forming our opinion on the e2 Venture Disposal, we have considered all the reasons and factors discussed above, in particular the following:

- Venture investment, such as e2 Venture's investment in Huanghe, is a relatively high-risk investment which may not offer any current yield and/or exit opportunity.
- The Company can realize a positive value from a fully-written off investment.
- The consideration and the payment method under the e2 Venture Disposal are fair and reasonable for factors and reasons as discussed in the section headed "Consideration and payment method under the e2 Venture Disposal" above.
- The e2 Venture Disposal is expected to result in an estimated gain of approximately HK\$2.2 million for the Group and the proceeds therefrom will improve the Group's liquidity.

In conclusion, we are of the opinion that the e2 Venture Disposal is in the interests of the Company and the Shareholders (including Independent Shareholders) as a whole, and on normal commercial terms that are fair and reasonable.

### ***E. The E2-Capital Technologies Disposal***

#### *1. Principal terms of the E2-Capital Technologies Disposal*

It is stated in the Letter from the Board that on 28 January 2008, East Technology completed a disposal of E2-Capital Technologies together with its non-wholly-owned subsidiary, OpenOffering, to Willow Spring.

At the time of completion of the E2-Capital Technologies Disposal, E2-Capital Technologies held 70% interest in OpenOffering.

---

## LETTER FROM CERES CAPITAL

---

The consideration of the E2-Capital Technologies Disposal is HK\$7,000,000 which was paid in cash.

The E2-Capital Technologies Disposal was completed on 28 January 2008.

As stated in the Letter from the Board, subsequent to the completion of the E2-Capital Technologies Disposal, it has come to the attention of the Company that Willow Spring is a Shareholder which held 2,730,000 Shares as at 4 February 2008. Consequently the E2-Capital Technologies Disposal should have been subject to the requirements of Note 4 to Rule 25 of the Takeovers Code and the consent of the Executive was therefore required. The Company has made an application to the Executive for his consent, which, if granted, will be conditional upon the independent financial adviser of the Company publicly stating that the terms of the E2-Capital Technologies Disposal are fair and reasonable and upon Independent Shareholders' approval to ratify the E2-Capital Technologies Disposal.

Following completion of the E2-Capital Technologies Disposal, the Company no longer has any shareholding interest in E2-Capital Technologies or OpenOffering.

### 2. *Information on E2-Capital Technologies*

#### a. General information relating to E2-Capital Technologies and OpenOffering

As indicated in the Letter from the Board, E2-Capital Technologies is an indirect wholly-owned subsidiary of the Company and is an investment holding company. As advised by the Company, the principal assets of E2-Capital Technologies are the 70% interest in a subsidiary, namely OpenOffering, and a venture investment in a company in the PRC.

As advised by the Company, OpenOffering had been engaged in online marketing to service the investment banking community in 2001, with an objective to position itself to host online IPO/primary offering road shows by applying web casting technology. OpenOffering conducted a number of equity fund-raising transactions in its electronic platform and its business became unsustainable in 2003. OpenOffering ceased business in about 2004 and, since then, has been dormant.

Apart from OpenOffering, E2-Capital Technologies also holds a venture investment in a company which is principally engaged in marketing animal healthcare products. Such investment was made by way of convertible notes with a principal amount of US\$500,000 (approximately HK\$3,900,000) and a redemption amount of US\$750,000 (approximately HK\$5,850,000) upon maturity on 31 December 2008 (the "Venture CB").



---

## LETTER FROM CERES CAPITAL

---

As discussed under the sections headed “The Willow Spring Umbrella Disposal” and “The e2 Venture Disposal” above, venture investments are generally high-risk investments due to the lack of liquidity of shares in private companies. With just a minority stake in the venture companies, the Group has no control over their management or financial policy. The failure rate of venture companies is particularly high. On this basis, we consider that the E2-Capital Technologies Disposal provides an opportunity for the Group to realise its venture investment and is therefore in the interest of the Company and the Shareholders (including the Independent Shareholders).

b. Financial information on E2-Capital Technologies

Set out below is a summary of the unaudited consolidated financial results of E2-Capital Technologies for the two years ended 31 December 2006 and 2007.

	<b>Year ended 31 December</b>	
	<b>2006</b>	<b>2007</b>
	<i>HK'000</i>	<i>HK'000</i>
	(unaudited)	(unaudited)
Revenue	14	2,619
Net profit/(loss) for the year	(3,332)	1,905
Net (liabilities)	(4,541)	(2,254)
Minority interests	208	206

For the year ended 31 December 2006, E2-Capital Technologies recorded a net loss of approximately HK\$3.3 million as a result of loss on disposal of investments in subsidiaries. Following the investment disposal, the Venture CB and the 70% in the dormant OpenOffering have become the principal assets of E2-Capital Technologies. The Venture CB together with the underlying conversion option had been valued at HK\$6.86 million, representing a surplus, as at 31 December 2007 and, consequently, E2-Capital Technologies recorded an unrealized gain and a net profit of approximately HK\$1.9 million for the year 2007. However, due to accumulated losses which had been financed by group companies, E2-Capital Technologies had a net liabilities position of approximately HK\$2.3 million. As advised by the Company, the net amount due to group companies by E2-Capital Technologies had been capitalised so that E2-Capital Technologies only carried investment interests in OpenOffering and the Venture CB and some tax provision at completion of the E2-Capital Technologies Disposal.

