
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in PNG Resources Holdings Limited PNG資源控股有限公司, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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PNG Resources
PNG Resources Holdings Limited
PNG 資源控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 221)

**(A) PROPOSED RIGHTS ISSUE IN THE PROPORTION OF FIVE (5) RIGHTS
SHARES FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE AT
HK\$0.105 PER RIGHTS SHARE;
(B) CHANGE IN BOARD LOT SIZE;
AND
(C) NOTICE OF SPECIAL GENERAL MEETING**

FINANCIAL ADVISER TO THE COMPANY



KINGSTON CORPORATE FINANCE LTD.

UNDERWRITER OF THE RIGHTS ISSUE



KINGSTON SECURITIES LTD.

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE AND
THE INDEPENDENT SHAREHOLDERS

Opus Capital Limited
創富融資有限公司

Terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 12 to 33 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 34 to 35 of this circular. A letter from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice in respect of the Rights Issue is set out on pages 36 to 72 of this circular.

A notice convening the SGM to be held at 32/F., 9 Queen's Road Central, Hong Kong on Monday, 17 August 2015 at 3:00 p.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not having been terminated (see the section headed "Termination of the Underwriting Agreement" herein). Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Thursday, 20 August 2015 and that dealing in the Rights Shares in their nil-paid form will take place from 9:00 a.m. on Tuesday, 1 September 2015 to 4:00 p.m. on Wednesday, 9 September 2015 (both days inclusive). It is expected that the conditions referred to in the section headed "Conditions of the Rights Issue" in this circular are to be fulfilled on or before 4:00 p.m. on Friday, 18 September 2015. If the conditions referred to in that section are not fulfilled, the Underwriting Agreement shall terminate and the Rights Issue will not proceed. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue are fulfilled (which is expected to be on Friday, 18 September 2015), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to 4:00 p.m. on the date of the Latest Time for Termination to terminate its obligations under the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on pages 10 to 11 of this circular.

Upon the delivery of the notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall terminate and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement except for any antecedent breaches.

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only:

Event	Timeline
Latest time for lodging proxy forms for the SGM.....	3:00 p.m. on Saturday, 15 August 2015
Expected date and time of the SGM.....	3:00 p.m. on Monday, 17 August 2015
Announcement of the results of the SGM	Monday, 17 August 2015
Last day of dealings in Shares on a cum-rights basis	Wednesday, 19 August 2015
First day of dealings in Shares on an ex-rights basis.....	Thursday, 20 August 2015
Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue	4:30 p.m. on Friday, 21 August 2015
Last day for trading of Shares with old board lot size of 4,000 Shares in the original counter	Friday, 21 August 2015
Effective date of new board lot size of 20,000 Shares.....	Monday, 24 August 2015
Designated broker starts to stand in the market to provide matching service for the sale and purchase of odd lots	9:00 a.m. on Monday, 24 August 2015
Closure of register of members of the Company (both dates inclusive).....	Monday, 24 August 2015 to Thursday, 27 August 2015
Record Date and time for determining entitlements to the Rights Issue	4:30 p.m. on Thursday, 27 August 2015
Register of members of the Company re-opens	Friday, 28 August 2015
Despatch of Prospectus Documents	Friday, 28 August 2015
First day of dealings in nil-paid Rights Shares.....	9:00 a.m. on Tuesday, 1 September 2015
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Friday, 4 September 2015

EXPECTED TIMETABLE

Last day of dealings in nil-paid Rights Shares 4:00 p.m. on Wednesday, 9 September 2015

Designated broker ceases to stand in
the market to provide matching service
for the sale and purchase of odd lots 4:00 p.m. on Monday, 14 September 2015

Latest Time For Acceptance of,
and payment for, the Rights Shares and
the applications for excess Rights Shares..... 4:00 p.m. on Monday, 14 September 2015

Latest time to terminate
the Underwriting Agreement
and for the Rights Issue to become unconditional..... 4:00 p.m. on Friday, 18 September 2015

Announcement of results of the Rights Issue Monday, 21 September 2015

Refund cheques to be despatched
in relation to wholly or partially
unsuccessful applications
for excess Rights Shares on or before Tuesday, 22 September 2015

