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Integrated Waste Solutions Group Holdings Limited  
綜合環保集團有限公司\*

(Incorporated in the Cayman Islands with limited liability, stock code: 923)

- (1) PROPOSED OPEN OFFER OF NOT LESS THAN 2,411,167,000 OFFER SHARES AND NOT MORE THAN 2,424,216,600 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY ONE SHARE HELD ON THE RECORD DATE;**
- (2) APPLICATION FOR WHITEWASH WAIVER; AND**
- (3) CONNECTED TRANSACTION IN RELATION TO PAYMENT OF UNDERWRITING COMMISSION**

**Underwriters**

**Chow Tai Fook Nominee Limited**

(周大福代理人有限公司)

**and**

**VMS Securities Limited**

(鼎珮證券有限公司)



#### **PROPOSED OPEN OFFER**

The Company proposes to raise not less than approximately HK\$482 million, before expenses, by issuing not less than 2,411,167,000 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date) and not more than 2,424,216,600 Offer Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date) at the Subscription Price of HK\$0.20 per Offer Share on the basis of one Offer Share for every one Share held by the Qualifying Shareholders on the Record Date and payable in full on application.

\* Chinese name for identification purpose

The Open Offer is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders, if any. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder. In order to be registered as a member of the Company on the Record Date, any transfers of the Shares (with the relevant share certificates) must be lodged for registration by 4:30 p.m. on Thursday, 11 September 2014 with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The register of members of the Company will be closed from Friday, 12 September 2014 to Thursday, 18 September 2014 (both days inclusive) to determine the eligibility and entitlements to the Open Offer.

The Open Offer is fully underwritten by the Underwriters, subject to the terms and conditions set out in the Underwriting Agreement.

On 25 July 2014, the Company entered into the Underwriting Agreement with the Underwriters; pursuant to which, the Offer Shares will be fully underwritten by the Underwriters (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date and having taking into account of the Committed Shares) such that (i) CTF Nominee shall underwrite not less than 1,441,257,625 Offer Shares in aggregate, representing approximately 29.89% of the issued share capital of the Company as enlarged by the Open Offer (assuming none of the Exercisable Options having been exercised on or before the Record Date) or not more than 1,451,702,225 Offer Shares in aggregate, representing approximately 29.94% of the issued share capital of the Company as enlarged by the Open Offer (assuming the Exercisable Options having been exercised in full on or before the Record Date) not taken up by the Qualifying Shareholders under the Open Offer (other than the Committed Shares); and (ii) after CTF Nominee shall have underwritten all of its underwriting commitment under the Underwriting Agreement, VMS Securities shall underwrite all the remaining balance of the Offer Shares not taken up by the Qualifying Shareholders under the Open Offer and not underwritten by CTF Nominee of not less than 481,269,000 Offer Shares, representing approximately 9.98% of the issued share capital of the Company as enlarged by the Open Offer (assuming none of the Exercisable Options having been exercised on or before the Record Date) or not more than 483,874,000 Offer Shares, representing approximately 9.98% of the issued share capital of the Company as enlarged by the Open Offer (assuming the Exercisable Options having been exercised in full on or before the Record Date). Having taken into account of the Committed Shares and the Offer Shares to be underwritten by CTF Nominee, an aggregate of not less than 1,929,898,000 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date) or an aggregate of not more than 1,940,342,600 Offer Shares (assuming

the Exercisable Options having been exercised in full on or before the Record Date) shall be subscribed and underwritten by CTF Nominee if the Qualifying Shareholders shall not take up their Offer Shares under the Open Offer. The Underwriting Agreement is conditional upon, among other things, the passing of the necessary resolution(s) at the EGM by way of poll of the Independent Shareholders approving the Open Offer and the Whitewash Waiver, and the granting of the Whitewash Waiver by the Executive.

The estimated gross proceeds (before expenses) and the estimated net proceeds from the Open Offer (after deduction of expenses, including the commission to be paid to the Underwriters) will be not less than approximately HK\$482 million and HK\$472 million respectively and will not be more than approximately HK\$485 million and HK\$475 million respectively. The Company intends to apply the net proceeds from the Open Offer up to maximum amount of approximately HK\$238 million (representing 50% of the estimated net proceeds from the Open Offer) to finance the capital expenditure of Project TKO and other fixed assets; up to approximately HK\$190 million (representing 40% of the estimated net proceeds from the Open Offer) to finance the expansion of the Group's waste management and logistics businesses; and the remaining estimated net proceeds of approximately HK\$47 million (representing 10% of the net proceeds from the Open Offer) for general working capital of the Group.

### **IMPLICATION UNDER THE LISTING RULES**

As no excess application for the Offer Shares is available under the Open Offer and the Open Offer is underwritten by CTF Nominee, who is a substantial Shareholder, pursuant to Rule 7.26A(2) of the Listing Rules, specific approval shall be obtained from the Independent Shareholders (including Shareholders other than the Directors (excluding independent non-executive Directors), the chief executive and their respective associates) in respect of the absence of such excess application arrangement. Due to the above, CTF Nominee and its associates shall abstain from voting at the EGM to approve the absence of such excess application arrangement.

In the event that no Shareholder has taken up any Offer Shares (other than the Committed Shares) and: (i) none of the Exercisable Options having been exercised on or before the Record Date, upon the completion of the Open Offer, the total shareholding of CTF Nominee and its ultimate beneficial owner and parties acting in concert with any of them in the Company will increase to approximately 50.15% of the entire issued share capital of the Company as enlarged by the Open Offer; or (ii) the Exercisable Options having been exercised in full on or before the Record Date, upon the completion of the Open Offer, the total shareholding of CTF Nominee and its ultimate beneficial owner and parties acting in concert with any of them in the Company will

increase to approximately 50.14% of the entire issued share capital of the Company as enlarged by the Open Offer, and that would result in a change of the control of the Company. Pursuant to Rule 13.36(1)(b) of the Listing Rules, approval shall be obtained from the Independent Shareholders.

The entering into of the Underwriting Agreement with CTF Nominee, who is a substantial Shareholder, and the payment of the underwriting commission to CTF Nominee as one of the Underwriters constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the underwriting commission to be received by CTF Nominee of approximately HK\$5.8 million (based on 1,451,702,225 Shares, being the maximum number of Offer Shares underwritten by CTF Nominee under the Open Offer) is on normal commercial terms and all applicable percentage ratios (as defined in the Listing Rules) are less than 5%, the payment of underwriting commission by the Company to CTF Nominee is therefore subject to reporting and announcement requirements only but exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules. Save for Mr. Cheng Chi Ming, Brian, the Chairman of the Company and a non-executive Director, and Mr. Tsang On Yip, Patrick, a non-executive Director, both of whom are associates of Dato' Dr. Cheng Yu Tung, who holds the entire interest in the share capital of CTF Nominee, had abstained from voting on the relevant board resolutions, none of the Directors has a material interest in the Open Offer, the Underwriting Agreement, the CTF Undertaking, the Whitewash Waiver and all matters contemplated thereunder and were not required to abstain from voting on the relevant board resolutions approving, among other things, the Open Offer, the Underwriting Agreement and all matters contemplated thereunder.

Pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is conditional on, among other things, the approval by the Independent Shareholders at the EGM by way of poll, at which any controlling Shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour. As at the date of this announcement, City Legend is interested in approximately 32.56% of the issued share capital of the Company and hence a controlling Shareholder. As such, City Legend and its associates shall abstain from voting in favour of the resolution in relation to the Open Offer at the EGM.

Immediately following the Open Offer, the Company should be able to maintain the public float as required under the Listing Rules. In the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer solely because of the Underwriters' performance of their obligations under the Underwriting Agreement, each of the Underwriters agrees and undertakes to take such appropriate steps as may be required to maintain the minimum public float for the Shares in compliance with Rule 8.08(1)(a) of the Listing Rules.