---

## LETTER FROM CERES CAPITAL

---

### 3. *Consideration and payment method under the E2-Capital Technologies Disposal*

#### a. Consideration and pricing basis

The consideration under the E2-Capital Technologies Disposal is HK\$7,000,000 in cash. As stated in the Letter from the Board, the consideration of HK\$7,000,000 has been arrived at after arm's length negotiations between the parties thereto having taken into account, inter alia, the unaudited accounts of E2-Capital Technologies.

As discussed above, the principal assets of E2-Capital Technologies are the 70% interest in the dormant OpenOffering and the Venture CB. As OpenOffering has been dormant since 2004, it does not have material financial contribution to E2-Capital Technologies anymore. Accordingly, the E2-Capital Technologies Disposal represents substantially the disposal of the Venture CB, which had a fair value of HK\$6.86 million as at 31 December 2007 as determined by reference to valuation as at 31 December 2007 (the "Independent Valuation") by an independent firm of appraisers. We have reviewed the valuation report and noted that the Independent Valuation was conducted in accordance with the relevant Hong Kong Accounting Standards for the Group's internal accounting purpose and auditing reference. As advised by the Company, its auditors have reviewed the fair value of the Group's investments in the course of their audit and the Independent Valuation had been reflected in the Group's financial statements for the year ended 31 December 2007. We note that the methodology used in the Independent Valuation is consistent with the market practice in valuation of similar investment assets. The consideration of HK\$7,000,000 under the E2-Capital Technologies Disposal thus represents a premium of approximately 2% over the fair value of the Venture CB.

The Venture CB is non-interest-bearing and has a principal amount of US\$500,000 and a redemption amount of US\$750,000 upon maturity on 31 December 2008. If the Company holds the Venture CB until maturity, it may receive approximately HK\$5,850,000 on 31 December 2008 provided that the venture company which issued the Venture CB will not fail before then and will be financially capable of redeeming the Venture CB. The consideration of HK\$7,000,000 under the E2-Capital Technologies Disposal thus represents a premium of approximately 19.7% over the redemption amount of the Venture CB on 31 December 2008 without taking into account the interest factor. Should the interest factor of the redemption payment be considered, such premium percentage would even be higher. As an alternative, the Company may exercise the conversion rights under the Venture CB on or before its maturity and, in that event, it will hold an equity interest in a private company. As discussed above, an equity interest in a venture company is a high-risk investment and there is no guarantee when, and if at all, the Company will be able to realise such equity interest.

On the basis that (i) the consideration of HK\$7,000,000 represents a premium of approximately 2% and 19.7% over the fair value and the redemption value, respectively, of the Venture CB, and (ii) the Company can realise its investment with a favourable return before its maturity without taking the inherent investment risks in the Venture CB, we are of the view that the consideration under the E2-Capital Technologies Disposal is fair and reasonable.

---

## LETTER FROM CERES CAPITAL

---

b. Payment mechanism

As advised by the Company, the consideration of HK\$7,000,000 under the E2-Capital Technologies Disposal was paid upon its completion to the Company. It is a normal commercial term in an arm's length transaction that payment of the consideration is made in cash upon completion of the transaction. We therefore consider the payment method for the consideration under the E2-Capital Technologies Disposal to be fair and reasonable.

4. *Financial effects of the E2-Capital Technologies Disposal*

E2-Capital Technologies is an indirect wholly-owned subsidiary of the Company and its financial results have been consolidated into those of the Group. Following completion of the E2-Capital Technologies Disposal, the Company no longer has any interest, direct or indirect, in E2-Capital Technologies and its financial position is not affected in any way by those of E2-Capital Technologies or OpenOffering.

As advised by the Company, based on the unaudited consolidated financial statements of E2-Capital Technologies for the year ended 31 December 2007 and the consideration of HK\$7,000,000 for the E2-Capital Technologies Disposal, a gain from the E2-Capital Technologies Disposal is estimated at approximately HK\$0.93 million before minority interests. Such gain is due primarily to the premium as represented by the consideration under the E2-Capital Technologies Disposal over the fair value of assets being disposed, and the recognition as profit of the revaluation reserve resulting from the accumulated fair value adjustments in respect of the Venture CB.

On the basis that the E2-Capital Technologies Disposal has resulted in an estimated gain of approximately HK\$0.93 million and the proceeds therefrom has improved the Group's overall liquidity, we are of the view that the E2-Capital Technologies Disposal is in the interests of the Company and the Shareholders (including the Independent Shareholders).

5. *Conclusion*

In forming our opinion on the E2-Capital Technologies Disposal, we have considered all the reasons and factors discussed above, in particular the following:

- The Venture CB, being the principal asset of E2-Capital Technologies, is a relatively high-risk investment which is subject to inherent investment risks in a venture company.
- The Company can realize the investment in the Venture CB with a favorable return before its maturity without taking further investment risks.

---

## LETTER FROM CERES CAPITAL

---

- The consideration and the payment method under the E2-Capital Technologies Disposal are fair and reasonable for factors and reasons as discussed in the section headed “Consideration and payment method under the E2-Capital Technologies Disposal” above.
- The E2-Capital Technologies Disposal has resulted in an estimated gain of approximately HK\$0.93 million for the Group and the proceeds therefrom has improved the Group’s liquidity.

In conclusion, we are of the opinion that the E2-Capital Technologies Disposal is in the interests of the Company and the Shareholders (including Independent Shareholders) as a whole, and on normal commercial terms that are fair and reasonable.