Certificates for fully-paid Rights
Shares to be despatched on or before Tuesday, 22 September 2015

Commencement of dealings
in fully-paid Rights Shares..... 9:00 a.m. on Wednesday, 23 September 2015

All times stated in this circular refer to Hong Kong times. Dates or deadlines stated in this circular for events in the expected timetable are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable for the Rights Issue will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The Latest Time For Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or

EXPECTED TIMETABLE

2. a “black” rainstorm warning signal is:
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time For Acceptance. Instead the Latest Time For Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time For Acceptance. Instead the Latest Time For Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time For Acceptance and application and payment for excess Rights Shares does not take place, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

DEFINITIONS

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

“4 June Joint Announcement”	the joint announcement dated 4 June 2015 issued by the Company and WYT in relation to, among others, the Rights Issue and the change in board lot size
“16 July Joint Announcement”	the joint announcement dated 16 July 2015 issued by the Company and WYT in relation to, among others, the revised Subscription Price and the change in board lot size
“Application Forms”	collectively, the EAF(s) and the PAL(s)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which typhoon signal no. 8 or above or black rainstorm is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“Bye-laws”	the bye-laws of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	PNG Resources Holdings Limited PNG 資源控股有限公司, an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 221)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for used by Qualifying Shareholders who wish to apply for excess Rights Shares

DEFINITIONS

“Excluded Shareholder(s)”	the Overseas Shareholder(s) whose registered addresses in the Company’s register of members as at the Record Date are in places where the Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Shareholders
“Group”	the Company and its subsidiaries
“Hearty”	Hearty Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of WYT
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all of the three independent non-executive Directors formed for the purpose of advising the Independent Shareholder(s) on the Rights Issue (including the Underwriting Agreement)
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Independent Shareholder(s)”	the Shareholder(s), other than: (i) the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates, and (ii) Shareholder(s) who is/are involved in, or interested in, the WYT Irrevocable Undertaking, the Underwriting Agreement and the Rights Issue

DEFINITIONS

“Independent Third Part(ies)”	<p>a person who:</p> <ul style="list-style-type: none">(i) is not (and will not become as a result of the consummation of the Rights Issue) a connected person of the Company and it will not be deemed a connected person of the Company pursuant to Rules 14A.19 to 14A.21 of the Listing Rules;(ii) is not financing the subscription of the Rights Shares directly or indirectly by a connected person of the Company;(iii) is not accustomed to taking instructions from a connected person of the Company in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in its name or otherwise held by it; and(iv) would not result in its aggregate holding (direct and indirect) in the total issued share capital of the Company being 10.0% or more of the Company’s entire issued share capital at any time
“July Last Trading Day”	Friday, 10 July 2015, being the last trading day for the Shares on the Stock Exchange before the release of the 16 July Joint Announcement
“Latest Practicable Date”	Tuesday, 28 July 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Latest Time For Acceptance”	4:00 p.m. on Monday, 14 September 2015, or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time For Termination”	4:00 p.m. on the fourth Business Day after the Latest Time For Acceptance or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“May Last Trading Day”	Thursday, 28 May 2015, being the last trading day for the Shares on the Stock Exchange before the release of the 4 June Joint Announcement
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	provisional allotment letter(s) for the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Friday, 28 August 2015 or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholders
“Record Date”	Thursday, 27 August 2015, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, which is Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights issue to the Qualifying Shareholders for subscription on the terms to be set out in the Underwriting Agreement and the Prospectus Documents

DEFINITIONS

“Rights Share(s)”	3,317,375,000 Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of five (5) Rights Shares for every two (2) Shares held on the Record Date pursuant to the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held on Monday, 17 August 2015 to consider and approve, among other things, the Underwriting Agreement and the Rights Issue
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“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
“Subscription Price”	the subscription price in respect of each Rights Share, being HK\$0.105
“subsidiaries”	has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Suntech”	Suntech Investments Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of WYT
“Underwriter”	Kingston Securities Limited, a corporation licensed by the Securities and Futures Commission of Hong Kong to carry out business in Type 1 regulated activity (dealing in securities) under the SFO
“Underwriting Agreement”	the underwriting agreement dated 28 May 2015 entered into between the Company and the Underwriter in relation to the Rights Issue, as amended on 10 July 2015

