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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any of the contents of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Cheuk Nang (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**CHEUK NANG (HOLDINGS) LIMITED****卓能 (集團) 有限公司***(Incorporated in Hong Kong with limited liability)*

(Stock Code: 131)

**CONTINUING CONNECTED TRANSACTION  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING****Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders****WALLBANCK BROTHERS  
Securities (Hong Kong) Limited**

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A letter from the Board is set out on pages 3 to 8 of this circular. A letter from the Independent Board Committee is set out on page 9 of this circular. A letter from Wallbanck Brothers, the Independent Financial Adviser, containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 22 of this circular.

A notice convening the EGM to be held at 35/F., Cheuk Nang Plaza, 250 Hennessy Road, Wanchai, Hong Kong on 19 November 2014 at 3:30 p.m. (or immediately after the holding of the annual general meeting of the Company, if later) is set out on pages 27 to 28 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's share registrar, Computershare Hong Kong Investor Services Ltd., at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

27 October 2014

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## DEFINITIONS

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

“Annual Caps”	the maximum aggregate amount payable by the Group to CCAL for the Services
“Board”	the board of Directors
“CCAL”	Cecil Chao & Associates Limited, a company incorporated in Hong Kong with limited liability
“Company”	Cheuk Nang (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Dr. Chao”	Dr. Chao Sze Tsung, Cecil, an executive Director and the controlling shareholder of the Company
“Director(s) ”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve the New Service Agreement and the transactions contemplated thereunder and the Annual Caps thereof
“Existing Service Agreement”	the agreement dated 10 October 2012 entered into between the Company and CCAL regarding the provision of Services by CCAL to the Group for the period from 28 November 2012 to 30 June 2014
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, who have no material interests in the transactions contemplated under the New Service Agreement, namely Dr. Sun Ping Hsu, Samson, Mr. Ting Woo Shou, Kenneth and Mr. Lam Ka Wai, Graham

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## DEFINITIONS

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“Independent Financial Adviser” or “Wallbanck Brothers”	Wallbanck Brothers Securities (Hong Kong) Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Service Agreement (including the Annual Caps thereof), a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM
“Latest Practicable Date”	22 October 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Service Agreement”	the agreement entered into between the Company and CCAL dated 26 September 2014 in connection with the provision of Services by CCAL to the Group for the period from 1 July 2014 to 30 June 2016
“PRC”	the People’s Republic of China and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Services”	architectural, engineering, design, project management and related services
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s) ”	share(s) of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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### CHEUK NANG (HOLDINGS) LIMITED

### 卓能(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 131)

*Executive Directors:*

Dr. Chao Sze Tsung, Cecil (*Chairman*)

Ms. Chao Gigi (*Vice Chairman*)

Mr. Yung Philip

Ms. Ho Sau Fun, Connie

*Registered Office:*

30th-35th Floors,

Cheuk Nang Plaza,

250 Hennessy Road,

Wanchai, Hong Kong

*Non-executive Directors:*

Mr. Chao Howard

Mr. Lee Ding Yue, Joseph

*Independent Non-executive Directors:*

Dr. Sun Ping Hsu, Samson

Mr. Lam Ka Wai, Graham

Mr. Ting Woo Shou, Kenneth

27 October 2014

*To the Shareholders*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTION

#### I. INTRODUCTION

On 26 September 2014, the Board announced that the Company and CCAL entered into the New Service Agreement in connection with CCAL's provision of the Services to the Group. CCAL is a company wholly-owned by Dr. Chao, an executive Director and the controlling Shareholder.

As Dr. Chao is a connected person of the Company, the transactions under the New Service Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The purpose of this circular is to provide you, among other things, with (i) further details in connection with the transactions contemplated under the New Service Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Wallbank Brothers to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM.

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## LETTER FROM THE BOARD

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### II. NEW SERVICE AGREEMENT

Pursuant to the New Service Agreement, CCAL is engaged to provide the Services to the Group. The principle terms of the New Service Agreement are substantially the same as the Existing Service Agreement. The fees for the Services shall be based on the works to be performed, and shall be on normal commercial terms and on terms no less favourable to the Group than those offered by CCAL to independent third parties and no less favourable to the Group than those offered by independent service providers. The New Service Agreement may be renewed by mutual agreement between the Company and CCAL subject to compliance with the Listing Rules and all applicable law.

In accordance with the New Service Agreement, where CCAL agreed to provide Services to any member of the Group, such relevant member shall enter into a separate agreement with CCAL and the terms of such separate agreement must comply with (i) the terms of the New Service Agreement and (ii) the requirements of the Listing Rules. In determining the fees payable to CCAL under each separate agreement, the Company or the relevant member of the Group would solicit at least two other quotations from unrelated parties for services in similar scope to determine if the fees and terms offered by CCAL are fair and reasonable and comparable to those offered by unrelated third parties. The terms for the payment by the Group of fees for Services provided by CCAL are to be negotiated and determined on a case by case basis under such separate agreement. In general, fees are payable by stage payment.