## **IMPLICATION UNDER THE TAKEOVERS CODE AND APPLICATION OF WHITEWASH WAIVER**

In the event that, upon completion of the Open Offer (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date), no Qualifying Shareholders will take up any Offer Shares (other than the Committed Shares), the Underwriters will be required to subscribe for and take up all Underwritten Shares, which will result in the total shareholding of CTF Nominee and its ultimate beneficial owner and parties acting in concert with any of them in the Company increasing from 488,640,375 Shares, representing approximately 20.27% of the issued share capital of the Company (not taking into account of the 1,800,000 Exercisable Options held by Mr. Cheng Chi Ming, Brian, a concert party of CTF Nominee, as such Exercisable Options have not been exercised as at the date of this announcement), to:

- (i) assuming that no Shareholder has taken up any Offer Shares (other than the Committed Shares) and none of the Exercisable Options having been exercised on or before the Record Date, 2,418,538,375 Shares representing approximately 50.15% of the entire issued share capital of the Company as enlarged by the Open Offer; or
- (ii) assuming that no Shareholder has taken up any Offer Shares (other than the Committed Shares) and the Exercisable Options having been exercised in full on or before the Record Date, 2,430,782,975 Shares representing approximately 50.14% of the entire issued share capital of the Company as enlarged by the Open Offer.

Accordingly, the underwriting of the Underwritten Shares by CTF Nominee pursuant to the Underwriting Agreement and the subscription for the Committed Shares pursuant to the CTF Undertaking will trigger an obligation on CTF Nominee, together with parties acting in concert with it, to make a mandatory offer under Rule 26 of the Takeovers Code for all the issued securities of the Company (including the Exercisable Options) not already owned or agreed to be acquired by CTF Nominee and parties acting in concert with it, unless the Whitewash Waiver is obtained.

An application will be made by CTF Nominee to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval by the Independent Shareholders at the EGM by way of poll, which CTF Nominee and parties acting in concert with it and (if applicable) Shareholders who are not Independent Shareholders will abstain from voting at the EGM on the relevant resolutions. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not become unconditional and will not proceed.

## **GENERAL**

The Board will appoint the Independent Financial Adviser to advise the Independent Board Committee (which will be formed and will comprise all independent non-executive Directors, namely Mr. Nguyen Van Tu, Peter, Mr. Chow Shiu Wing, Joseph and Mr. Wong Man Chung, Francis but excluding the non-executive Directors, Mr. Cheng Chi Ming, Brian who is a party acting in concert with CTF Nominee and Mr. Tsang On Yip, Patrick) and the Independent Shareholders on the terms of the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver, and to make recommendations (i) as to whether the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver are fair and reasonable; and (ii) as to voting of the resolution(s) to approve the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver. Announcement will be made by the Company upon appointment of the Independent Financial Adviser. Although Mr. Tsang On Yip, Patrick is not a party acting in concert with CTF Nominee, he is a connected person of the Company as he is an associate (as defined in the Listing Rules) of Dato' Dr. Cheng Yu Tung, who holds the entire interest in the share capital of CTF Nominee, the Company considers that it will be more appropriate if he will not be appointed as a member of the Independent Board Committee to avoid any conflict of interest.

A circular containing, among others, (i) the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out its recommendations in relation to the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in relation to the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver; and (iv) a notice of EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Takeovers Code and the Listing Rules.

Subject to, among other things, the Open Offer, the Underwriting Agreement and the Whitewash Waiver being approved by the Independent Shareholders at the EGM, the Company will, on or around Friday, 19 September 2014, send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus (without the Application Form) to the Excluded Shareholders and the holders of the outstanding Share Options for information purpose only.

## **WARNING OF THE RISK OF DEALINGS IN THE SHARES**

**Shareholders and potential investors should note that the Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Open Offer” of this announcement. In particular, the Open Offer is subject to the Underwriters not terminating or rescinding the Underwriting Agreement in accordance with the terms set out therein (a summary of which is set out in the section headed “Termination or rescission of the Underwriting Agreement” of this announcement). Accordingly, the Open Offer may or may not proceed.**

**Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled or waived (if applicable) (which is expected to be on Wednesday, 8 October 2014), will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. If the Underwriters shall terminate or rescind the Underwriting Agreement, the Open Offer will not proceed and will lapse. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.**

**Overseas Shareholders should note that they may or may not be entitled to the Open Offer, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Further details as to the entitlement of the Overseas Shareholders to the Open Offer will be set out in the Prospectus to be despatched to the Shareholders relating to the Open Offer.**

## **PROPOSED OPEN OFFER**

The Company proposes to raise not less than approximately HK\$482 million (or not more than approximately HK\$485 million, as the case may be), before expenses, by issuing not less than 2,411,167,000 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date) and not more than 2,424,216,600 Offer Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date) at the Subscription Price of HK\$0.20 per Offer Share on the basis of one Offer Share for every one Share held by the Qualifying Shareholders on the Record Date and payable in full on application.

On 25 July 2014, the Company entered into the Underwriting Agreement with the Underwriters in respect of the Open Offer. Details of the Open Offer are set out below:

### **Issue statistics**

Basis of the Open Offer: One Offer Share for every one Share held on the Record Date. No Offer Share will be offered to the Excluded Shareholders, if any

Subscription Price: HK\$0.20 per Offer Share payable in full on application at or prior to 4:30 p.m. on a date which is currently expected to be Thursday, 11 September 2014

Expected gross proceeds from the Open Offer (assuming none of the Exercisable Options having been exercised on or before the Record Date and before expenses); and expected gross proceeds from the Open Offer (assuming the Exercisable Options having been exercised in full on or before the Record Date and before expenses): Not less than approximately HK\$482 million; and not more than approximately HK\$485 million

Number of Shares in issue as at the date of this announcement: 2,411,167,000 Shares

Number of Offer Shares: Not less than 2,411,167,000 Offer Shares (with aggregate nominal value of HK\$0.10) (assuming none of the Exercisable Options having been exercised on or before the Record Date); and

Not more than 2,424,216,600 Offer Shares (with aggregate nominal value of HK\$0.10) (assuming the Exercisable Options having been exercised in full on or before the Record Date).



No application for excess applications:

Qualifying Shareholders will not have the right to apply for the Offer Shares in excess of their respective Offer Shares under the Open Offer

Underwriters and number of Underwritten Shares:

CTF Nominee and VMS Securities; assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date and having taking into account of the Committed Shares: (i) not less than 1,922,526,625 Offer Shares in aggregate (assuming none of the Exercisable Options and having been exercised on or prior to the Record date); and (ii) not more than 1,935,576,225 Offer Shares in aggregate (assuming all of the Exercisable Options and having been exercised on or prior to the Record date)

The number of Offer Shares to be issued represents approximately 100% of the existing issued share capital of the Company; approximately 50% of the issued share capital of the Company as enlarged by the Open Offer.

As at the date of this announcement, there were an aggregate of 65,248,000 outstanding Share Options granted by the Company and accepted by the grantees which confer rights to subscribe for an aggregate of 65,248,000 Shares upon full exercise of the Share Options at the subscription price of HK\$0.542 per Share, whereas 20% of which (equivalent to 13,049,600 Share Options, entitling the holders thereof to subscribe for 13,049,600 Shares) has become vested and are exercisable from 25 July 2014 to 24 April 2020 and the remaining 80% of the Share Options shall be vested and are exercisable after the Record Date, i.e. from 25 April 2016 to 24 April 2020 (as to 50% of the Share Options) and from 25 April 2018 to 24 April 2020 (as to 30% of the Share Options). Save as disclosed above, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

## **Qualifying Shareholders and Excluded Shareholders**

The Open Offer is only available to the Qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must be at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be an Excluded Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (with the relevant share certificates) for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Thursday, 11 September 2014.