DEFINITIONS

“Underwritten Shares”	all the Rights Shares in excess of the aggregate of: (i) 665,958,750 Rights Shares and 8,460,000 Rights Shares that will be provisionally allotted to and subscribed for by Hearty and Suntech (or their associates) pursuant to the WYT Irrevocable Undertaking, and (ii) 380,000,000 Rights Shares for which Hearty (or its associates) will subscribe by way of excess application pursuant to the WYT Irrevocable Undertaking, which are fully underwritten by the Underwriter pursuant to the terms and subject to the conditions of the Underwriting Agreement
“Untaken Shares”	all those Underwritten Shares for which duly completed Application Forms (accompanied by cheques or banker’s cashier order for the full amount payable on the applications which are honoured on first, or at the option of the Company, subsequent presentation) have not been lodged for acceptance by the Qualifying Shareholders, or received, as the case may be, on or before the Latest Time For Acceptance
“WYT”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“WYT Irrevocable Undertaking”	an irrevocable undertaking dated 28 May 2015 (and updated by a deed of supplemental acknowledgement dated 16 July 2015) granted by Hearty and Suntech in favour of the Company as described in the section headed “The WYT Irrevocable Undertaking” of this circular
“%”	per cent.

* For identification purpose only

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time For Termination:

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue 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 absolute opinion of the Underwriter 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 Rights Issue; 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 of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not of the same kind or nature with 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 absolute opinion of the Underwriter 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 Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any 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 absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter 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
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not of the same kind or nature with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 10 consecutive Business Days, excluding any halt or suspension in connection with the clearance of the 4 June Joint Announcement, this circular, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter may by notice in writing to the Company, served prior to the Latest Time For Termination, to terminate the Underwriting Agreement.

The Underwriter may by notice in writing to rescind the Underwriting Agreement if, prior to the Latest Time For Termination:

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

LETTER FROM THE BOARD



PNG Resources
PNG Resources Holdings Limited
PNG 資源控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 221)

Executive Directors:

Mr. Chan Chun Hong, Thomas
(Chairman and Managing Director)
Mr. Cheung Wai Kai

Independent non-executive Directors:

Mr. Sin Ka Man
Mr. Yuen Kam Ho, George, *FHKIoD*
Mr. Cheung Sau Wah, Joseph, *PMSM*

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

31 July 2015

*To the Qualifying Shareholders and,
for information purposes only, to the Excluded Shareholders*

Dear Sir or Madam,

**(A) PROPOSED RIGHTS ISSUE IN THE PROPORTION OF FIVE (5) RIGHTS
SHARES FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE AT
HK\$0.105 PER RIGHTS SHARE;
(B) CHANGE IN BOARD LOT SIZE;
AND
(C) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to the 4 June Joint Announcement and the 16 July Joint Announcement.

LETTER FROM THE BOARD

The Company proposes to raise gross proceeds of up to approximately HK\$348.3 million, before expenses, by way of Rights Issue of 3,317,375,000 Rights Shares to the Qualifying Shareholders at the Subscription Price of HK\$0.105 per Rights Share, on the basis of five (5) Rights Shares for every two (2) Shares held on the Record Date. The Rights Issue is not available to the Excluded Shareholders. Qualifying Shareholders are entitled to apply for any unsold entitlement of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders (or the transferees to whom any Qualifying Shareholders have transferred their provisional entitlements).

The Shares are currently traded on the Stock Exchange in board lots of 4,000 Shares. The Board proposes to change the board lot size for trading in the Shares from 4,000 Shares to 20,000 Shares.

The purpose of this circular is to provide you with, among other things, (i) further details of the proposed Rights Issue and the change in board lot size; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the SGM at which the relevant resolutions will be proposed to consider and, if thought fit, approve the proposed Rights Issue.