The New Service Agreement was negotiated between the parties on arm's length basis. The Directors (including the members of the Independent Board Committee after having taken into account the advice of the Independent Financial Adviser) are of the view that the transactions under the New Service Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### III. CONDITION

The New Service Agreement is conditional upon the passing of the requisite resolution by the Independent Shareholders approving the New Service Agreement and the transactions contemplated thereunder at the EGM. If such condition is fulfilled, the New Service Agreement shall deem to have commenced from 1 July 2014 and shall continue until 30 June 2016.

If the approval by the Independent Shareholders of the New Service Agreement is not obtained on or before 31 December 2014 (or such later date as may be agreed between the Company and CCAL), the New Service Agreement will automatically be terminated and none of the parties to the New Service Agreement shall have any claim against the other parties save for any antecedent breaches of the terms of the New Service Agreement.

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## LETTER FROM THE BOARD

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### IV. ANNUAL CAPS

Set out below are the historical maximum aggregate amounts payable by the Group to CCAL for the Services and actual payments made under the Existing Service Agreement:

Historical Annual Caps for the Existing Service Agreement

<b>From 28 November 2012 to 30 June 2013</b>	<b>From 1 July 2013 to 30 June 2014</b>
<i>HK\$</i>	<i>HK\$</i>
21,633,028	21,757,340

Historical aggregate amount of fees paid to CCAL

<b>From 28 November 2012 to 30 June 2013</b>	<b>From 1 July 2013 to 30 June 2014</b>
<i>HK\$</i>	<i>HK\$</i>
21,626,360	21,755,000

Pursuant to the New Service Agreement, the parties agree that the Annual Cap for each of the years ending 30 June 2015 and 30 June 2016 shall not exceed the following:

<b>From 1 July 2014 to 30 June 2015</b>	<b>From 1 July 2015 to 30 June 2016</b>
<i>HK\$</i>	<i>HK\$</i>
38,871,209	31,293,584

No fee has been paid to CCAL from 1 July 2014 up to the Latest Practicable Date.

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## LETTER FROM THE BOARD

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The Annual Caps under the New Service Agreement are determined between the parties on an arm's length basis by reference to factors such as the current market price of similar services available in the market, the prevailing market conditions and the Group's various developments, particularly its existing property development projects in Hong Kong and two respective property development projects in Hangzhou, the PRC and Malaysia and the proposed renovation projects for existing rental properties of the Group. It is anticipated that the Annual Cap for the year ended 30 June 2016 will be lower as the development project in Hangzhou is currently expected to be completed before 30 June 2015.

The Directors (including the members of the Independent Board Committee after having taken into account the advice of the Independent Financial Adviser) consider that the Annual Caps under the New Service Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

In the event that the Annual Caps under the New Service Agreement are exceeded, the Company will make a further announcement and will comply with the Listing Rules as and when necessary.

### **V. REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW SERVICE AGREEMENT**

The principal activities of CCAL are providing architectural, engineering, design and miscellaneous consultancy services for property development projects. Given that the Group's property development projects are underway which results in the increasing demand of the continuing provision of such services, the Board believes that the services by CCAL under the New Service Agreement, which is to be provided on a regular and continuing basis, will enable the Group to benefit from the expertise, experience, efficiency and economies of scale of CCAL, which would enable the Group to obtain quality services at competitive prices. In addition, CCAL has been providing Services pursuant to the Existing Service Agreement in respect of the Group's existing property development projects, the Board believes that the continuity for provision of services by CCAL will avoid possible interruptions in the carrying out of the Group's development projects if the Group has to engage other professional firms for such services. The amount of the Annual Caps under the New Service Agreement will increase substantially compared to the fees paid by the Group for the Services in the two financial years ended 30 June 2014 mainly due to (i) fees for services provided for the development project in Hangzhou is expected to be settled before mid 2015, and (ii) the development project in Malaysia is expected to enter into the construction stage and substantial amount of Services would be required.

### **VI. GENERAL**

The Company is an investment holding company. The activities of its principal operating subsidiaries include property trading, property development and investment.

CCAL is a company wholly owned by Dr. Chao, an executive Director and the controlling Shareholder. The transactions contemplated under the New Service Agreement therefore constitute continuing connected transactions for the Company under the Listing Rules. Given that the maximum annual value of the Services to be provided by CCAL under the New Service Agreement exceeds HK\$10 million and the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) also exceed 5%, the New Service Agreement is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.



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## LETTER FROM THE BOARD

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### VII. EGM

The EGM will be held at 35/F., Cheuk Nang Plaza, 250 Hennessy Road, Wanchai, Hong Kong on 19 November 2014 at 3:30 p.m. (or immediately after the holding of the annual general meeting of the Company, if later), for the Independent Shareholders to consider and, if thought fit, approve the New Service Agreement and the transactions contemplated thereunder.

The notice of the EGM is set out on pages 27 to 28 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's share registrar, Computershare Hong Kong Investor Services Ltd., at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Dr. Chao, an executive Director, is considered to have a material interest in the New Service Agreement and has abstained from voting on the Board resolutions approving the New Service Agreement. Other than Dr. Chao, no Director has a material interest in the New Service Agreement.

Dr. Chao and his associates, and any Shareholders who are materially interested in the continuing connected transactions under the New Service Agreement, are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the New Service Agreement and the transactions contemplated thereunder (including the Annual Caps thereof).