### **III. Overall financial effects of the Special Deals**

As indicated in the Letter from the Board, the reason for all the Disposals is primarily to facilitate the completion of the Share Purchase Agreement. As advised by the Company, it is the intention of the Board to proceed, subject to Independent Shareholders’ approval and bearing unforeseen circumstances, with all, and not only some, of the Disposals, including the Special Deals.

As advised by the Company, based on the unaudited financial statements of the companies being disposed of under the Special Deals for the year ended 31 December 2007 and the respective consideration under the Special Deals, completion of all the Special Deals is expected to result in an estimated gain of approximately HK\$39.5 million for the Group before minority interests. Such gain is due primarily to the premium, which amounts to approximately HK\$5.8 million, as represented by the consideration under the respective Special Deals over the respective carrying values of the assets being disposed, and the recognition as profit of revaluation and exchange reserves in a total amount of approximately HK\$33.7 million resulting from the accumulated fair value adjustments in respect of the interests being disposed under the Special Deals. Following completion of all the Special Deals, the Group’s cash position will improve by approximately HK\$118.8 million, being the total gross proceeds from the Special Deals before expenses. As stated in the Letter from the Board, the proceeds from the Disposals, including the Special Deals, will be applied as general working capital of the Group and to finance the principal business activities of the Remaining Group.

On the basis that completion of the Special Deals will have a positive impact on the overall financial position of the Group, we are of the opinion that the Special Deals are in the interest of the Company and the Shareholders (including the Independent Shareholders).

Independent Shareholders are advised to consider the overall financial effects of all the Disposals on the Group which are set out in the Letter from the Board.

---

## LETTER FROM CERES CAPITAL

---

### IV. Possible Offer

As stated in the Letter from the Board, the purpose of all the Disposals is to facilitate completion of the Share Purchase Agreement. As stated in the 1st Joint Announcement, an unconditional cash offer to acquire all the Shares not already owned or agreed to be acquired by RPL and parties acting in concert with it at the offer price of HK\$2.225 per Share (the “Offer”) will be made by CITIC Securities Corporate Finance (Hong Kong) Limited on behalf of RPL upon completion of the Sale and Purchase Agreement and the Other Purchase Agreements, which is subject to, among other things, completion of all the Disposals including the Special Deals. Details of the possible Offer are described in the 1st Joint Announcement.

**The Offer is a possibility only.** Independent Shareholders should note that if any of the Disposals, including the Special Deals, is not approved by the Independent Shareholders by way of poll at the SGM or if the Executive does not grant his consent to the Special Deals, the Offer will not be made. The Executive’s consent to the Special Deals, if granted, will be conditional upon the independent adviser to the Company publicly stating that in its opinion the terms of each of the Special Deals are fair and reasonable and upon the approval of such disposals by the Independent Shareholders voting by way of a poll at a general meeting of the Company. As at the Latest Practicable Date, the Executive had granted his consent to the SBI E2 Asia Disposal and the 60% SBI E2 Asia Disposal subject to the aforesaid conditions.

Independent Shareholders should also note that even if the Special Deals are approved by Independent Shareholders, the Offer will not be made if any of the other conditions precedent to completion of the Share Purchase Agreement is not fulfilled and completion of the Share Purchase Agreement does not take place.

As stated in the Company’s announcement dated 20 December 2007, a composite offer and response document containing, among other things, terms of the Offer, procedures for acceptance of the Offer, the recommendation of the Independent Board Committee and our opinion as the independent financial adviser in respect of the Offer, will be despatched to the Shareholders within 7 days from completion of the Share Purchase Agreement. Further announcement will be made by the Company and/or RPL in respect of the Disposals and, if any, the Offer.

---

## LETTER FROM CERES CAPITAL

---

### RECOMMENDATION

Based on the principal reasons and factors discussed above and our conclusion in respect of each of the Special Deals stated above, we are of the opinion that each of the Special Deals is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole and are on normal commercial terms that are fair and reasonable. Accordingly, we recommend the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the resolution to be proposed at the SGM to approve the Special Deals, including the ratification of the E2-Capital Technologies Disposal.

Yours faithfully,  
For and on behalf of  
**Ceres Capital Limited**

**Frank Moy**  
*Managing Director*

**Jinny Mok**  
*Executive Director*

**1. WORKING CAPITAL STATEMENT**

The Directors are of the opinion that, in the absence of unforeseen circumstances and after taking into account the financial resources available to the Group (including its internally generated funds), the remaining Group after completion of the Disposals will have sufficient working capital to satisfy its present requirements and the requirements in the next 12 months.

**2. INDEBTEDNESS STATEMENT**

At the close of business on 31 December 2007, being the latest practicable date for ascertaining certain information relating to this indebtedness statement prior to the printing of this circular.