THE RIGHTS ISSUE

Issue Statistics

Basis of the Rights Issue	:	Five (5) Rights Shares for every two (2) Shares held on the Record Date
Subscription Price	:	HK\$0.105 per Rights Share payable in full on acceptance
Net price to the Company per Rights Share	:	Approximately HK\$0.102
Number of Shares in issue as at the Latest Practicable Date	:	1,326,950,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	3,317,375,000 Shares
Total number of issued Shares upon completion of the Rights Issue	:	4,644,325,000 Shares

LETTER FROM THE BOARD

The 3,317,375,000 Rights Shares to be issued pursuant to the Rights Issue represents 250% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 71.43% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

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

Subscription Price

The Subscription Price is HK\$0.105 per Rights Share, payable in full on acceptance. The Subscription Price represents:

- (i) a discount of approximately 67.69% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the May Last Trading Day;
- (ii) a discount of approximately 66.88% to the average closing price of approximately HK\$0.317 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the May Last Trading Day;
- (iii) a discount of approximately 40.68% to the closing price of HK\$0.177 per Share as quoted on the Stock Exchange on the July Last Trading Day;
- (iv) a discount of approximately 48.02% to the average of the closing prices of approximately HK\$0.202 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the July Last Trading Day;
- (v) a discount of approximately 37.50% to the theoretical ex-entitlement price of approximately HK\$0.168 per Share after the Rights Issue, based on the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the May Last Trading Day;
- (vi) a discount of approximately 16.67% to the theoretical ex-entitlement price of approximately HK\$0.126 per Share after the Rights Issue, based on the closing price of HK\$0.177 per Share as quoted on the Stock Exchange on the July Last Trading Day;
- (vii) a discount of approximately 87.38% to the unaudited total equity attributable to the owners of the Company per Share of approximately HK\$0.832 as at 31 March 2015 after taking into account of the net proceeds of approximately HK\$47.9 million from the placement of Shares completed on 30 April 2015; and
- (viii) a discount of approximately 35.19% to the closing price of HK\$0.162 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

Basis of determining the Subscription Price

The Subscription Price was determined, among others, as a result of arm's length negotiations between the Company and the Underwriter, and reflects the best commercial deal that the Company could negotiate with the Underwriter on terms commercially acceptable to both the Company and the Underwriter. The determination was also driven by:

- (i) the capital needs of the Group, in light of its ongoing construction costs and potential investments, to support the continued growth of the Group (see the section headed "Use of proceeds of the Rights Issue" in this circular for further details);
- (ii) the financial position of the Group, in light of a significant part of its present net assets consisting of property, particularly stock of properties, which have relatively lower liquidity and are not as readily realisable into cash that could otherwise be used to repay the Group's outstanding and upcoming indebtedness (see the section headed "Use of proceeds of the Rights Issue" in this circular for further details);
- (iii) the recent market price and trading liquidity of the Shares; and
- (iv) the prevailing market conditions.

In particular, the Board considered and noted the following key aspects of the Rights Issue:

- (i) **safeguards for the Shareholders** — the discount structure of the Rights Issue is a commercial decision of the Company which is required to be approved, as part of the terms of the Rights Issue, by the Independent Shareholders at the SGM. The Shareholders' interests are safeguarded by the fact that the Independent Shareholders, before exercising their respective voting rights, will be advised by the Independent Board Committee (comprising all independent non-executive Directors) and the Independent Financial Adviser. The Independent Shareholders can then make an informed decision as to whether to vote in favour of the Rights Issue on the terms proposed. If the Rights Issue is approved at the SGM, it is unlikely that those Independent Shareholders voting in favour of the Rights Issue would subsequently choose not to subscribe for their provisional entitlements of Rights Shares; and
- (ii) **a Subscription Price to encourage participation** — the discount of 40.68% to the closing price per Share of HK\$0.177 on the July Last Trading Day represented by the Subscription Price is made with a view to encouraging the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Company. The Board considers that this discount is fair and reasonable and in line with market practices as at the date of its relevant rights issue announcement, in light of (a) the letter from Opus Capital showing that the discount of the Subscription Price falls within the range (i.e. discounts of between 4.11% and 85.56%) of a total of 28 of the most recent rights issues announced by companies listed on the Stock Exchange during the six months immediately before the July Last Trading Day and is below the average discount of such rights issues (i.e. a discount of 44.80%) — please see the letter from Opus Capital as set out in this circular for further details, and (b) the prevailing market conditions of capital markets in Hong Kong as at the Latest Practicable Date.