### VIII. RECOMMENDATIONS

You attention is drawn to the letter from the Independent Board Committee set out on page 9 of this circular which contains its recommendation to the Independent Shareholders in relation to the terms of the New Service Agreement. Your attention is also drawn to the letter from Wallbanck Brothers set out on pages 10 to 22 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the terms of the New Service Agreement, and the principal factors and reasons taken into account in arriving at its recommendations. You are advised to read the letter from the Independent Board Committee and the letter from Wallbanck Brothers as set out in this circular before deciding how to vote on the resolution to be approved at the EGM.

As set out in the letter from the Independent Board Committee, members of the Independent Board Committee, having considered the terms of the New Service Agreement and taken into account the advice of the Independent Financial Adviser and the principal factors and reasons taken into consideration by it in arriving at its opinion, consider that the terms of the New Service Agreement including the Annual Caps thereof are fair and reasonable so far as the interests of the Independent Shareholders are concerned and that the entering into the New Service Agreement is in the interests of the Company and the Independent Shareholders.

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## LETTER FROM THE BOARD

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Accordingly, the Board (including the members of the Independent Board Committee after having taken into account the advice of the Independent Financial Adviser) recommends the Independent Shareholders to vote in favour of the resolution at the EGM to approve the New Service Agreement and the transactions contemplated thereunder (including the Annual Caps thereof).

### **IX. ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,  
By order of the Board  
**CHEUK NANG (HOLDINGS) LIMITED**  
**Dr. Chao Sze Tsung, Cecil**  
*Chairman of the Board*



**CHEUK NANG (HOLDINGS) LIMITED**

**卓能（集團）有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 131)

27 October 2014

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

We have been appointed as members of the Independent Board Committee to give our advice on the New Service Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board included in the circular to the Shareholders dated 27 October 2014 (the “Circular”), of which this letter forms a part. Terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Wallbank Brothers has been appointed as the Independent Financial Adviser to advise us on the New Service Agreement and the respective transactions contemplated thereunder. The letter from Wallbank Brothers is set out on pages 10 to 22 of the Circular.

Having considered the terms and conditions of the New Service Agreement, the advice given by Wallbank Brothers and the principal factors and reasons taken into consideration by them in arriving at their advice, we are of the opinion that the New Service Agreement and the transactions contemplated thereunder (including the Annual Caps thereof) are in the interests of the Company and the Independent Shareholders as a whole, and the terms and conditions of the New Service Agreement is on normal commercial terms, fair and reasonable so far as the interests of the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the New Service Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

**Dr. Sun Ping Hsu, Samson**

*Independent*

*Non-executive Director*

**Mr. Ting Woo Shou, Kenneth**

*Independent*

*Non-executive Director*

**Mr. Lam Ka Wai, Graham**

*Independent*

*Non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Wallbanck Brothers, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the continuing connected transaction contemplated under the New Service Agreement and Annual Caps, for the purpose of incorporation into this circular.*



### WALLBANCK BROTHERS Securities (Hong Kong) Limited

1312, Tower 1, Lippo Centre,  
89 Queensway, Central,  
Hong Kong

27 October 2014

*To the Independent Board Committee and  
the Independent Shareholders of  
Cheuk Nang (Holdings) Limited*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Service Agreement and the Annual Caps thereof, details of which are set out in the letter from the Board (the “**Letter from the Board**”) as contained in the circular of the Company to the Shareholders dated 27 October 2014 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires the otherwise.

On 26 September 2014 (after trading hours), the Company and CCAL entered into the New Service Agreement, pursuant to which, CCAL is engaged to provide the Services to the Group. According to the Letter from the Board, the fees for the Services (the “**Services Fees**”) shall be based on the work to be performed, and shall be on normal commercial terms and on terms no less favourable to the Group than those offered by CCAL to independent third parties (as defined under the Listing Rules) and no less favourable to the Group than those offered by independent service providers.

The Company and CCAL agreed that the maximum aggregate amounts payable by the Group to CCAL for the Services under the New Service Agreement shall not exceed Annual Caps of HK\$38,871,209 and HK\$31,293,584 for the two years ending 30 June 2015 and 30 June 2016 respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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CCAL is a company wholly-owned by Dr. Chao, an executive Director and the controlling Shareholder. Accordingly, the transactions contemplated under the New Service Agreement constitute continuing connected transactions for the Company under the Listing Rules. Given that the maximum annual value of the Services to be provided by CCAL under the New Service Agreement exceeds HK\$10 million and the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) also exceeds 5%, the New Service Agreement is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Dr. Chao and his associates, and any Shareholders who are materially interested in the transactions contemplated under the New Service Agreement, are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the New Service Agreement and the transactions contemplated thereunder (including the Annual Caps thereof).