If, at the close of business on the Record Date, any Shareholder whose address as shown on the register of members of the Company is in a place outside of Hong Kong, such Shareholder(s) may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will, if necessary, make enquiries to its legal advisers of the relevant jurisdictions regarding the legal restrictions under the law of the relevant place and the requirements of the relevant regulatory body or stock exchange. If after making such enquiries and based on the legal opinions obtained, the Board is of the opinion that it would be necessary or expedient not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Excluded Shareholders. The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus.

**The Company shall, on or before the Prospectus Posting Date, post the Prospectus marked "For Information only" and a letter explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer without the Application Form to the Excluded Shareholders, and post the Prospectus marked "For Information only" to the holders of the outstanding Share Options.**

### **Closure of register of members**

The register of members of the Company will be closed from Friday, 12 September 2014 to Thursday, 18 September 2014, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of the Shares will be registered during such periods.

## **Subscription Price**

The Subscription Price is HK\$0.20 per Offer Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 50.6% to the closing price of HK\$0.405 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 34.0% to the theoretical ex-entitlement price of approximately HK\$0.303 per Share after the Open Offer, based on the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 49.6% to the average closing price of HK\$0.397 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 49.6% to the average closing price of HK\$0.397 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 65.6% to the unaudited consolidated net asset value per Share of approximately HK\$0.582 (calculated by dividing the unaudited consolidated net asset value of the Group as at 30 September 2013 as shown in the interim report of the Company for the six months ended 30 September 2013 by the number of Shares in issue as at 30 September 2013); and
- (vi) a discount of approximately 48.1% to the audited consolidated net asset value per Share of approximately HK\$0.385 (calculated by dividing the consolidated net asset value of the Group as at 31 March 2014 by the number of Shares in issue as at 31 March 2014).

Assuming none of the Exercisable Options having been exercised on or before the Record Date, the net price for the Offer Shares is approximately HK\$0.196 per Offer Share (calculated as the estimated net proceeds from the Open Offer divided by the total number of the Offer Shares). Assuming the Exercisable Options having been exercised in full on or before the Record Date, the net price for the Offer Shares is approximately HK\$0.196 per Offer Share (calculated as the estimated net proceeds from the Open Offer divided by the total number of the Offer Shares). The aggregate nominal value of the Offer Shares will be HK\$241,116,700 (assuming none of the Exercisable Options having been exercised on or before the Record Date) and HK\$242,421,660 (assuming the Exercisable Options having been exercised in full on or before the Record Date).

## **Basis of determining the Subscription Price**

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to the prevailing market price and trading liquidities of the Shares prior to the Last Trading Day. Taking into consideration the theoretical ex-entitlement price per Share, the Directors consider that the Subscription Price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its shareholding in the Company on the Record Date. The Directors consider that the discount would encourage the Qualifying Shareholders to participate in the Open Offer, which would enable the Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the future growth of the Group. The Directors (excluding Mr. Cheng Chi Ming, Brian and Mr. Tsang On Yip, Patrick who are required to abstain from voting on the relevant Board resolutions approving the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver, and members of the Independent Board Committee who would give their views after taking into account the advice of the Independent Financial Adviser) consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Odd lot arrangement**

There will be no odd lots arrangement in relation to and as a result of the Open Offer.

## **Status of the Open Offer**

The Offer Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares then in issue. Holders of the Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the close of business on the date of allotment and issue of the Offer Shares.

## **Certificates of the Offer Shares and refund cheques**

Subject to fulfillment of the conditions of the Open Offer as set out in the section headed "Conditions of the Open Offer" in this announcement and save as otherwise provided in the Underwriting Agreement, share certificates for fully-paid Offer Shares are expected to be posted on or around Wednesday, 15 October 2014 to all Qualifying Shareholders who have applied for, accepted and paid for the Offer Shares by ordinary post at their own risks.

Refund cheques in respect of the Offer Shares if the Open Offer is terminated are expected to be posted on or around Wednesday, 15 October 2014 by ordinary post to the applicants at their own risks.

## **No application for excess Offer Shares**

The Qualifying Shareholders will not be entitled to apply for any Offer Shares in excess of their respective Offer Shares under the Open Offer. All Offer Shares (other than the Committed Shares) not taken up by the Qualifying Shareholders and not available to the Excluded Shareholders are underwritten by the Underwriters.

## **Application for listing**

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

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participations of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Offer Shares are expected to continue to be traded on the Stock Exchange in the existing board lot of 2,000 Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

## **Principal terms of the Underwriting Agreement**

|                                      |  |
|--------------------------------------|--|
| Date:                                | 25 July 2014 (after trading hours)   |
| Underwriters:                        | CTF Nominee; and<br>VMS Securities   |
| Number of Offer Shares underwritten: | Not less than 1,922,526,625 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date); and<br><br>Not more than 1,935,576,225 Offer Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date). |

Commission: 2% to each of VMS Securities and CTF Nominee of the total Subscription Price in respect of (i) as to CTF Nominee, 1,451,702,225 Underwritten Shares, being the maximum number of Underwritten Shares to be taken up by CTF Nominee; and (ii) as to VMS, 483,874,000 Underwritten Shares, being the maximum number of Underwritten Shares to be taken up by VMS (as the case may be), together with all costs, fees and out-of-pocket expenses properly incurred by them in connection with the underwriting of the Underwritten Shares and agreed in advance by the Company in writing. VMS Securities shall be responsible for paying any commissions, costs, fees and expenses in respect of any sub-underwriting of VMS Securities' portion of the Underwritten Shares pursuant to the Underwriting Agreement and CTF Nominee shall be responsible for all fees and expenses incurred by it in relation to the Whitewash Waiver. The commission to be received by and the expenses payable to the Underwriters will be approximately HK\$7.7 million.

The commission rate was determined after arm's length negotiation between the Company and the Underwriters with reference to the existing financial position of the Group, the size of the Open Offer, and the current and expected market condition. The Directors (excluding Mr. Cheng Chi Ming, Brian and Mr. Tsang On Yip, Patrick who are required to abstain from voting in the relevant Board resolutions approving the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver, and the independent non-executive Directors who will give their views on the Open Offer after taking into account the advice of the Independent Financial Adviser) consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

Pursuant to the Underwriting Agreement and subject to the terms and condition thereof, the Offer Shares not taken up by the Qualifying Shareholders will be fully underwritten by the Underwriters in the following manner (assuming no new Share being issued and no Share being repurchased by the Company on

or before the Record Date and having taking into account of the Committed Shares):

- (i) Firstly, CTF Nominee shall underwrite not less than 1,441,257,625 Offer Shares in aggregate, representing approximately 29.89% of the issued share capital of the Company as enlarged by the Open Offer (assuming none of the Exercisable Options having been exercised on or before the Record Date) or not more than 1,451,702,225 Offer Shares in aggregate, representing approximately 29.94% of the issued share capital of the Company as enlarged by the Open Offer (assuming the Exercisable Options having been exercised in full on or before the Record Date) not taken up by the Qualifying Shareholders under the Open Offer (other than the Committed Shares); and
- (ii) Secondly, after CTF Nominee shall have underwritten all of its underwriting commitment under the Underwriting Agreement, VMS Securities shall underwrite all the remaining balance of the Offer Shares not taken up by the Qualifying Shareholders under the Open Offer and not underwritten by CTF Nominee of not less than 481,269,000 Offer Shares, representing approximately 9.98% of the issued share capital of the Company as enlarged by the Open Offer (assuming none of the Exercisable Options having been exercised on or before the Record Date) or not more than 483,874,000 Offer Shares, representing approximately 9.98% of the issued share capital of the Company as enlarged by the Open Offer (assuming the Exercisable Options having been exercised in full on or before the Record Date).

The obligations imposed on the Underwriters in respect of the Underwritten Shares shall be several only, and not joint, nor joint and several.

Having taken into account of the Committed Shares and the Offer Shares to be underwritten by CTF Nominee, an aggregate of not less than 1,929,898,000 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date) or an aggregate of not more than 1,940,342,600 Offer Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date) shall be subscribed and underwritten by CTF Nominee if the Qualifying Shareholders shall not take up their Offer Shares under the Open Offer.