LETTER FROM THE BOARD

Furthermore, in view of (i) the market understanding from the Directors that there are only few independent underwriters in the Hong Kong financial market who are willing to underwrite for listed companies of, or having a similar market capitalisation to, the Company's small market capitalization, and (ii) the Subscription Price and subscription ratio under the Rights Issue being negotiated on an arm's length commercial basis between the Company and the Underwriter, with a discount at a level to induce the Underwriter to participate in the underwriting of the Underwritten Shares, which is an essential part of the Rights Issue, the agreed Subscription Price, subscription ratio and the discount structure is the best commercial deal that the Company could negotiate with the Underwriter which reflects a commercially acceptable position to both the Company and the Underwriter.

Upon taking into account all of the above factors equally, the benefits of a Rights Issue compared with other financing alternatives (please see the section headed "Reasons for the Rights Issue" in this circular and the section headed "Other financing alternatives available to the Group" in the letter from Opus Capital in this circular), and previous equity fund-raisings completed by the Group within the last 12 months of this circular (please see the section headed "Previous equity fund-raising activities in the prior 12-month period" in this circular), the Board (excluding the independent non-executive Directors whose opinion has been set out in this circular), after considering the views of the Independent Financial Adviser, is of the view that the structure and terms of the Rights Issue, including its Subscription Price and theoretical potential dilution impact, is: (i) necessary and commercially unavoidable to attract the Underwriter to participate in the Rights Issue on terms acceptable to both the Company and the Underwriter, and therefore necessary for the Company to successfully complete the Rights Issue, and (ii) in light of the resulting benefits to the Company from completion of the Rights Issue and mechanisms in place to sufficiently safeguard the Shareholders' interests, in the interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders, and will send the Prospectus (without the PAL(s) and EAF(s)), for information purposes only, to the Excluded Shareholders on the Prospectus Posting Date. To qualify for the Rights Issue, a Shareholder must 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 members of the Company on the Record Date, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Registrar by 4:30 p.m. on Friday, 21 August 2015, at the following address:

Tricor Tengis Limited
Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

LETTER FROM THE BOARD

Rights of the Excluded Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. According to the register of members of the Company as at the Latest Practicable Date, there was one Overseas Shareholder whose address is located in Macau, who held more than 2 Shares. Based on the advice provided by the Company's legal advisers as to the laws of Macau, as at the Latest Practicable Date, the laws of Macau impose no restrictions on extending the Rights Issue to the Shareholder located in Macau, and the Company is not required to obtain any approvals for the despatch of the Prospectus Documents to such Shareholder. Accordingly, the Directors have decided to extend the Rights Issue to the one Shareholder in Macau holding more than 2 Shares, who will accordingly be a Qualifying Shareholder.

The Company will continue to ascertain whether there are any other Overseas Shareholders in any other jurisdiction(s) on the Record Date and will, if necessary, make further enquiries with legal adviser(s) in other jurisdiction(s) regarding the feasibility of extending the Rights Issue to such other Overseas Shareholders on the Record Date. Further information in this connection will be set out in the Prospectus containing, among other things, details of the Rights Issue, to be despatched to the Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Excluded Shareholders, if any, for information purposes only, on the Prospectus Posting Date.

Any unsold entitlement of Excluded Shareholders, together with any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders, will be taken up by the Underwriter.

Fractional entitlements to the Rights Shares

Fractional Rights Shares to which an individual Shareholder is entitled to will not be issued by the Company to such Shareholders. Any such fractional entitlements to the Rights Shares will be aggregated, sold and retained for the benefit of the Company.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlement of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders (or the transferees to whom any Qualifying Shareholders have transferred their provisional entitlements). Application may be made by completing the EAF(s) and lodging the same with a separate remittance for the excess Rights Shares no later than the Latest Time For Acceptance. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis and on a pro-rata basis to the excess Rights Shares applied for by the Qualifying Shareholders.

Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

LETTER FROM THE BOARD

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar for completion of the relevant registration not later than 4:30 p.m. on Friday, 21 August 2015.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Certificates of the Rights Shares

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the Rights Shares are expected to be sent on or before Tuesday, 22 September 2015, to those entitled thereto by ordinary post at their own risks. Share certificates will be issued for the fully-paid Rights Shares.

Refund cheques for the Rights Issue

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 22 September 2015, by ordinary post to the applicants at their own risk.

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 Rights Shares (in both their nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 20,000 Shares in one board lot.

No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants 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.

LETTER FROM THE BOARD

All necessary arrangements will be made to enable the Rights Shares (in both their nil-paid and fully-paid forms) to be admitted into CCASS.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in the proposed new board lots of 20,000) which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Principal terms of the Underwriting Agreement

- Date : 28 May 2015 (as amended by the supplemental agreement dated 10 July 2015)
- Parties : (i) the Company; and
(ii) the Underwriter.
- Total number of Rights Shares : 3,317,375,000 Rights Shares (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date).
- Total number of Underwritten Shares : 2,262,956,250, being all the Rights Shares in excess of the aggregate of: (i) 665,958,750 Rights Shares and 8,460,000 Rights Shares that will be provisionally allotted to and subscribed for by Hearty and Suntech (or their associates), respectively, pursuant to the WYT Irrevocable Undertaking; and (ii) 380,000,000 Right Shares for which Hearty (or its associates) will subscribe by way of excess application, pursuant to the WYT Irrevocable Undertaking.
- Commission : 2.5% of the aggregate Subscription Price in respect of the respective maximum number of Underwritten Shares agreed to be underwritten by the Underwriter, payable to the Underwriter. The commission rate was determined after arm's length negotiations between the Company and the Underwriter with reference to, among other things, the scale of the Rights Issue and the market rate, and the Board (excluding the independent non-executive Directors whose opinion will be set out in this circular, after having been advised by the Independent Financial Adviser) considers that the underwriting commission rate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Pursuant to the Underwriting Agreement, in the event that the Underwriter is called upon to subscribe for or procure subscription for the Untaken Shares, the Underwriter shall use its best endeavours to ensure that (i) such subscribers and/or sub-underwriters are Independent Third Parties, and (ii) such subscribers and/or sub-underwriters will not hold 10.0% or more of the equity interest in the Company upon completion of the Rights Issue.

To the best of the Directors' knowledge, information and belief, the Underwriter and its associates are Independent Third Parties.

Underwriting activities are within the ordinary course of Kingston Securities Limited's business activities.

Conditions of the Rights Issue

The Rights Issue is subject to the following conditions:

- (i) the passing of the necessary resolution(s) by the Independent Shareholders at the SGM approving and confirming the Rights Issue, the Underwriting Agreement and the transactions respectively contemplated thereunder and authorising the Directors to allot and issue the Rights Shares (in their nil-paid and fully-paid forms), in accordance with the Bye-laws and the Listing Rules on or before the Record Date;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) in accordance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any, for information purposes only, on or before the Prospectus Posting Date;
- (iv) 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 the permission to deal in, the Shares and the Rights Shares (in both nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (v) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof prior to the Latest Time For Termination;
- (vi) the compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;

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- (vii) the compliance with and performance of all undertakings and obligations of Hearty and Suntech, or any of their respective associates, under the WYT Irrevocable Undertaking;
- (viii) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares; and
- (ix) there being no Specified Event occurring prior to the Latest Time For Termination.

The conditions are incapable of being waived. If any of the above conditions is not satisfied in whole by the Latest Time For Termination (or such other time and/or date as the Company and the Underwriter may agree in writing), the Underwriting Agreement shall be terminated accordingly and the Rights Issue will not proceed. In such circumstance, no party will have any claim against the other parties for costs, damages, compensation or otherwise save for any antecedent breaches.