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Sun Ping Hsu, Samson, Mr. Ting Woo Shou, Kenneth and Mr. Lam Ka Wai, Graham has been established to give advice to the Independent Shareholders in respect of the continuing connected transaction contemplated under the New Service Agreement and the Annual Caps thereof. We, Wallbank Brothers, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendations, we have relied on the accuracy of the information, opinions and representations provided to us by the executive Directors and management of the Company, and have assumed that all information, opinions and representations contained or referred to in the Circular were true and accurate in all respects at the time when they were made and will continue to be accurate at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the executive Directors in the Circular were reasonably made after due enquiries. We have no reasons to doubt that any relevant information have been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular to provide a reasonable basis for our opinions and recommendations. Having made all reasonable enquiries, the executive Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the executive Directors and management of the Company, nor have we conducted any form of independent investigation into the business and affairs of any member of the Group or any of its respective subsidiaries or associates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In formulating our opinion, we have relied on the financial information provided by the Company, particularly, on the accuracy and reliability of financial statements and other financial data of the Company. We have not audited, compiled nor reviewed the said financial statements and financial data. We shall not express any opinion or any form of assurance on them. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. The executive Directors have also advised us that no material facts have been omitted from the information to reach an informed view, and we have no reason to suspect that any material information has been withheld. We have not carried out any feasibility study on any past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company. Our opinion has been formed on the assumption that any analysis, estimation, forecast, anticipation, condition and assumption provided by the Company are valid and sustainable. Our opinions shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company.

Our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of, the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention before and after the EGM.

Our opinions are based on the executive Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the continuing connected transactions contemplated under the New Service Agreement and the Annual Caps thereof.

Our opinions are based on the executive Directors' confirmation of receipt of our advice that the executive Directors and the management of the Company are responsible to take all reasonable steps to ensure that the information and representations provided in any press announcement, circular and prospectus concerning the continuing connected transactions contemplated under the New Service Agreement and the Annual Caps thereof are true, accurate, complete in all respects and not misleading or deceptive, and that no material information or facts have been omitted or withheld.

Our opinions and their validity are subject to the views of the executive Directors concerning the continuing connected transactions contemplated under the New Service Agreement and the Annual Caps thereof.

We take no responsibility for the contents of the Letter from the Board, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this letter.

Our opinions are formulated only and exclusively for the purpose of the continuing connected transaction contemplated under the New Service Agreement and the Annual Caps thereof and shall not be used for any other purpose in any circumstance nor for any comparable purpose with any other opinions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion to the Independent Board Committee in respect of the transactions contemplated under the New Service Agreement and the Annual Caps thereof, we have taken into consideration the following principal factors and reasons:

#### **1. Terms of the New Service Agreement**

The Company is an investment holding company. The activities of its principal operating subsidiaries include trading, property development and investment.

CCAL is a company principally engaged in the provision of architectural, engineering, design and miscellaneous consultancy services for property development projects.

As stated in the Letter from the Board, on 26 September 2014 (after trading hours), the Company and CCAL entered into the New Service Agreement pursuant to which CCAL is engaged to provide the Services to the Group. The Services Fees shall be based on the works to be performed, and shall be on normal commercial terms and on terms no less favourable to the Group than those offered by CCAL to independent third parties (as defined under the Listing Rules) and no less favourable to the Group than those offered by independent service providers. The provision of the Services to the Group by CCAL under the New Service Agreement constitutes continuing connected transactions of the Company under the Listing Rules. The New Service Agreement may be renewed by mutual agreement between the Company and CCAL, subject to compliance with the Listing Rules and all relevant applicable laws.

In accordance with the New Service Agreement, CCAL agreed to provide Services to any member of the Group, where such relevant member shall then enter into a separate agreement with CCAL and the terms of such separate agreement must comply with (i) the terms of the New Service Agreement, and (ii) the requirements of the Listing Rules.

The New Service Agreement is conditional upon the passing of the relevant resolution by the Independent Shareholders approving the New Service Agreement and the transactions contemplated thereunder (including the Annual Caps thereof) at the EGM. If such condition is fulfilled, the New Service Agreement shall deem to have commenced from 1 July 2014 and shall continue until 30 June 2016. If the approval of the New Service Agreement by Independent Shareholders is not obtained on or before 31 December 2014 (or such later date as may be agreed between the Company and CCAL), the New Service Agreement will be automatically terminated and none of the parties to the New Service Agreement shall have any claim against the other parties save for any antecedent breaches of the terms of the New Service Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Annual Caps of Services Fees for 2015 and 2016

As stated in the Letter from the Board, Annual Caps of Services Fees for 2015 and 2016 are determined between the parties on an arm's length basis with reference to factors such as the current market price of similar services available in the market, the prevailing market conditions and the Group's various developments, in particular, its existing property development projects in Hong Kong, Hangzhou, the People's Republic of China, and Kuala Lumpur, Malaysia and the proposed renovation projects for existing rental properties of the Group.

According to the New Service Agreement, CCAL may from time to time during the term of the New Service Agreement provide the Services to the Group on normal terms or terms no less favourable to the Group than those offered by CCAL to independent third parties (as defined under Listing Rules) and no less favourable to the Group than those offered by independent service providers.

Annual Caps are tabulated as follows:

**Table 1: Annual Caps of Services Fees for 2015 and 2016**

<b>From the Effective Date to 30 June 2015</b>	<b>From 1 July 2015 to 30 June 2016</b>
HK\$38,871,209	HK\$31,293,584

The executive Directors represented that the amount of Annual Caps under the New Service Agreement have increased substantially from the previous annual caps of approximately HK\$21.63 million, approximately HK\$21.76 million for the years 2013 and 2014 respectively to approximately HK\$38.87 million and approximately HK\$31.29 million for the years 2015 and 2016 respectively. The reason for such increase is mainly attributable to (i) fees for services provided for the development project in Hangzhou (the "**Hangzhou Project**") is expected to be settled before mid 2015, and (ii) the development project in Malaysia (the "**KL Project**") is expected to enter into the construction stage and substantial amount of Services would be required. With the expected progress in the Hangzhou Project and the KL Project, the Company anticipated that the Group will require increasing Services from CCAL leading to the increase in Annual Caps under the New Service Agreement.