CTF Nominee is a company incorporated in Hong Kong and a substantial Shareholder. It is principally engaged in investment holding business. It is wholly and beneficially owned by Dato' Dr Cheng Yu-Tung, who is also a director of CTF Nominee. As at the date of this announcement, CTF Nominee, together with its beneficial owners and parties acting in concert (within the meaning of the Takeovers Code) with any one of them, is beneficially interested in 488,640,375 Shares, representing approximately 20.27% of the issued share capital of the Company. Mr. Cheng Chi Ming, Brian, a concert party of CTF Nominee, holds

9,000,000 Share Options of which 1,800,000 Share Options are Exercisable Options. To the best knowledge of the Company and having made all reasonable enquiries, Mr. Cheng Chi Ming, Brian has no intention to exercise the 1,800,000 Exercisable Options held by him at any time on or before the Record Date.

VMS Securities is a company incorporated in Hong Kong with limited liability, and a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities); Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. As at the date of this announcement, VMS Securities has confirmed that it does not hold and is not interested in any Shares. VMS Securities has confirmed that each of VMS Securities, its directors and its ultimate beneficial shareholder is, an independent third party independent of, not acting in concert with (within the meaning of the Takeovers Code) the Company, and shall not be connected with the Directors, chief executive or substantial Shareholders or their respective associates (as defined in the Listing Rules) upon completion of the Open Offer. CTF Nominee and VMS Securities confirm with the Company that their respective shareholders (whether directly or indirectly) and directors are independent of each other and not parties acting in concert (within the meaning of the Takeovers Code).

VMS Securities may, at its absolute discretion, appoint sub-agents or sub-underwriters to sub-underwrite those parts of its underwritten Offer Shares. Any commission, cost and expenses incurred by VMS Securities in connection with such sub-underwriting arrangement shall be borne by VMS Securities.

Pursuant to the Underwriting Agreement, CTF Nominee and/or VMS Securities undertake(s) and confirm to the Company, among others, that:

- (i) CTF Nominee's obligation to subscribe for the Underwritten Shares pursuant to the Underwriting Agreement is for its own account and it shall not hold the Company to be responsible for any loss or damage to any persons arising from any such transaction except where such loss or damage arises from any breach by the Company of its obligations under this Agreement or the gross negligence or wilful default or omission of the Company. CTF Nominee also undertakes that it shall fully comply with all applicable laws, rules and regulations, including without limitation the Listing Rules and Takeovers Code, and its constitutional documents and shall not do or omit anything, the doing or omission of which shall or may cause the Company or any of the Directors to be in breach of any applicable laws, rules and regulations;



- (ii) VMS Securities is acting as the agent of the Company in relation to the Open Offer and shall fully comply with all applicable laws, rules and regulations, without limitation the Listing Rules and Takeovers Code, and its constitutional documents and shall not do or omit anything, the doing or omission of which shall or may cause the Company or any of its Directors to be in breach of any applicable laws, rules and regulations and in particular, shall ensure that all offers made by it of the Offer Shares are made only in compliance with all applicable laws, rules and regulation and do not require the registration, filing or compliance with the applicable laws, rules and regulations in respect of the Prospectus Documents or any of them or any other document as a prospectus or otherwise in any jurisdiction other than Hong Kong and VMS Securities shall not make or purport to make on behalf of the Company any representation, warranty or undertaking not contained in the Prospectus Documents. VMS Securities further undertakes that any sub-underwriters appointed by it shall comply with the above undertakings;
- (iii) they will not without first having obtained the prior written consent of the Company transfer or otherwise dispose (including without limitation the creation of any option, charge or other encumbrances or rights over or in respect of) or acquire (except by taking up the Offer Shares underwritten by them and pursuant to the Underwriting Agreement and in the case of CTF Nominee, pursuant to the CTF Undertaking or acquiring Shares in circumstances which do not contravene the Listing Rules or qualify as a disqualifying transaction under the Takeovers Code) any Shares or any interest therein between the date of the Underwriting Agreement and the Latest Time for Acceptance; and
- (iv) in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer solely because of the Underwriters' performance of their obligations under the Underwriting Agreement, the Underwriters shall, jointly and severally, subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are independent third parties not connected with the directors, chief executive and substantial shareholders of the Company or its subsidiaries or any of their respective associates to subscribe for the Shares which would otherwise be required to be taken up by the Underwriters under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules.

Pursuant to the Underwriting Agreement, VMS Securities further undertakes to the Company that:

- (i) it shall use all reasonable endeavours to provide and ensure that each of the subscribers or sub-underwriters of the Underwritten Shares procured by it under the Open Offer shall, save for corporation(s) controlled by it, be third parties independent of, not acting in concert with it, CTF Nominee, the Company, their respective directors and shareholders and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective associates and is not a connected person of the Company; and
- (ii) it will ensure that each of the subscribers (save and except for CTF Nominee) or sub-underwriters (including any direct and indirect sub-underwriters) of the Offer Shares will not, together with any party acting in concert with it or its associates (within the meaning of the Takeovers Code), hold 30% or more of the voting rights of the Company or become a substantial Shareholder immediately upon completion of the Open Offer.

To the best knowledge of the Company and having made all reasonable enquiries, all Directors who are interested in the Exercisable Options have no intention to exercise the Exercisable Options held by each of them at any time on or before the Record Date. None of the holders of the outstanding Share Options has given any undertaking in relation to the exercise of the Share Options nor their intention to take up their respective Offer Shares, if any.

### **CTF Undertaking**

On the date of the Underwriting Agreement, CTF Nominee has given its irrevocable undertakings to each of the Company and VMS Securities that:

- (1) CTF Nominee shall remain as the beneficial owner of a total of 488,640,375 Shares up to and including the Latest Time for Acceptance;
- (2) CTF Nominee shall and shall procure CTF Subsidiaries to accept, subscribe and pay for an aggregate of 488,640,375 Offer Shares, being the maximum number of the Offer Shares to be offered to CTF Nominee and CTF Subsidiaries by the Company for subscription under the Open Offer, and undertake to lodge or procure to be lodged with the Company its acceptance for the Committed Shares, with payment in full therefor in cash by no later than the Latest Time for Acceptance or in the manner as set out in the Prospectus Documents; and

- (3) CTF Nominee will not and shall procure CTF Subsidiaries not to transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any Shares, any interest or voting rights (save for the Committed Shares to be subscribed by CTF Nominee and CTF Subsidiaries pursuant to the Open Offer) between the date of the CTF Undertaking and completion of the Open Offer.

Save for the CTF Undertaking, the Board has not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up their respective Offer Shares under the Open Offer.

### **Conditions of the Open Offer**

The Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. The conditions precedent of the Underwriting Agreement includes:

- (1) the Company having despatched the circular to the Shareholders containing, among other matters, details of the Open Offer and the Whitewash Waiver, together with the proxy form and notice of EGM;
- (2) the passing by the Independent Shareholders at the EGM by way of poll of the necessary resolution(s) approving, among others, the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares and the Whitewash Waiver;
- (3) the Executive granting the Whitewash Waiver waiving any obligation on the part of CTF Nominee and parties acting in concert with it, to make a general offer for all the securities and all outstanding Share Options of the Company not already owned by it or agreed to be acquired by it upon completion of the Underwriting Agreement and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted and such other necessary waiver or consent of the Executive for the transactions contemplated under the Open Offer;
- (4) the delivery to the Stock Exchange for authorization and the registration with the Hong Kong Companies Registry, respectively, one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution(s) of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of the Hong Kong);

- (5) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus for information only and a letter in the agreed form to the Excluded Shareholders, if any, explaining the circumstances in which they are not permitted to participate in the Open Offer on the Prospectus Posting Date;
- (6) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Offer Shares by no later than the first day of their dealings as stated in the Prospectus;
- (7) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (8) compliance with and performance of all undertakings and obligations of the Underwriters, respectively, under the Underwriting Agreement; and
- (9) the obligations of the Underwriters under the Underwriting Agreement not being terminated by the Underwriters pursuant to the terms thereof.