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

Termination of the Underwriting Agreement

If, prior to the Latest Time For Termination:

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue 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 absolute opinion of the Underwriter 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 Rights Issue; 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 of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not of the same kind or nature with 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 absolute opinion of the Underwriter 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 Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any 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 absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

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- (iii) any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter 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
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not of the same kind or nature with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 10 consecutive Business Days, excluding any halt or suspension in connection with the clearance of the 4 June Joint Announcement, this circular, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter may by notice in writing to the Company, served prior to the Latest Time For Termination, to terminate the Underwriting Agreement.

The Underwriter may by notice in writing to rescind the Underwriting Agreement if, prior to the Latest Time For Termination:

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

THE WYT IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, WYT, through its wholly-owned subsidiaries, Hearty and Suntech, is interested in 269,767,500 Shares, representing approximately 20.33% of the issued share capital of the Company.

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On 28 May 2015 (as updated by a deed of supplemental acknowledgement dated 16 July 2015), Hearty and Suntech have jointly and severally and irrevocably granted the WYT Irrevocable Undertaking in favour of the Company under which they agreed, among other things:

- (i) to subscribe, or procure their associates to subscribe, for 665,958,750 Rights Shares and 8,460,000 Rights Shares, respectively (in aggregate 674,418,750 Rights Shares), which comprise the full acceptance of their respective provisional entitlements;
- (ii) that the Shares or the shares (as the case may be) comprising its current shareholding in the Company will remain beneficially owned by them on the Record Date;
- (iii) to procure that their respective acceptance of the 665,958,750 Rights Shares and 8,460,000 Rights Shares, which will be provisionally allotted to them in nil-paid form under the Rights Issue, be lodged with the Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time For Acceptance or otherwise in accordance with the instructions printed on the PAL(s);
- (iv) that Hearty will apply, or procure its associates to apply, by way of excess application, for 380,000,000 Rights Shares; and
- (v) that Hearty will procure that the EAF(s) for 380,000,000 Rights Shares be lodged with the Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time For Acceptance or otherwise in accordance with the instructions printed on the EAF(s).

Completion of the transactions under the WYT Irrevocable Undertaking is conditional upon the conditions for the Rights Issue (other than condition (vi) referred to in the section headed “Conditions of the Rights Issue” in this circular) having been fulfilled.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon the fulfillment of the conditions set out in the section headed “Conditions of the Rights Issue” in this circular. In particular, the Rights Issue is conditional, among others, upon:

- (i) the Listing Committee of the Stock Exchange granting and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) by no later than the first day of their dealings, which is expected to be 9:00 a.m. on Tuesday, 1 September 2015 and 9:00 a.m. on Wednesday, 23 September 2015, respectively; and**
- (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (as set out in the section headed “Principal terms of the Underwriting Agreement” in this circular).**

LETTER FROM THE BOARD

If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercise their right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue is fulfilled, and any dealings in the Rights Shares in their nil-paid form between 9:00 a.m. on Tuesday, 1 September 2015 and 4:00 p.m. on Wednesday, 9 September 2015 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders and potential investors contemplating dealing in Shares and/or nil-paid Rights Shares are recommended to consult their own professional advisers.

REASONS FOR THE RIGHTS ISSUE

The Group is principally engaged in the businesses of property development in the PRC, and the retailing of the fresh pork and related produce in Hong Kong.

In view of the continuous progress of urbanisation in the PRC, the Board is optimistic about the long term development in the PRC property market and is seeking to explore opportunities to further grow its business, including by expanding the Group's land bank for both residential and commercial development.

In view of the optimistic future prospects of the business of the Group, the Rights Issue will enable the Company to strengthen its equity base and liquidity without incurring interest costs, and significantly reduce its finance costs, thereby bolstering its ability to capitalise upon greater business opportunities associated with its principal business engagements and explore future potential investment opportunities. The Rights Issue also affords all Shareholders an equal opportunity to subscribe for their pro-rata provisional entitlements of the Rights Shares, and to participate as fully as they wish in the growth opportunity of the Company by way of applying for excess Rights Shares. It allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefit. By comparison, had the Company raised equity of similar size in the form of a placing, then such an exercise would not have allowed all Shareholders to participate in the capital exercise and those excluded Shareholders would be diluted without being given an opportunity to maintain their percentage interests.