**Borrowings**

	<b>2007</b> <i>HK\$'000</i>
Bank loans	173,487
Other loan	1,060
	<hr/>
	174,547
	<hr/> <hr/>
Carrying amount repayable:	
On demand or within one year	173,537
More than one year, but not exceeding two years	51
More than two years but not more than five years	151
More than five years	808
	<hr/>
	174,547
<i>Less:</i> Amounts due within one year shown under current liabilities	<hr/> (173,537)
	<hr/>
Amount shown as non-current liabilities	1,010
	<hr/> <hr/>

As at 31 December 2007, the Group has the following undrawn borrowing facilities:

	<b>2007</b>
	<i>HK\$'000</i>
Floating rate	
– expiring within one year	4,954
– expiring beyond one year	55,000
	<u>59,954</u>

The Group's variable-rate bank loans are as follows:

	<b>2007</b>
	<i>HK\$'000</i>
Hong Kong Prime Rate + 0.5% per annum	1,047
Hong Kong Prime Rate – 1.5% per annum	24,190
HIBOR + 0.82% per annum	148,250
	<u>173,487</u>

In addition, the Group has a variable-rate other loan which carries interest at Hong Kong Prime Rate plus 1.5% per annum.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's variable-rate borrowings are: 4.2% to 9.3%.

Bank loans are secured by the prepaid lease payments, properties for development and bank deposits at carrying values of HK\$320,648,000, HK\$19,800,000 and HK\$6,000,000, respectively. Other loan is secured by mortgage loans receivable of HK\$1,512,000.



**Guarantees**

As at 31 December 2007, the Group had the following guarantees:

- (a) Corporate guarantees given to financial institutions for banking facilities of associates and loan facilities of independent third parties in addition to collateral provided by these companies. The aggregate amount of such facilities utilised by these companies and parties as at 31 December 2007 were as follows:

	<b>2007</b> <i>HK\$'000</i>
Guarantees given to banks in respect of banking facilities utilised by associates	4,250
Guarantees given to banks in respect of banking facilities utilised by independent third parties	128,000
	132,250

- (b) The Company provided a guarantee of HK\$143,000,000 to a bank in respect of banking facilities for certain subsidiaries of its jointly controlled entity. During the year, those subsidiaries were disposed of by the jointly controlled entity and have become independent third parties to the Group. Therefore, the guarantee was classified as the guarantee for the independent third parties. None of these facilities was utilised by the independent third parties.
- (c) SBI E2-Capital Limited provided a guarantee of HK\$78,000,000 to a bank in respect of banking facilities for an independent third party. As the Group holds 49% of SBI E2-Capital Limited, guarantee of HK\$38,220,000 was shared by the Group under proportionate consolidation. As at 31 December 2007, the utilized guarantee amounted to approximately HK\$70.38 million.
- (d) The Company has provided a corporate guarantee to a bank for a maximum amount of SGD12,000,000 (equivalent to approximately HK\$65,028,000) plus any overdue interest and expense incurred by the bank in enforcing the corporate guarantee under a guarantee to be provided by the bank in favour of The Monetary Authority of Singapore (“MAS”) for SBI E2-Capital Asia Securities Pte. Ltd. to comply with regulatory requirements of the MAS. As at 31 December 2007, such guarantee had not been utilized.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 31 December 2007, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdraft or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase or finance lease commitments, material contingent liabilities.

### **3. FINANCIAL AND TRADING PROSPECTS**

As announced by the Board on 6 December 2007, completion of the Share Purchase Agreement is conditional, inter alia, upon the completion of the Disposal Agreements, including but not limited to, the Special Deal Disposals.

SBI E2-Capital Asia Securities Pte Ltd (“SECAS”) registered a result of net profit of S\$3,000,000 in 2007 as compared to S\$278,000 in 2006, an increase of 979%. This was achieved with an increase of 105% in total revenue from S\$4,100,000 in 2006 to S\$8,400,000 in 2007. SECAS secured 4 secondary placement engagements to act as placement agent for 3 SGX-listed companies (i.e. Jiutian Chemical, See Hup Seng & Asia Environment) to raise secondary fund raising in 2007. In addition, in 2007, SECAS also participated in 4 initial public offerings (“IPOs”), acting as the underwriter and placement agent and acting as joint lead manager for one IPO.

SECAS will continue to bring quality high-growth medium-sized companies to IPO in SGX-ST and Catalist in Singapore. These companies are mainly operating in industries namely construction, tourism & leisure-related, marine-related and oil & gas industries.

The Board announced that after the close of trading on 4 February 2008, Goodwill Investment (BVI) Limited (“Goodwill Investment BVI”), a wholly-owned subsidiary of the Company, entered into an agreement with Glory High Holdings Limited (“Glory High”), a company incorporated in the BVI pursuant to which Goodwill Investment BVI has conditionally agreed to sell, and Glory High has conditionally agreed to purchase 40% shareholding in SBI E2-Capital Asia Holdings Pte Ltd for a consideration of HK\$42,000,000. SECAS is a wholly-owned subsidiary of SBI E2-Capital Asia Holdings Pte Ltd.

Goodwill Properties Limited (“GPL”), the Group’s property division, was active during the period, both in Hong Kong and the PRC.

GPL acquired 2 residential sites for redevelopment in last year, No 21 Grampian Road and the majority share of Nos 23 & 25 Grampian Road in Kowloon Tong. They lie within a traditional prime residential area with many famous schools in the vicinity. The site areas are 11,935 sq ft. and 10,230 sq ft respectively. They can be redeveloped to a medium-rise luxurious residential building. In Feb 2008, GPL has successfully acquired 100% interest in Nos 23 & 25 Grampian Road and the re-development of the Grampian Road project is expected to start by 2008.

GPL will develop a site adjacent to Greenery Gardens in Yuen Long into a low-density luxurious villas development. It will be Phase II of Greenery Gardens. Planning application and architectural design are currently in progress.