In the event that Annual Caps under the New Service Agreement are exceeded, the Company will make a further announcement(s) and will comply with the Listing Rules as and when necessary.

### 3. Comparison between Previous Annual Caps of Services Fees and actual Services Fees paid for 2013, and 2014

As advised by the Company, CCAL has been engaged by the Company for provision of services similar to those under the New Service Agreement since 2004. CCAL entered into separate written agreements with the subsidiaries of the Company governing the terms of that particular service (the "**Subsidiaries Service Agreements**").



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the announcement and circular of the Company dated 10 October 2012 and 8 November 2012 respectively, the Company, and CCAL entered into the Existing Service Agreement pursuant to which the Company had engaged CCAL for provision of the Services for a period commencing from 28 November 2012, being the date the Existing Service Agreement approved by the independent shareholders of the Company, to 30 June 2014. The annual caps for each of the two years ended 30 June 2013, and 2014 were approximately HK\$21.63 million, and approximately HK\$21.76 million respectively (the “**Previous Annual Caps**”).

As provided by the management of the Company, the actual Services Fees paid to CCAL for the two years ended 30 June 2014 are as follows:

**Table 2: Actual Services Fees paid to CCAL**

	<b>2013</b>	<b>2014</b>
	<i>HK\$</i>	<i>HK\$</i>
Actual Services Fees paid to CCAL	21,626,360	21,755,000
Previous Annual Caps	21,633,028	21,757,340

The actual Services Fees paid to CCAL for 2013 and 2014 by the Company did not exceed their respective annual caps for each of the two years.

#### **4. Comparison between Estimated Architect Fees and Professional Benchmark**

In order to assess the fairness and reasonableness of the aforesaid practice, we have discussed with the management of the Company the details of those projects and compared with the benchmark published by the Hong Kong Institute of Architects (“**HKIA**”) as stated in this letter below.

According to the official website of HKIA ([www.hkia.net](http://www.hkia.net)), HKIA is a professional institute dedicated to continue to raise both the standard of architecture in Hong Kong and the standard of professional services offered by its members. HKIA has around 150 Fellows, more than 2,500 Members and over 500 Associates and Graduate Members. HKIA also serves the public by applying the collective expertise of its members in advisory role to the government and to the building industry. Today, HKIA is represented by numerous consultative or advisory bodies ranging from a working group which counsels the drafting of new building and planning legislation to a committee which formulates standard contracts for use in the building industry.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the table below, the scale of professional charges recommended by the HKIA as a guideline for minimum charge of architect fee, ranges from approximately 3.50% to approximately 8.00% of the total construction costs of construction project subject to the classification of buildings as indicated in table 3 and 4 below:

**Table 3: Classification of Buildings**

Group I	–	buildings that are complex, such as: hotels, resorts, tertiary education buildings and specialized schools, houses and private residences, museums, religious buildings, magistracy buildings, hospitals, theatres, and special buildings.
Group II	–	buildings of medium complexity, such as: apartments, cinemas, special industrial buildings, schools, stadiums, housing schemes, commercial buildings, shopping centres, industrial-office buildings and office buildings.
Group III	–	buildings of relatively simple nature, such as: godowns, non-specialised industrial buildings, parking structures.

**Table 4: Range of Percentage of Total Construction Cost**

	HK\$6	HK\$12	HK\$30	HK\$60	HK\$120	HK\$300	HK\$600		
	Up to HK\$6 million	million to HK\$12 million	million to HK\$30 million	million to HK\$60 million	million to HK\$120 million	million to HK\$300 million	million to HK\$600 million	Over HK\$1,000 million	
Group I	8.00	7.25	6.75	6.25	6.00	5.25	4.75	4.50	Negotiable
Group II	6.50	6.25	5.50	5.25	5.00	4.50	4.25	4.00	
Group III	5.25	5.00	4.75	4.50	4.25	4.00	3.75	3.50	
				(%)					

*Source: Agreement between Client & Architect & Scale of Professional Charges, by the HKIA*

As provided by the management of the Company, the following table sets out (i) the estimated total development cost of relevant project; (ii) the estimated total architect fees to be charged by CCAL for provision of the Services (the “**Architect Fee**”); (iii) the classification of buildings of projects; and (iv) the recommended percentage of total construction costs by HKIA (the “**Recommended Architect Fee**”):

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**Table 5: The Estimated Architect Fee, Group Classification and Recommended Architect Fee**