Save for the condition (8) above which can be waived by the Company (to the extent such condition is waivable) and conditions (7) and (9) above which can be jointly waived by the Underwriters (to the extent such conditions are waivable), none of the above conditions can be waived by the Company or the Underwriters. If the conditions precedent are not fully satisfied (or waived, as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriters may agree, the Underwriting Agreement shall be terminated and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches, and the Open Offer will not proceed.

### **Termination or rescission of the Underwriting Agreement**

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriters, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the sole and reasonable opinion of the Underwriters, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not of the same kind as any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and reasonable opinion of the Underwriters, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
  - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and reasonable opinion of the Underwriters are likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer;
- (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement, the circulars (together with the notice and proxy form of EGM), or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (5) the circular, prospectus or announcements of the Company (including any amendments or supplements thereto) published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws, Listing Rules, Takeovers Code or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the sole and

reasonable opinion of the Underwriters are material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the relevant Offer Shares offered to it,

the Underwriters shall at their sole and absolute discretion be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriters shall be entitled by notice in writing to the Company to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or
- (2) any Specified Event comes to the knowledge of the Underwriters.

Any such notice shall be served by the Underwriters to the Company prior to the Latest Time for Termination.

Upon termination or rescission of the Underwriting Agreement, the Open Offer will not proceed.

## **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

The core businesses of the Group include (i) waste materials collecting and packaging depots in Hong Kong; (ii) provision of confidential materials destruction services in Hong Kong; and (iii) marketing and selling of tissue paper products in Hong Kong, Macau and other overseas countries. As detailed in the Company's financial statements contained in its annual results announcement for the year ended 31 March 2014 issued on 30 June 2014, the general state of the Group's finances has not been satisfactory revenue-wise. However, the Group reiterates that it feels positive about its future given its strategic repositioning into new solid waste management spheres which should generate sustainable revenue over time. The Group will strive to put strong focus on sustainability and reach out into areas where the Group believes they can bring the most benefit over time. It is expected that the construction works for the industrial development owned by the Group in Tseung Kwan O, Hong Kong (the "**Project TKO**"), will be completed by the end of 2014 and the Group believes that the synergistic benefits brought from the completion of the Project TKO should help the Group in generating revenue and retrenching operating costs in the long run.

The Board recognizes the need to achieve an adequate profit margin and considers that it is prudent to finance the Group's long-term growth by long-term financing, especially in the form of equity which will not increase the Group's finance costs. The Board also acknowledges that the Group will encounter difficulty in raising funds from financial institutions by way of debt financing in light of its recent financial performance and positions. The Board is of the view that the Open Offer will enable the Group to strengthen its capital base, to ease the Group's short-term financial stress and to enhance its financial position, given that the revenue of the Group is expected to occur in the long run.

The estimated gross proceeds (before expenses) and the estimated net proceeds from the Open Offer (after deduction of expenses, including the commission to be paid to the Underwriters) will be not less than approximately HK\$482 million and HK\$472 million respectively and will not be more than approximately HK\$485 million and HK\$475 million respectively. The Company intends to apply the net proceeds from the Open Offer up to maximum amount of approximately HK\$238 million (representing 50% of the estimated net proceeds from the Open Offer) to finance the capital expenditure of Project TKO and other fixed assets; up to approximately HK\$190 million (representing 40% of the estimated net proceeds from the Open Offer) to finance the expansion of the Group's waste management and logistics businesses; and the remaining estimated net proceeds of approximately HK\$47 million (representing 10% of the net proceeds from the Open Offer) for general working capital of the Group.

Having taken into account the terms of the Open Offer, the Board (excluding Mr. Cheng Chi Ming, Brian and Mr. Tsang On Yip, Patrick who are required to abstain from voting on the relevant Board resolutions approving the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver, and the independent non-executive Directors who will give their views on the Open Offer after taking into account of the advice of the Independent Financial Adviser) considers that the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Furthermore, it also offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted.**

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, the effects on the shareholding structure of the Company as a result of the Open Offer based on different assumed scenarios are illustrated as follows (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date):

### (1) Assuming none of the Exercisable Options having been exercised on or before the Record Date:

|   | As at the date of<br>this announcement |                      | Immediately upon<br>completion of the Open<br>Offer, assuming all<br>Qualifying Shareholders<br>take up his/her/its<br>respective Offer Shares<br>under the Open Offer |                      | Immediately upon<br>completion of the Open<br>Offer, assuming no<br>Qualifying Shareholders<br>(other than CTF Nominee<br>and its concert parties)<br>take up the Offer Shares |                      |
|---|--|----------------------|--|----------------------|--|----------------------|
|   | Number of<br>Shares                    | %                    | Number of<br>Shares  | %                    | Number of<br>Shares  | %                    |
| <b>Substantial Shareholders</b>                           |  |                      |  |                      |  |                      |
| City Legend (Note 1)                                      | 785,100,000                            | 32.56                | 1,570,200,000  | 32.56                | 785,100,000  | 16.28                |
| CTF Nominee and its concert<br>parties (Notes 1, 2 and 3) | 488,640,375                            | 20.27                | 977,280,750  | 20.27                | 2,418,538,375  | 50.15                |
| <b>Public Shareholders</b>                                |  |                      |  |                      |  |                      |
| Firstrate Enterprises Limited<br>(Note 5)                 | 151,875,000                            | 6.30                 | 303,750,000  | 6.30                 | 151,875,000  | 3.15                 |
| VMS Securities (Note 6)                                   | -                                      | -                    | -  | -                    | 481,269,000  | 9.98                 |
| Other Public Shareholders                                 | 985,551,625                            | 40.87                | 1,971,103,250  | 40.87                | 985,551,625  | 20.44                |
| <b>Sub-total:</b>   | <u>1,137,426,625</u>                   | <u>47.17</u>         | <u>2,274,853,250</u>   | <u>47.17</u>         | <u>1,618,695,625</u>   | <u>33.57</u>         |
| <b>Total:</b>   | <u><u>2,411,167,000</u></u>            | <u><u>100.00</u></u> | <u><u>4,822,334,000</u></u>  | <u><u>100.00</u></u> | <u><u>4,822,334,000</u></u>  | <u><u>100.00</u></u> |



**2) Assuming the Exercisable Options having been exercised in full on or before the Record Date:**

|   | As at the date of this announcement |                      | After the exercise of the Exercisable Options which have been vested but immediately before completion of the Open Offer |                      | Immediately upon completion of the Open Offer, assuming all Qualifying Shareholders take up his/her/its respective Offer Shares under the Open Offer |                      | Immediately upon completion of the Open Offer, assuming no Qualifying Shareholders (other than CTF Nominee and its concert parties) take up the Offer Shares |                      |
|---|-------------------------------------|----------------------|--|----------------------|--|----------------------|--|----------------------|
|   | Number of Shares                    | %                    | Number of Shares   | %                    | Number of Shares   | %                    | Number of Shares   | %                    |
| <b>Substantial Shareholders</b>                           |                                     |                      |  |                      |  |                      |  |                      |
| City Legend (Note 1)                                      | 785,100,000                         | 32.56                | 785,100,000  | 32.39                | 1,570,200,000  | 32.39                | 785,100,000  | 16.19                |
| CTF Nominee and its concert parties (Notes 1, 2, 3 and 4) | 488,640,375                         | 20.27                | 490,440,375  | 20.23                | 980,880,750  | 20.23                | 2,430,782,975  | 50.14                |
| <b>Public Shareholders</b>                                |                                     |                      |  |                      |  |                      |  |                      |
| Firstrate Enterprises Limited (Note 5)                    | 151,875,000                         | 6.30                 | 151,875,000  | 6.26                 | 303,750,000  | 6.26                 | 151,875,000  | 3.13                 |
| VMS Securities (Note 6)                                   | -                                   | -                    | -  | -                    | -  | -                    | 483,874,000  | 9.98                 |
| Other Public Shareholders                                 | 985,551,625                         | 40.87                | 996,801,225  | 41.12                | 1,993,602,450  | 41.12                | 996,801,225  | 20.56                |
| <b>Sub-total:</b>   | <u>1,137,426,625</u>                | <u>47.17</u>         | <u>1,148,676,225</u>   | <u>47.38</u>         | <u>2,297,352,450</u>   | <u>47.38</u>         | <u>1,632,550,225</u>   | <u>33.67</u>         |
| <b>Total:</b>   | <u><u>2,411,167,000</u></u>         | <u><u>100.00</u></u> | <u><u>2,424,216,600</u></u>  | <u><u>100.00</u></u> | <u><u>4,848,433,200</u></u>  | <u><u>100.00</u></u> | <u><u>4,848,433,200</u></u>  | <u><u>100.00</u></u> |