Tianma Project in Shanghai, which was 13.35% held by the Group and comprises 260 luxurious villas, a 27-hole golf course and a country club in the vicinity of the She Shan National Resort District, Shanghai, China, is in progress. The golf course and the country club are in full operation, with positive contribution to the project. It has been recognized as one of the best golf clubs in China by many magazines including China Golf Magazine and Golf Digest for many years. Also, it has achieved a significant progress in villas and club memberships sales. The development works for a new phase of development with 128 villas has been commenced. The pre-selling has been started in early 2007 and it has achieved a remarkable sales result.

In addition, the Board announced after the close of trading on 4 February 2008, Goodwill Investment BVI entered into an agreement with Goodwill International (Holdings) Limited pursuant to which Goodwill Investment BVI has conditionally agreed to sell and Goodwill International (Holdings) Limited has conditionally agreed to purchase the entire issued share capital of Sinojet Properties Limited, which held 13.35% effective interest in Tianma Project for a consideration of HK\$50,000,000.

Owing to the continued growth of the economy and limited supply of residential sites and flats, the Hong Kong property market is likely to become more active. The Group will participate in more sizeable new projects with higher profitability and return. In order to capture more business opportunities, GPL is very active in seeking opportunities in expanding its land bank in Hong Kong and in China.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular 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.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executive's interests and short positions in shares and underlying shares

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

#### (i) Long positions

*Ordinary shares of HK\$1 each of the Company*

Name of director	Beneficial owner	Number of shares		Total	Percentage of the issued share capital of the Company
		Held by controlled corporation	Other Interests		
Mr. Fung Ka Pun	5,943,197	1,862,303 (Note 1)	–	7,805,500	1.95%
Dato' Wong Sin Just	–	–	110,000 (Note 2)	110,000	0.03%

#### (ii) Interests in associated corporations

Name of associate	Name of director	Number of shares		Percentage of the issued share capital of associates
		Beneficial owner	Held by controlled person	
SBI E2-Capital Limited	Dato' Wong Sin Just	8 (Note 3)	–	2%
SBI E2-Capital Asia Securities Group Limited	Dato' Wong Sin Just	1,345,368 (Note 4)	–	2.24%
Boxmore Limited	Mr. Fung Ka Pun	–	2,000 (Note 5)	20%

*Notes:*

- (1) Mr. Fung Ka Pun has beneficial interests in Bo Hing Limited, which was interested in 1,862,303 shares of the Company as at Latest Practicable Date, representing approximately 0.47% in the issued share capital of the Company.
- (2) Dato' Wong Sin Just has beneficial interests in e2-Capital Inc., which was interested in 110,000 shares in the Company as at Latest Practicable Date, representing approximately 0.03% in the issued share capital of the Company.
- (3) Dato' Wong Sin Just holds 8 shares, representing approximately 2% in the issued share capital of SBI E2-Capital Limited.
- (4) Dato' Wong Sin Just holds 1,345,368 shares, representing approximately 2.24% in the issued share capital of SBI E2-Capital Asia Securities Group Limited.
- (5) The spouse of Mr. Fung Ka Pun has beneficial interest in 2,000 shares, representing approximately 20% in the issued share capital of Boxmore Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Substantial shareholders**

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following are details of the person who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any option in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group.

**(i) Long positions***Ordinary shares of HK\$1 each of the Company*

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Percentage of issued share capital of the Company</b>
RPL (Note 2)	Beneficial owner	288,455,917	72.00
CITIC International Assets Management Limited (“CIAM”) (Note 3)	Held by controlled corporation	288,455,917	72.00
CITIC International Financial Holdings Limited (“CIFH”) (Note 3)	Held by controlled corporation	288,455,917	72.00
CITIC Group (Note 3)	Held by controlled corporation	288,455,917	72.00

*Notes:*

- (1) Goodwill International (Holdings) Limited and Mr. Fung Ka Pun, e2-Capital Inc. and Dato Wong Sin Just, Newmark Capital Corporation Limited, Newmark Capital Holdings Limited and Mr. Ng Poh Meng filed notices regarding their disposal of shares in the Company pursuant to the Share Purchase Agreement and Other Purchase Agreements as required under the SFO. Accordingly, their interests in the shares of the Company subject to the Share Purchase Agreement and Other Purchase Agreements are not shown above. Completion of the Share Purchase Agreement and Other Purchase Agreements has not taken place as at the Latest Practicable Date and is subject to the satisfaction of certain conditions precedent as referred in the 1st Joint Announcement and the 2nd Joint Announcement. Details of the Share Purchase Agreement are set out in the 1st Joint Announcement and the 2nd Joint Announcement.

- (2) RPL has entered into the Share Purchase Agreement and the Other Purchase Agreements regarding its acquisition of shares in the Company from Goodwill International (Holdings) Limited, e2-Capital Inc, Dato Wong Sin Just, Newmark Capital Corporation Limited, NAPA Macao Commercial Offshore Limited, Mr Leung Wing Shing Len and an individual resident in Hong Kong. Completion of the Share Purchase Agreement and the Other Purchase Agreements has not taken place as at the Latest Practicable Date and is subject to the satisfaction of certain conditions precedent as referred to in the 1st Joint Announcement and the 2nd Joint Announcement. Details of the Share Purchase Agreements and the Other Purchase Agreements are set out in the 1st Joint Announcement and the 2nd Joint Announcement.
- (3) RPL is a wholly-owned subsidiary of CIAM which is held as to 40% by CIFH. CIFH is a 55% subsidiary of CITIC Group.