Project	Estimated total development cost (approximately HK\$'000)	(i) Estimated total Architect Fee (approximately HK\$'000) (percentage of estimated total development cost approximately)	(ii) Group classification as advised by the Company	(iii) Recommended Architect Fee
One Kowloon Peak Phase I & II	290,000	23,125 (7.97%)	I	5.25%
Cheung Chau Phase I & II	170,000	11,200 (6.59%)	I	5.25%
Hangzhou	504,000	24,600 (4.88%)	I	4.75%
Kuala Lumpur	1,071,000	48,195 (4.5%)	I	4.75%
Villa Cecil Phase II	14,000	1,000 (7.14%)	I	7.25%
Villa Cecil Phase III	10,000	700 (7%)	I	7.25%
The Cheuk Nang Lookout	23,000	1,500 (6.52%)	I	6.75%
Cheuk Nang Plaza	11,500	700 (6.09%)	II	6.25%

*Source: the Company; 1RMB = 1.26HKD; 1RM = 2.38 HKD*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(i) *Reasons for the deviation between estimated Architect Fee and Recommended Architect Fee*

The estimated Architect Fee of One Kowloon Peak Phase I & II, Cheung Chau Phase I & II and Hangzhou Project are higher than Recommended Architect Fee, the executive Directors represented that the reasons for the deviation are as follows:

***One Kowloon Peak Phase I & II***

The executive Directors represented that the estimated Architect Fee of approximately 7.97% for One Kowloon Peak are higher than the Recommended Architect Fee of approximately 5.25%, representing an excess of approximately 2.72% due to interior decoration and additional charges relating to major amendment to building plan and other services.

The said major design amendment to building plan and other services were due to the complexity of the unanticipated pre-existing conditions of slope, soil and trees within the sites, the development posed high challenging loads both laterally and vertically on all proposed building structures. In particular the 80 degree steepness required multiple stages of excavation lateral support and intensive professional supervision and prolonged scrutiny and approval procedure by the Building Department.

As the Recommended Architect Fee had not accounted for additional cost for interior decoration, and amendments of construction project, the executive Directors hold the view that the higher Architect Fee for One Kowloon Peak Phase I & II is fair and reasonable.

***Cheung Chau Phase I & II***

The executive Directors represented that the estimated Architect Fee of approximately 6.59% for Cheung Chau Phase I & II was higher than the Recommended Architect Fee of approximately 5.25%, representing an excess of approximately 1.34%, due to interior decoration and additional charges relating to amendment to building plan and other services.

The said design amendments to the building plans were due to the repositioning of the Cheung Chau Phase I & II to be a luxury and deluxe property, requiring higher quality of craftsmanship, materials, landscaping, swimming pool and decorations.

As the Recommended Architect Fee had not accounted for additional cost for interior decoration, and amendment of construction project, the executive Directors hold the view that the higher Architect Fee of Cheung Chau Phase I & II is fair and reasonable.

***Hangzhou***

The executive Directors represented that the estimated Architect Fee of approximately 4.88% for the Hangzhou Project was higher than the Recommended Architect Fee of approximately 4.75%, representing an excess of approximately 0.13%, due to additional overseas charges.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Hangzhou Project is a cross border transaction and located in the PRC, it is fair and reasonable for CCAL to require extra time, labours and resources.

The executive Directors represented that the estimated total Architect Fee was approximately 0.13% higher than the Recommended Architect Fee. The Recommended Architect Fee is a guideline for the minimum charge for the Architect Fee, therefore, the executive Directors hold the view that the Architect Fee charged by CCAL for such cross boarder transaction is fair and reasonable.

### **5. Bases for determining Annual Caps of Services Fees for 2015 and 2016**

The executive Directors represented that bases for determining Annual Caps of Service Fees for 2015 and 2016 have been made with reference to the expected stages of completion of the relevant projects, the payment terms of the Subsidiaries Service Agreements, Architect Fees and management fees (the “**Management Fees**”) payable to CCAL on each project.

#### *Annual Cap of Services Fees for 2015*

The executive Directors represented that, the Architect Fees not only cover the renovation of projects of Villa Cecil Phase II, The Cheuk Nang Lookout, and Cheuk Nang Plaza; fees for services provided for the Hangzhou Project, KL Project, One Kowloon Peak Phase I & II project, and Cheung Chau Phase I & II project are also taken into account and expected to be payable according to the stage payment schedule before mid 2015. The sum of the Architect Fees for the said projects together with the annual Management Fee amounting to HK\$38,871,209 will be paid to CCAL in 2015, and is in line with Annual Cap of HK\$38,871,209 for the year ending 30 June 2015.

#### *Annual Cap of Services Fees for 2016*

The executive Directors represented that, the Architect Fees not only cover the renovation of projects of Villa Cecil Phase II, III, and The Cheuk Nang Lookout; fees for services provided for the Cheung Chau Phase I & II project, KL Project, and One Kowloon Peak Phase I & II project are also taken into account and expected to be payable according to the stage payment schedule before mid 2016. The sum of Architect Fees for the said projects together with the annual Management Fee amounting to HK\$31,293,584 will be paid to CCAL in 2016, and is in line with Annual Cap of HK\$31,293,584 for the year ending 30 June 2016.