**Notes:**

1. City Legend is wholly-owned by Mr. Leung Kai Kuen. Mr. Leung Kai Kuen is deemed to be interested in the 785,100,000 Shares which are held by City Legend as at the date of this announcement. As City Legend owns more than 20% of the Company, it and its concert parties are presumed to be parties acting in concert with CTF Nominee. For the purposes of disclosure and illustration, the shareholdings of CTF Nominee and its concert parties in this announcement have excluded the shareholding of City Legend.
2. As at the date of this announcement, CTF Nominee is the beneficial owner of 122,365,375 Shares and is interested in 366,275,000 Shares through its interest in its wholly-owned subsidiary Victory Day Investments Limited, respectively. Smart On Resources Ltd. is the beneficial owner of 366,275,000 Shares as at the date of this announcement and is wholly owned by Victory Day Investments Limited.
3. CTF Nominee is wholly- owned by Dato' Dr. Cheng Yu Tung. Dato' Dr. Cheng Yu Tung is deemed to be interested in 488,640,375 Shares.
4. Mr. Cheng Chi Ming, Brian, a concert party of CTF Nominee, holds 9,000,000 Share Options of which 1,800,000 Share Options are Exercisable Options. To the best knowledge of the Company and having made all reasonable enquiries, Mr. Cheng Chi Ming, Brian has no intention to exercise the 1,800,000 Exercisable Options held by him at any time on or before the Record Date.

- 5. Firststrate Enterprises Limited is a public Shareholder and is included in the above tables for illustration purpose only. It is not a substantial shareholder (as defined in the Listing Rules) of the Company but is a substantial shareholder of the Company under the SFO.
- 6. VMS Securities will be a public Shareholder immediately upon completion of the Open Offer (assuming no Qualifying Shareholders (other than CTF Nominee and its concert parties) will take up the Offer Shares) and is included in the above tables for illustration purpose only.

**Shareholders and public investors should note that the above changes in shareholding structure of the Company are for illustration purpose only and the actual change in the shareholding structure of the Company upon completion of the Open Offer are subject to various factors including, among other things, the results of acceptance of the Open Offer.**

**EXPECTED TIMETABLE OF THE OPEN OFFER**

**2014**

|   |   |
|---|---|
| Despatch of circular with the notice<br>and proxy form of EGM . . . . .   | Wednesday, 20 August                          |
| Latest time for lodging transfer of the Shares<br>in order to be qualified for attending<br>and voting at EGM . . . . . | 4:30 p.m. on Friday, 29 August                |
| Register of members of the Company closes<br>(both dates inclusive) . . . . .   | Monday, 1 September to<br>Friday, 5 September |
| Latest time for lodging proxy forms for the purpose<br>of the EGM. . . . .  | 11:00 a.m. on<br>Wednesday, 3 September       |
| Date of the EGM . . . . .   | 11:00 a.m. on Friday, 5 September             |
| Announcement of result of the EGM to be posted on<br>the Stock Exchange’s and the Company’s websites. . . . .           | Friday, 5 September                           |
| Register of members of the Company reopens . . . . .  | Monday, 8 September                           |
| Last day of dealing in the Shares on<br>a cum-entitlement basis . . . . .   | Monday, 8 September                           |
| First day of dealing in the Shares on<br>an ex-entitlement basis . . . . .  | Wednesday, 10 September                       |
| Latest time for lodging transfer of the Shares<br>in order to be qualified for the Open Offer. . . . .                  | 4:30 p.m. on<br>Thursday, 11 September        |



Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

### **IMPLICATION UNDER THE LISTING RULES**

As no excess application for the Offer Shares is available under the Open Offer and the Open Offer is underwritten by CTF Nominee, who is a substantial Shareholder, pursuant to Rule 7.26A(2) of the Listing Rules, specific approval shall be obtained from the Independent Shareholders (including Shareholders other than the Directors (excluding independent non-executive Directors), the chief executive and their respective associates) in respect of the absence of such excess application arrangement. Due to the above, CTF Nominee and its associates shall abstain from voting at the EGM to approve the absence of such excess application arrangement.

In the event that no Shareholder has taken up any Offer Shares (other than the Committed Shares) and: (i) none of the Exercisable Options having been exercised on or before the Record Date, upon the completion of the Open Offer, the total shareholding of CTF Nominee and its ultimate beneficial owner and parties acting in concert with any of them in the Company will increase to approximately 50.15% of the entire issued share capital of the Company as enlarged by the Open Offer; or (ii) the Exercisable Options having been exercised in full on or before the Record Date, upon the completion of the Open Offer, the total shareholding of CTF Nominee and its ultimate beneficial owner and parties acting in concert with any of them in the Company will increase to approximately 50.14% of the entire issued share capital of the Company as enlarged by the Open Offer, and that would result in a change of the control of the Company. Pursuant to Rule 13.36(1)(b) of the Listing Rules, approval shall be obtained from the Independent Shareholders.

The entering into of the Underwriting Agreement with CTF Nominee, who is a substantial Shareholder, and the payment of the underwriting commission to CTF Nominee as one of the Underwriters constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the underwriting commission to be received by CTF Nominee of approximately HK\$5.8 million (based on 1,451,702,225 Shares, being the maximum number of Offer Shares underwritten by CTF Nominee under the Open Offer) is on normal commercial terms and all applicable percentage ratios (as defined in the Listing Rules) are less than 5%, the payment of underwriting commission by the Company to CTF Nominee is therefore subject to reporting and announcement requirements only but exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules. Save for Mr. Cheng Chi Ming, Brian, the Chairman of the Company and a non-executive Director, and Mr. Tsang On Yip, Patrick, a non-executive Director, both of whom are associates of Dato' Dr. Cheng Yu Tung, who holds the entire interest in the share capital of CTF Nominee, had abstained from voting on the relevant board resolutions, none of the Directors

has a material interest in the Open Offer, the Underwriting Agreement, the CTF Undertaking, the Whitewash Waiver and all matters contemplated thereunder and were not required to abstain from voting on the relevant board resolutions approving, among other things, the Open Offer, the Underwriting Agreement and all matters contemplated thereunder.

Pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is conditional on, among other things, the approval by the Independent Shareholders at the EGM by way of poll, at which any controlling Shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour. As at the date of this announcement, City Legend is interested in approximately 32.56% of the issued share capital of the Company and hence a controlling Shareholder. As such, City Legend and its associates shall abstain from voting in favour of the resolution in relation to the Open Offer at the EGM.

Immediately following the completion of the Open Offer, the Company should be able to maintain the public float as required under the Listing Rules. In the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer solely because of the Underwriters' performance of their obligations under the Underwriting Agreement, each of the Underwriters agrees and undertakes to take such appropriate steps as may be required to maintain the minimum public float for the Shares in compliance with Rule 8.08(1)(a) of the Listing Rules.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company did not conduct any fund raising activities in the past twelve months immediately prior to the date of this announcement.