As at the Latest Practicable Date:–

- (a) none of the Directors had any direct or indirect interests in any assets which have since 31 December, 2006 (being the date to which the latest published audited consolidated financial statements of the Group) been acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group;
- (b) none of the Directors was materially interested in any contracts or arrangements entered into by any members of the Group subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group save in relation to the SBI E2 Asia Disposal Agreement and the Sinojet Disposal Agreement.

**(ii) Interests on other members of the Group**

As at the Latest Practicable Date, the following persons were interested directly or indirectly in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group:–

<b>Name of company</b>	<b>Name of shareholder</b>	<b>Approximate percentage of the issued capital</b>
Bright Advise	Win Hero International Limited	30%
OpenOffering	techpacific.com Investments Limited	30%
Oceanpass Holdings Limited	Apex Strategy Limited	25%
Right Way Holdings Limited	King Ever Limited	30%

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

**3. MATERIAL CONTRACTS**

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and are or may be material:–

- (i) the SBI E2 Asia Disposal Agreement;
- (ii) the Sinojet Disposal Agreement;
- (iii) the E2-Capital Technologies Disposal Agreement;
- (iv) the Willow Spring Umbrella SPA;
- (v) the e2 Venture SPA; and
- (vi) the Wealth Honor S&P Agreement.



#### 4. BOARD OF DIRECTORS

##### Executive Directors

**Mr. FUNG Ka Pun**, aged 62, appointed as the Chairman of the Company since 28 June 1995, is responsible for the Group's overall policy making. On 3 April 2001, he was re-designated as the Executive Co-chairman of the Company. Mr. Fung is also the Founder and Chairman of Goodwill International (Holdings) Limited, a substantial shareholder of the Company.

Mr. Fung has over 31 years of experience in finance, securities and commodities trading and corporate finance. Mr. Fung is a member of the Association of International Accountants and the Institute of Chartered Secretaries and Administrators. Mr. Fung is an independent non-executive director of GZI Transport Limited, Lei Shing Hong Limited, Lee Hing Development Limited, Denway Motors Limited and Samling Global Limited. He is also involved in various social and charitable organisations in Hong Kong and China and is a campaign committee member, Co-chairman and member of various committees in Campaign Organising Committee of the Community Chest of Hong Kong.

**Dato' WONG Sin Just**, aged 42, was appointed as the Chief Executive Officer of the Company since 20 April 2000 and was re-designated as the Executive Co-chairman on 3 April 2001. Dato' Wong is a beneficiary of e2-Capital Inc. which is a substantial shareholder of the Company.

Dato' Wong possesses over 19 years of accounting, investment banking and venture capital experience. He held senior positions with a number of premier international investment banks prior to joining the Company. Dato' Wong holds a Bachelor Degree in Engineering (First Class Honours) from Imperial College, University of London and was qualified as an associate of the Institute of Chartered Accountants, England and Wales. Dato' Wong is currently the Chief Investment Officer of SBI E2-Capital Asset Management Limited, a fund management company. In addition, he is the Executive Chairman of SBI E2-Capital Group, the Vice Chairman of China Renji Medical Group Limited (formerly known as Softbank Investment International (Strategic) Limited), Executive Chairman of Suncorp Technologies Limited. He is also the director and member of the audit committee of CDC Software Corporation, an independent non-executive director of China.com Inc., Capital Strategic Investment Limited and China Zenith Chemical Group Limited.

Dato' Wong is an active member of the venture capital and social communities. He serves as the Vice Chairman and board member of Monte Jade Science and Technology Association of Hong Kong, a council member of Better Hong Kong Foundation, Vice Chairman of the General Donation and Special Event Committee of the Community Chest of Hong Kong as well as a board and executive committee member of Asian Youth Orchestra.

### **Independent Non-Executive Directors**

**Mr. ONGPIN Robert V.**, aged 71, was appointed as an independent non-executive Director on 20 April 2000. He served as the Minister of Trade and Industry for the Philippine Government from 1979 to 1986, a Partner at SGV & Co. from 1967 to 1979, and the Chairman and Managing Partner of SGV prior to joining government service. Mr. Ongpin holds a Master Degree in Business Administration from Harvard University, graduated cum laude from the Ateneo de Manila University with a Degree in Business Administration, and is a Certified Public Accountant. Currently, Mr. Ongpin is the Chairman of Philweb Corporation and ISM Communications Corporation, both are listed companies in the Philippines, Connectivity Unlimited Resource Enterprise, Inc. (CURE), Eastern Telecommunications Philippines, Inc. (ETPI), Developing Countries Investment Corp. and La Flor de la Isabela, Inc. He is also the Deputy Chairman of SCMP Group Limited, a director of American Orient Capital Partners Limited and a non-executive director of Shangri-La Asia Limited.

**Mr. CHUNG Cho Yee Mico**, aged 47, was appointed as an independent non-executive Director on 9 March 2001. Mr. Chung graduated from the University of London with a law degree and is a qualified solicitor. He is an executive director of Pacific Century CyberWorks Limited ("PCCW"), and is responsible for the mergers and acquisitions of the PCCW Group. Mr. Chung is also an executive director of Pacific Century Insurance Holdings Limited, a non-executive Chairman and director of Capital Strategic Investment Limited and an independent non-executive director of Hong Kong Construction (Holdings) Limited.