The executive Directors represented that the entire project of Cheung Chau Phase I & II is expected to be completed in 2016. The following table set out (i) estimated total Architect Fee; (ii) Architect Fee paid to CCAL up to 30 June 2014; (iii) projected Services Fees payable to CCAL for the year ending 30 June 2015; and (iv) projected Services Fees payable to CCAL for the year ending 30 June 2016:

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**Table 6: Remaining balance of Architect Fee of relevant projects payable to CCAL and Management Fees payable to CCAL for 2015 and 2016**

Project	Estimated total Architect Fee (Approximately HK\$'000)	Architect Fee paid to CCAL up to 30 June 2014 (Approximately HK\$'000)	Projected Services	Projected Services
			Fees payable to CCAL for the year ending 30 June 2015 (Approximately HK\$'000)	Fees payable to CCAL for the year ending 30 June 2016 (Approximately HK\$'000)
One Kowloon Peak Phase I & II	23,125	22,535	300	290
Cheung Chau Phase I & II	11,200	10,293	453	453
Hangzhou	24,600	–	24,600	–
Kuala Lumpur	48,195	–	7,442	24,806
Villa Cecil Phase II	1,000	–	666	334
Villa Cecil Phase III	700	–	–	700
The Cheuk Nang Lookout	1,500	–	750	750
Cheuk Nang Plaza	700	–	700	–
Management Fees maintenance and renovation services to completed projects	–	–	3,960	3,960
<b>Total</b>	–	–	<b>38,871</b>	<b>31,294</b>
<b>Annual Cap</b>	–	–	<b>38,871</b>	<b>31,294</b>

*Source: the Company*

The management of the Company has provided the Services Fees schedules, Subsidiaries Service Agreement and expected stages of completion of the relevant projects for review. As Annual Caps are in line with the estimated remaining balance of relevant Architect Fees to be paid at completion of relevant projects in 2015 and 2016 together with the annual Management Fee, it is fair and reasonable to infer that Annual Caps of HK\$38,871,209 and HK\$31,293,584 for the two years ending 30 June 2015 and 30 June 2016 respectively are fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 6. Reasons for entering into the Service Agreement

The principal activities of CCAL are providing architectural, engineering, design and miscellaneous consultancy services for property development projects.

As stated in the Letter from the Board and discussed above, given the Group's property development projects are underway which results in the increasing demand of the continuing provision of such services, the Board holds the view that the transactions contemplated under the New Service Agreement, which is to be provided on a regular and continuing basis, will enable the Group to benefit from the expertise, experience, efficiency and economies of scale of CCAL, which would enable the Group to obtain quality services at competitive prices. In addition, as stated in the Letter from the Board and discussed above, CCAL has been providing Services pursuant to the Existing Service Agreement in respect of the Group's existing property development projects, the Board believes that the continuity for provision of services by CCAL will avoid possible interruptions in the carrying out of the Group's development projects if the Group has to engage other professional firms for such services.

### RECOMMENDATION

Having considered the above principal factors and reasons as discussed above and as summarized below:

- (i) the New Service Agreement is a fair and reasonable consistent extension of the Existing Service Agreement which has, in essence, been facilitating the Group to secure architectural, engineering, design and miscellaneous consultancy services for its upcoming property development projects.
- (ii) the estimated Architect Fees for each of the One Kowloon Peak Phase I & II, Cheung Chau Phase I & II, and Hangzhou project of approximately 4.88% to 7.97% of the total development cost are greater than their respective Recommended Architect Fee, the deviation are mainly caused by interior decoration and amendments of design of relevant projects. As the Recommended Architect Fee, a guideline for minimum charge of Architect Fees, has not accounted for additional cost for (i) interior decoration; (ii) amendments to the building plans; and (iii) cross boarder transaction, therefore, the higher estimated Architect Fees are fair and reasonable.
- (iii) Annual Caps are in line with the projected Architect Fees to be paid in 2015 and 2016 together with the annual Management Fee, which is fair and reasonable.
- (iv) the New Service Agreement, which is to be provided on a regular and continuing basis, will enable the Group to benefit from the expertise, experience, efficiency and economies of scale of CCAL, which would enable the Group to obtain quality services at competitive prices.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered the above principal factors and reasons and executive Directors' representations, on balance and in general terms, we are of the opinion that in such circumstances and at this stage, the terms of the New Service Agreement and the Annual Caps thereof are entered into within the ordinary and usual course of the business of the Group based on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the New Service Agreement is in the interest of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders, and also recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the New Service Agreement and the Annual Caps thereof and the transactions contemplated thereunder at the EGM.

Yours faithfully,  
For and on behalf of  
**WALLBANCK BROTHERS**  
**Securities (Hong Kong) Limited**  
**Phil Chan**  
*Chief Executive Officer*



## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE

### (a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in such provisions of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange:

#### (i) *Interests in the Shares and underlying Shares*

Name of Director/ Chief Executive	The Company/ associated corporation	Capacity	Number of Shares/ underlying Shares (long position)	Percentage of the Company's issued share capital
Dr. Chao Sze Tsung, Cecil	Company	Interest of controlled corporation and/or beneficial owner	329,110,306 <i>(Note)</i>	70.74%

*Note:* These Shares comprise (i) 24,445,715 Shares held directly by Dr. Chao; (ii) 258,218,887 Shares held by Yan Yin Company Limited and (iii) 46,445,704 Shares held by Szehope Securities Company Limited. The entire issued share capital of both Yan Yin Company Limited and Szehope Securities Company Limited are beneficially wholly owned by Dr. Chao.