## **ADJUSTMENTS RELATING TO SHARE OPTIONS UPON COMPLETION OF THE OPEN OFFER**

Pursuant to the terms of the share option scheme adopted by the Company on 11 March 2010, the completion of the Open Offer will cause adjustments, as the case may be, to the exercise or conversion prices and/or the number of the outstanding Share Options. The Company will instruct its auditor or an approved financial adviser to review and certify the bases of such adjustments to the outstanding Share Options in compliance with Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and in accordance with the terms of the share option scheme adopted by the Company on 11 March 2010. The Company will inform the holders of the Share Options and publish an announcement accordingly.

## **IMPLICATION UNDER THE TAKEOVERS CODE AND APPLICATION OF WHITEWASH WAIVER**

As at the date of this announcement, CTF Nominee, together with its beneficial owner and parties acting in concert with any one of them, is beneficially interested in 488,640,375 Shares, representing approximately 20.27% of the issued share capital of the Company. CTF Nominee directly holds 122,365,375 Shares while 366,275,000 Shares are indirectly held through its wholly-owned subsidiaries, Smart On Resources Ltd which is wholly-owned by Victory Day Investments Limited which is wholly-owned by CTF Nominee. Mr. Cheng Chi Ming, Brian, a concert party of CTF Nominee, holds 9,000,000 Share Options of which 1,800,000 Share Options are Exercisable Options. To the best knowledge of the Company and having made all reasonable enquiries, Mr. Cheng Chi Ming, Brian has no intention to exercise the 1,800,000 Exercisable Options held by him at any time on or before the Record Date.

In the event that, upon completion of the Open Offer (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date), no Qualifying Shareholders will take up any Offer Shares (other than the Committed Shares), the Underwriters will be required to subscribe for and take up all Underwritten Shares, which will result in the total shareholding of CTF Nominee and its ultimate beneficial owner and parties acting in concert with any of them in the Company increasing from 488,640,375 Shares, representing approximately 20.27% of the issued share capital of the Company (not taking into account of the 1,800,000 Exercisable Options held by Mr. Cheng Chi Ming, Brian, a concert party of CTF Nominee, as such Exercisable Options have not been exercised as at the date of this announcement), to:

- (i) assuming that no Shareholder has taken up any Offer Shares (other than the Committed Shares) and none of the Exercisable Options having been exercised on or before the Record Date, 2,418,538,375 Shares representing approximately 50.15% of the entire issued share capital of the Company as enlarged by the Open Offer; or
- (ii) assuming that no Shareholder has taken up any Offer Shares (other than the Committed Shares) and the Exercisable Options having been exercised in full on or before the Record Date, 2,430,782,975 Shares representing approximately 50.14% of the entire issued share capital of the Company as enlarged by the Open Offer.

Accordingly, the underwriting of the Underwritten Shares by CTF Nominee pursuant to the Underwriting Agreement and the subscription for the Committed Shares pursuant to the CTF Undertaking will trigger an obligation on CTF Nominee, together with parties acting in concert with it, to make a mandatory offer under Rule 26 of the Takeovers Code for all the issued securities of the Company (including the Exercisable Options) not already owned or agreed to be acquired by CTF Nominee and parties acting in concert with it, unless the Whitewash Waiver is obtained.

An application will be made by CTF Nominee to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval by the Independent Shareholders at the EGM by way of poll, which CTF Nominee and parties acting in concert with it and (if applicable) Shareholders who are not Independent Shareholders will abstain from voting at the EGM on the relevant resolutions. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not become unconditional and will not proceed.

CTF Nominee has confirmed that (for itself and on behalf of parties acting in concert with it) neither it nor parties acting in concert with it have acquired any voting rights of the Company or have dealt in any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) in the six months prior to the date of this announcement which would constitute disqualifying transaction under Paragraph 3 of Schedule VI of the Takeovers Code by itself and parties acting in concert with it before completion of the Open Offer.

As at the date of this announcement, other than the 488,640,375 Shares which CTF Nominee is interested in and the 9,000,000 Share Options held by Mr. Cheng Chi Ming, Brian:

- (i) CTF Nominee and the parties acting in concert with it do not own, control or have direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) save for the Underwriting Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of CTF Nominee or the Company which might be material to the Open Offer, the Underwriting Agreement, the CTF Undertaking and/or the Whitewash Wavier;
- (iii) other than those set out in the paragraph headed “Conditions of the Open Offer” in this announcement, there is no agreement or arrangement to which CTF Nominee is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Open Offer;
- (iv) CTF Nominee and parties acting in concert with it have not received any irrevocable commitment to vote for the Open Offer, the Underwriting Agreement, the CTF Undertaking and/or the Whitewash Wavier or to take up the securities of the Company to be offered to it under the Open Offer; and
- (v) CTF Nominee and parties acting in concert with it have not borrowed or lent any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in the Company.

## **WARNING OF THE RISK OF DEALINGS IN THE SHARES**

**Shareholders and potential investors should note that the Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Open Offer” of this announcement. In particular, the Open Offer is subject to the Underwriters not terminating or rescinding the Underwriting Agreement in accordance with the terms set out therein (a summary of which is set out in the section headed “Termination or rescission of the Underwriting Agreement” of this announcement). Accordingly, the Open Offer may or may not proceed.**

**Any Shareholders or other persons dealing in the Shares up to the date on which all conditions to which the Open Offer are fulfilled or waived (if applicable) (which is expected to be on Wednesday, 8 October 2014), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. If the Underwriters shall terminate or rescind the Underwriting Agreement, the Open Offer will not proceed and will lapse. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.**

**Overseas Shareholders should note that they may or may not be entitled to the Open Offer, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Further details as to the entitlement of the Overseas Shareholders to the Open Offer will be set out in the Prospectus to be despatched to the Shareholders relating to the Open Offer.**

## **GENERAL**

The Board will appoint the Independent Financial Adviser to advise the Independent Board Committee (which will be formed and will comprise all independent non-executive Directors, namely Mr. Nguyen Van Tu, Peter, Mr. Chow Shiu Wing, Joseph and Mr. Wong Man Chung, Francis but excluding the non-executive Directors, Mr. Cheng Chi Ming, Brian who is a party acting in concert with CTF Nominee and Mr. Tsang On Yip, Patrick) and the Independent Shareholders on the terms of the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver, and to make recommendations (i) as to whether the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver are fair and reasonable; and (ii) as to voting of the resolution(s) to approve the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver. Announcement will be made by the Company upon appointment of the Independent Financial Adviser. Although Mr. Tsang On Yip, Patrick is not a party acting in concert with CTF Nominee, he is a connected person of the Company as he is an associate (as defined in the Listing Rules) of Dato' Dr. Cheng Yu Tung, who holds the entire interest in



the share capital of CTF Nominee, the Company considers that it will be more appropriate if he will not be appointed as a member of the Independent Board Committee to avoid any conflict of interest.

A circular containing, among others, (i) the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out its recommendations in relation to the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in relation to the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver; and (iv) a notice of EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Takeovers Code and the Listing Rules.

Subject to, among other things, the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver being approved by the Independent Shareholders at the EGM, the Company will, on or around Friday, 19 September 2014, send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus (without the Application Form) to the Excluded Shareholders and the holders of the outstanding Share Options for information purpose only.