**Mr. HO Kwan Tat**, aged 43, was appointed as an independent non-executive Director on 30 September 2004. He is a Certified Public Accountant (Practising), a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Ho has extensive experience in accounting and audit. Mr. Ho is also an independent non-executive director of The Sun's Group Limited.

**Dr. HUI Ka Wah, Ronnie, JP**, aged 44, was appointed as an Independent Non-executive Director on 30 September 2004. He graduated from the University of Hong Kong with a Bachelor of Medicine and Bachelor of Surgery and holds the Diploma of Child Health at Royal College of Physicians & Surgeons in Ireland and at Royal College of Physicians & Surgeons of Glasgow. Dr. Hui is a member of the Royal College of Physicians of the United Kingdom, a fellow member of the Hong Kong Academy of Medicine (Paediatrics) and the Hong Kong College of Paediatricians. Dr. Hui has been practicing as a registered medical practitioner in Hong Kong since 1987 and has been registered as Specialist in Paediatrics since 2001. Dr. Hui is a CFA charterholder, and holds the degree of Master of Business Administration conferred by Universitas 21 Global. Dr. Hui is the Head of Corporate Investment of Group Sense Limited, and Corporate Marketing Director of Quam Capital (Holdings) Limited. Dr. Hui is the Executive Director of Town Health International Holdings Co. Ltd., and Hong Kong Health Check and Laboratory Holdings Company Limited. He is the Vice Chairman & Executive Director of Core Healthcare Investment Holdings Ltd. He is also an independent non-executive director of CASH Financial Services Group Limited, Suncorp Technology Ltd. and Winbox International (Holdings) Limited.

## **5. DIRECTORS' SERVICE CONTRACT**

All independent non-executive directors have specific contracts with the Company for a period of two years, subject to retirement and re-election at the annual general meeting in accordance with the Company's bye-laws.

Other than as disclosed above, no director has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## **6. COMPETING BUSINESS INTEREST OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or the Group.

**7. EXPERTS' QUALIFICATIONS AND CONSENTS**

- (a) The following are the qualifications of the expert who has provided their advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Ceres Capital Limited	A corporation licensed under SFO to carry on type 6 regulated activity (advising on corporate finance)

- (b) Ceres Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name in the form and context in which it appears.
- (c) As at the Latest Practicable Date, Ceres Capital did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for any securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2006 being the date to which the latest published audited accounts of the Group were made up, 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. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries 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 the Company or any of its subsidiaries.

**9. GENERAL**

- (a) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited which is located at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (b) The secretary of the Company is Mr. Cheung Chung Wai, Billy who holds a Master and a Bachelor degree in Laws and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Financial Services Institute of Australasia. The qualified accountant of the Company is Mr. Ong Tiang Lock who is a fellow member of The Association of Chartered Certified Accountants, a fellow member of Malaysia Institute of Taxation, a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Public Accountant of the Malaysian Association of Certified Public Accountants.

- (c) The English texts of this circular and the accompanying form of proxy prevail over their respective Chinese texts.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (save for Saturdays and public holidays) at the office of the Company at Rooms 4301-09 43rd Floor, Jardine House, One Connaught Place, Central, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of Association and bye-laws of the Company;
- (b) the audited financial statements of the Group for the two years ended 31 December 2005 and 2006;
- (c) the letter of recommendation from the Independent Board Committee to the Independent Shareholders as set out in this circular;
- (d) the letter of advice from Ceres Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular and the written consent of Ceres Capital as referred to in paragraph 7(b) in this appendix.
- (e) the SBI E2 Asia Disposal Agreement;
- (f) the Sinojet Disposal Agreement;
- (g) the E2-Capital Technologies Disposal Agreement;
- (h) the Willow Spring Umbrella SPA;
- (i) the e2 Venture SPA;
- (j) the Wealth Honor S&P Agreement; and
- (k) the Directors' service contracts referred to in the paragraph headed "Directors' service contract" in this appendix.

---

## NOTICE OF SGM

---



E2 - Capital  
GROUP

### **E2-CAPITAL (HOLDINGS) LIMITED** **(金滙投資(集團)有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 378)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of E2-Capital (Holdings) Limited (the “Company”) will be held at 9:30 a.m. on Monday, 31 March, 2008 at Rooms 4301-09, 43rd Floor, Jardine House, One Connaught Place, Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:–

#### **ORDINARY RESOLUTIONS**

1. **“THAT:–**

- (a) the execution of the conditional sale and purchase agreement dated 4th February, 2008 by Goodwill Investment (BVI) Limited (“Goodwill BVI”), a wholly-owned subsidiary of the Company, and Glory High Holdings Limited (“Glory High”) pursuant to which, amongst other things, Goodwill BVI agreed to sell 6,800,000 ordinary shares representing 40% of the entire issued share capital of SBI-E2 Capital Asia Holdings Pte. Ltd. to Glory High for a consideration of HK\$42,000,000 and otherwise on the terms and conditions set out therein (a copy of which has been produced to the meeting and marked “A” and signed for the purpose of identification by the Chairman of the meeting) be and is hereby confirmed, approved and ratified;
- (b) the execution of the conditional sale and purchase agreement dated 4th February, 2008 between Goodwill BVI, Goodwill International Holdings Limited (“Goodwill International”) and the Company pursuant to which, amongst other things, (i) Goodwill BVI agreed to sell and Goodwill International agreed to purchase 1 share representing the entire issued share capital in Sinojet Properties Limited (“Sinojet”) together with one share Sinojet holds in GOLFinCHINA.com Limited and Goodwill BVI agreed to procure the transfer of the legal interest of one share in GOLFinCHINA.com Limited by Will Kong Nominees Limited to Goodwill International for a consideration of HK\$11,000,190 and (ii) the