(ii) *Interests in associated corporation*

Name of Director/ Chief Executive	Associated corporation	Corporate interest	Number of shares held	Percentage of the issued share capital of the associated corporation
Joseph Ding	Ace Cosmos			
Yue Lee	Finance Limited	192	192	1.92%

(b) **Substantial shareholders' and other persons' interests**

Save as disclosed below, so far as was known to the Directors, there was no other person who, as at the Latest Practicable Date, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Group.

*Interest in Shares and the underlying Shares*

Name of the shareholder	Capacity	Number of Shares	Percentage of the Company's issued share capital
Yan Yin Company Limited	Beneficial owner	258,218,887	55.50%
Szehope Securities Company Limited	Beneficial owner	46,445,704	9.98%
Dr. Chao Sze Tsung, Cecil	Beneficial owner	24,445,715	5.25%

(c) **Interests in associated corporation**

Name of shareholder	Associated corporation	Corporate interest	Number of shares held	Percentage of the issued share capital of the associated corporation
Moonfair International Limited	Ace Cosmos Finance Limited	2,566	2,566	25.66%

Save that Dr. Chao is the director of Szehope Securities Company Limited and Yan Yin Company Limited, as at the Latest Practicable Date, none of the Directors held any directorship or employment in a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

### 4. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### 5. DIRECTORS' INTERESTS IN CONTRACTS

The Directors confirm that, save and except for Dr. Chao in respect of the New Service Agreement, none of the Directors has any contract or arrangement subsisting as at the date of this circular in which any Director is materially interested and which is significant in relation to the business of the Group.

### 6. DIRECTORS' INTERESTS IN ASSETS

The Directors confirm that none of the Directors has any interests, direct or indirect, in any assets which have been, since 30 June 2014, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

### 7. EXPERT AND CONSENTS

The following is the qualification of the experts who has been named in this circular or has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Wallbanck Brothers Securities (Hong Kong) Limited	a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Wallbanck Brothers has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Wallbanck Brothers did not have any shareholding directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Wallbanck Brothers did not have any direct or indirect interest in any assets which had been, since 30 June 2014 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### **8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2014, the date to which the latest published audited financial statements of the Company were made up.

#### **9. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the New Service Agreement is available for inspection during normal business hours at the registered office of the Company at 30-35/F., Cheuk Nang Plaza, 250 Hennessy Road, Wanchai, Hong Kong on any weekday (except public holidays) up to and including 19 November 2014, being the date of the EGM.

#### **10. MISCELLANEOUS**

- (a) The registered office of the Company is located at 30th-35th Floors, Cheuk Nang Plaza, 250 Hennessy Road, Wanchai, Hong Kong.
- (b) The company secretary is Ms. Ho Sau Fun, Connie. Ms. Ho is a member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of U.K.
- (c) The English text of this circular shall prevail over the Chinese text.

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## NOTICE OF EGM

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# CHEUK NANG (HOLDINGS) LIMITED

## 卓能 (集團) 有限公司

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 131)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Cheuk Nang (Holdings) Limited (“**the Company**”) will be held at 35/F., Cheuk Nang Plaza, 250 Hennessy Road, Wanchai, Hong Kong., on 19 November 2014 at 3:30 p.m. (or immediately after the holding of the annual general meeting of the Company, if later) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as ordinary resolution of the Company:

### ORDINARY RESOLUTIONS

“(1) **THAT,**

- (a) the new service agreement dated 26 September 2014 (“**New Service Agreement**”) entered into between Cecil Chao & Associates Limited (“**CCAL**”) and the Company (a copy of which, signed by the Chairman of the meeting for the purpose of identification, has been produced to the meeting marked “A”), the transactions contemplated thereunder and the expected annual caps of HK\$38,871,209 and HK\$31,293,584 for each of the two years ending 30 June 2016 respectively in respect of the transactions contemplated under the New Service Agreement be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised to do all such acts and things and sign all such documents (under seal, if necessary) and to take such steps as they consider necessary or expedient or desirable in connection with or to give effect to the New Service Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the board of directors of the Company, in the interests of the Company.”

By Order of the Board  
**CHEUK NANG (HOLDINGS) LIMITED**  
**Dr. Chao Sze Tsung, Cecil**  
*Chairman of the Board*

Hong Kong, 27 October 2014

*Registered Office:*  
30-35/F., Cheuk Nang Plaza,  
250 Hennessy Road, Wanchai,  
Hong Kong

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## NOTICE OF EGM

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*Notes:*

1. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member.
2. Where there are joint registered holders of any shares, any one of such persons may attend and vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed on it together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of it must be deposited at the office of the Company's share registrar, Computershare Hong Kong Investor Services Ltd., at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. The completion and delivery of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof if you so wish.
4. As at the date of this notice, the Board comprises of nine Directors, of which Dr. Chao Sze Tsung, Cecil (Chairman), Ms. Chao Gigi (Vice Chairman), Mr. Yung Philip and Ms. Ho Sau Fun, Connie are executive Directors; Mr. Lee Ding Yue, Joseph and Mr. Chao Howard are non-executive Directors and Dr. Sun Ping Hsu, Samson, Mr. Ting Woo Shou, Kenneth and Mr. Lam Ka Wai, Graham are independent non-executive Directors.