## **DEFINITIONS**

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

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| “acting in concert”   | has the meaning ascribed to it under the Takeovers Code   |
| “Application Form(s)” | the application form(s) in respect of the Open Offer to be used by the Qualifying Shareholder(s) to apply for the Offer Shares in the form agreed by the Company and the Underwriters |
| “associate(s)”        | has the meaning ascribed to it in the Listing Rules   |
| “Board”               | board of Directors  |

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| “Business Day”        | a day (other than a Saturday, a Sunday or days on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which banks in Hong Kong are generally open for business for more than five hours in Hong Kong  |
| “CCASS”               | the Central Clearing and Settlement System established and operated by HKSCC   |
| “City Legend”         | City Legend International Limited, a company incorporated in the British Virgin Islands, a controlling Shareholder of the Company as at the date of this announcement and wholly-owned by Mr. Leung Kai Kuen   |
| “Committed Shares”    | being the 488,640,375 Offer Shares in aggregate, represent the maximum number of the Offer Shares to be offered to CTF Nominee and CTF Subsidiaries by the Company for subscription under the Open Offer, which CTF Nominee irrevocably undertakes to and will procure CTF Subsidiaries to accept and subscribe pursuant to the CTF Undertaking; and for the avoidance of doubt, do not include the Offer Shares to be underwritten by CTF Nominee in respect of the Open Offer pursuant to the Underwriting Agreement |
| “Company”             | Integrated Waste Solutions Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited  |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules  |
| “CTF Nominee”         | Chow Tai Fook Nominee Limited (周大福代理人有限公司), a company incorporated in Hong Kong, and a substantial shareholder of the Company as at the date of this announcement and one of the Underwriters  |
| “CTF Subsidiaries”    | Victory Day Investments Limited and Smart On Resources Ltd. or any of them   |

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| “CTF Undertaking”         | the letter of undertaking dated 25 July 2014 given by CTF Nominee to the Company and VMS Securities in relation to its irrevocable undertaking to accept the subscription and payment for the Committed Shares under the Open Offer   |
| “Director(s)”             | director(s) of the Company  |
| “EGM”                     | the extraordinary general meeting of the Company to be convened on or about Friday, 5 September 2014 (or any adjournment thereof) for the Independent Shareholders to consider and, if thought fit, approve, <i>inter alia</i> , the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver   |
| “Exercisable Options”     | the outstanding Share Options which have been vested, in aggregate 13,049,600 Share Options, which are exercisable from 25 July 2014 to 24 April 2020   |
| “Excluded Shareholder(s)” | (if any) Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong are in a place where the Directors, based on legal opinions provided by the legal advisers of the relevant jurisdictions, consider it necessary or expedient not to offer the Open Offer to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Executive”               | Executive Director of the Corporate Finance Division of the SFC of Hong Kong or any of his delegates  |
| “Group”                   | the Company and its subsidiaries  |
| “HKSCC”                   | Hong Kong Securities Clearing Company Limited   |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the People’s Republic of China   |

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| “Independent Board Committee”   | a committee of the Board, comprising all independent non-executive Directors (but excluding the non-executive Directors, Mr. Cheng Chi Ming, Brian who is a party acting in concert with CTF Nominee and Mr. Tsang On Yip, Patrick) to advise the Independent Shareholders on the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver   |
| “Independent Financial Adviser” | the independent financial adviser to be appointed by the Company and approved by the Independent Board Committee as to advise the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the Underwriting Agreement, the CTF Undertaking and the Whitewash Waiver   |
| “Independent Shareholders”      | Shareholders other than CTF Nominee and parties acting in concert with it, the Directors (excluding the independent non-executive Directors), the chief executive and their respective associates and those who are involved in, or interested in the Open Offer, the Underwriting Agreement, the CTF Undertaking and/or the Whitewash Waiver, who are required to abstain from voting in respect of the Open Offer at the EGM pursuant to the Listing Rules |
| “Last Trading Day”              | 25 July 2014, being the last trading day prior to the publication of this announcement   |
| “Latest Time for Acceptance”    | 4:00 p.m. on Tuesday, 7 October 2014 or such later time or date as may be agreed between the Company and the Underwriters, being the latest time for acceptance of and payment for, the Offer Shares in the manner as set out in the Prospectus Documents (or such other time or date as the Underwriters and the Company may agree in writing)  |

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| “Latest Time for Termination” | 4:00 p.m. on the following Business Day immediately after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriters, being the latest time to terminate the Underwriting Agreement (or such other time or date as the Underwriters and the Company may agree in writing)                                       |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Offer Share(s)”              | not less than 2,411,167,000 Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date); and not more than 2,424,216,600 Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date) proposed to be offered to the Qualifying Shareholders for subscription under the Open Offer       |
| “Open Offer”                  | the proposed issue of Offer Shares by the Company on the basis of one Offer Share for every one Share to the Qualifying Shareholders held on the Record Date at the Subscription Price, which is subject to the terms and conditions of the Prospectus Documents   |
| “Overseas Shareholders”       | the Shareholders (if any) with registered addresses on the register of members of the Company which are outside Hong Kong at the close of business on the Record Date  |
| “Prospectus”                  | the prospectus to be issued by the Company to despatch to the Qualifying Shareholders together with the Application Form in relation to the Open Offer, and if, to the extent legally and practically permissible, to despatch (without the Application Form) to the Excluded Shareholders and the holders of the outstanding Share Options for information purpose only |
| “Prospectus Documents”        | the Prospectus and the Application Form  |

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| “Prospectus Posting Date”   | Friday, 19 September 2014 or such later date as may be agreed between the Underwriters and the Company for the despatch of the Prospectus Documents   |
| “Qualifying Shareholder(s)” | the Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date  |
| “Record Date”               | Thursday, 18 September 2014, or such other date as may be agreed by the Company and the Underwriters, being the date by reference to which entitlements to the Open Offer will be determined  |
| “Registrar”                 | Tricor Investor Services Limited the branch share registrar and transfer office of the Company in Hong Kong   |
| “SFC”                       | Securities and Futures Commission of Hong Kong  |
| “SFO”                       | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| “Share(s)”                  | ordinary share(s) of HK\$0.10 each in the share capital of the Company  |
| “Shareholder(s)”            | holder(s) of the Shares   |
| “Share Options”             | the share options granted under the share option scheme adopted by the Company on 11 March 2010   |
| “Specified Event”           | an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect |
| “Stock Exchange”            | The Stock Exchange of Hong Kong Limited   |

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| “substantial shareholder(s)” | has the meaning ascribed to it in the Listing Rules  |
| “Subscription Price”         | HK\$0.20 per Offer Share   |
| “Takeovers Code”             | the Hong Kong Code on Takeovers and Mergers  |
| “Underwritten Shares”        | the total number of the Offer Shares (other than the Committed Shares) which are offered to the Qualifying Shareholders to subscribe for and fully underwritten by the Underwriters pursuant to the Open Offer   |
| “Underwriters”               | CTF Nominee and VMS Securities   |
| “Underwriting Agreement”     | the underwriting agreement dated 25 July 2014 entered into between the Company and the Underwriters in relation to the underwriting arrangement in respect of the Open Offer   |
| “VMS Securities”             | VMS Securities Limited (鼎珮證券有限公司), a company incorporated in Hong Kong with limited liability, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities); Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and one of the Underwriters. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, VMS Securities and its ultimate beneficial owner are third parties independent of the Company and its connected persons |
| “Whitewash Waiver”           | a waiver to be granted by the Executive pursuant to note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of CTF Nominee and parties acting in concert with it, to make a mandatory general offer for all the securities of the Company (including the Exercisable Options) not already owned or agreed to be acquired by CTF Nominee and parties acting in concert with it, which would otherwise arise as a result of the Underwriters being required to perform its underwriting commitment under the Underwriting Agreement               |

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board  
**Integrated Waste Solutions Group Holdings Limited**  
**Cheng Chi Ming, Brian**  
Chairman

Hong Kong, 25 July 2014

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Suen Wing Yip, Mr. Lau Sai Cheong, Mr. To Chun Wai and Mr. Tam Sui Kin, Chris; two non-executive Directors, namely, Mr. Cheng Chi Ming, Brian (Chairman) and Mr. Tsang On Yip, Patrick; and three independent non-executive Directors, namely, Mr. Nguyen Van Tu, Peter, Mr. Chow Shiu Wing, Joseph and Mr. Wong Man Chung, Francis.*

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

*All Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*