\* *For identification purposes only*

---

## NOTICE OF SGM

---

Company agreed to assign to Goodwill International a shareholders' loan due from the Company to Sinojet for a consideration of HK\$38,999,810 and otherwise on the terms set out therein (a copy of which has been produced to the meeting and marked "B" and signed for the purpose of identification by the Chairman of the meeting) be and is hereby confirmed, approved and ratified;

- (c) the execution of an instrument of transfer dated 28th January, 2008 by East Technology Holdings Limited ("East Technology"), a wholly owned subsidiary of the Company, to Willow Spring International Limited ("Willow Spring") pursuant to which East Technology sold 1 ordinary share of US\$1.00 in E2-Capital Technologies Holdings Limited to Willow Spring for a consideration of HK\$7,000,000 (a copy of which is produced to this meeting marked "C" and signed by the Chairman for the purpose of identification) be and is hereby confirmed, approved and ratified;
- (d) the execution of the conditional sale and purchase agreement dated 22nd February, 2008 between the Company, East Technology, Goodwill BVI, Will Kong Nominees Limited ("Will Kong") and Willow Spring pursuant to which, amongst other things, (i) the Company, East Technology, Goodwill BVI and Will Kong agreed to sell and Willow Spring agreed to purchase shares in AWJ Asset Management Limited (together with its subsidiary Winslow Investment Management Limited), e2 BioTech Advisory Group Limited, e2-Capital Investment Limited, E2-Capital Holdings Sdn. Bhd., Paper Rich Investments Limited (together with its subsidiary Fair Winner Ltd.) and Winslow Asset Management Limited and (ii) the Company, East Technology and Goodwill BVI agreed to assign certain interest free shareholders loans in the aggregate amount of HK\$152,728,770 as at 22nd February, 2008 to Willow Spring for an aggregate consideration of HK\$13,500,010 and otherwise on the terms set out therein (a copy of which is produced to this meeting marked "D" and signed by the Chairman for the purpose of identification) be and is hereby confirmed, approved and ratified;
- (e) the execution of the conditional sale and purchase agreement dated 22nd February, 2008 between the Company, Will Kong and Mr. Li Tze Leung ("Mr. Li") pursuant to which, amongst other things, the Company and Will Kong agreed to sell and Mr Li agreed to purchase 2 shares of US\$1.00 in e2-Capital Venture Limited for a consideration of HK\$1,400,000 and otherwise on the terms set out therein (a copy of which is produced to this meeting marked "E" and signed by the Chairman for the purpose of identification) be and is hereby confirmed, approved and ratified;

---

## NOTICE OF SGM

---

- (f) the execution of the conditional sale and purchase agreement dated 4th February 2008, between SBI E2-Capital Asia Securities Group Limited, a company held indirectly by the Company, and Glory High pursuant to which, amongst other things, SBI E2-Capital Asia Securities Group Limited agreed to sell 10,200,000 ordinary shares representing 60% of the entire issued share capital of SBI-E2 Capital Asia Holdings Pte. Ltd. to Glory High for a consideration of HK\$63,000,000 and otherwise on the terms and conditions set out therein (a copy of which has been produced to the meeting and marked “F” and signed for the purpose of identification by the Chairman of the meeting) be and is hereby confirmed, approved and ratified

(together the “Disposals”)

and the directors of the Company be and are hereby authorised to sign, execute and affix the common seal on, if required, such documents or agreements or deeds on behalf of the Company and to do such other things and take such other actions as they consider necessary or desirable for the purposes of giving effect to the Disposals and the transactions contemplated thereunder.”

2. **“THAT:–**

conditional upon the passing of resolution (1) set out above, the execution of a conditional sale and purchase agreement dated 22nd February, 2008 between Goodwill BVI and Wealth Honor International Limited pursuant to which, amongst other things, Goodwill BVI agreed to sell to Wealth Honor International Limited 700 ordinary shares of US\$ 1.00 in Bright Advise Holdings Limited (together with its subsidiaries Fortune Chance Investments Limited, Cheung Wah Ho Dyestuffs Company Limited and Lancerwide Company Limited) for consideration of HK\$500,003 and otherwise on the terms set out therein (a copy of which is produced to this meeting marked “G” and signed by the Chairman for the purpose of identification) be and is hereby confirmed, approved and ratified and the directors of the Company be and are hereby authorised to sign, execute and affix the common seal on, if required, such documents or agreements or deeds on behalf of the Company and to do such other things and take such other actions as they consider necessary or desirable for the purposes of giving effect to the such agreement and the transactions contemplated thereunder.”

By Order of the Board  
**E2-Capital (Holdings) Limited**  
**Cheung Chung Wai, Billy**  
*Company Secretary*

Hong Kong, 14 March 2008



---

## NOTICE OF SGM

---

*Notes:*

1. A form of proxy is enclosed.
2. Any member of the Company entitled to attend and vote at the meeting of the Company or a meeting of the holders of any class of shares in the Company is entitled to appoint another person as his proxy to attend and vote instead of him. On a poll, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy. A member may appoint more than one proxy to attend on the same occasion. A proxy need not be a member.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's branch registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting upon the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.