Taking into account the above, the theoretical potential dilution impact of the Rights Issue (including the aggregated theoretical potential dilution impact after considering the previous equity fund-raising completed by the Group within the last 12 months of this circular) and the safeguards in place to protect the Shareholders' interests, the Board (excluding the independent non-executive Directors whose opinion is set out in this circular, after considering the views of the Independent Financial Adviser) is of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

USE OF PROCEEDS OF THE RIGHTS ISSUE

The Rights Issue is proposed with a view to provide further funding for the Group's business development and expansion, and to assist with the Group's repayment of financial indebtedness. The net proceeds to be raised from the Rights Issue, being approximately HK\$338.3 million, are intended to be applied as follows:

- (a) approximately HK\$232.9 million will be utilized for the subscription of shares and convertible notes to be issued by China Agri-Products Exchange Limited (Stock Code: 0149) ("CAP");
- As disclosed in the joint announcement of CAP and the Company dated 7 June 2015 (the "**Subscriptions Joint Announcement**"), and supplemented by the announcement of CAP and the Company dated 16 July 2015 ("**Second Subscriptions Joint Announcement**"), the Company has entered into the share subscription agreement and convertible notes subscription agreement with CAP (the "**CAP Subscriptions**"), under which the Company has agreed to subscribe for (i) 318,000,000 newly issued shares of CAP (the "**CAP Shares**") at the subscription price of HK\$0.245 per CAP Share, for an aggregate principal amount of approximately HK\$77.9 million; and (ii) convertible redeemable notes in the aggregate principal amount of HK\$155 million with a conversion price of HK\$0.305 per conversion share, representing 508,196,721 CAP Shares upon conversion.
 - The Board has always been optimistic about the future prospects of CAP. Given the fact that (i) completion of the CAP Subscriptions allow the Group to retain influence over CAP's management, including participation in the financial and operation decisions in CAP, and to participate in CAP's growth; (ii) the subscription of CAP's convertible notes will yield an interest income of 5.0% per annum to the Group; and (iii) CAP intends to introduce Shenzhen Agricultural Products Co., Ltd, as an investor which will further enhance CAP's network and reputation within the PRC's agricultural industry (please see the Subscriptions Joint Announcement for further details), the Board considers that the CAP Subscriptions are in the interests of the Group and Shareholders as a whole. Further details in relation to the CAP Subscriptions are disclosed in the Subscriptions Joint Announcement and the Second Subscriptions Joint Announcement.
 - Each of the CAP Subscriptions are nevertheless subject to the fulfilment of certain conditions which are set out in the Subscriptions Joint Announcement and the Second Subscriptions Joint Announcement. To the extent that the conditions under any of the CAP Subscriptions are not fulfilled, resulting in such CAP Subscriptions not completing, the portion of net proceeds of the Rights Issue originally intended to be allocated towards such CAP Subscriptions will instead be utilised for potential investments by the Group (please see paragraph (b) below of this section headed "Use of proceeds of the Rights Issue" for further details).

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- (b) approximately HK\$60.0 million will be utilised for potential investments by the Group;
- The Group continues to explore potential business opportunities to deliver long term benefits to the Shareholders and as at the Latest Practicable Date, the Group is currently considering PRC property development projects and potential investment opportunities in other industries including, but not limited to, the financing business segment, which the Board believes could potentially diversify the Group’s asset base and broaden its business scope to enhance the Group’s long term growth prospects. As at the Latest Practicable Date, the Group has not entered into any binding agreements in respect of such PRC property development projects or potential investments which are otherwise required to be disclosed under the Listing Rules, and the Company will make disclosure in respect of such projects in accordance with the Listing Rules as and when appropriate. Whilst (i) the Group currently does not have any imminent funding needs beyond those identified in this section headed “Use of proceeds of the Rights Issue”, and (ii) it is difficult for the Group to predict with certainty the precise time horizon for when the potential PRC property development projects and investment opportunities in other industries may materialise into a binding commitment or transaction (if at all) which would in the Board’s view, be in the interests of the Company and its Shareholders as a whole, since the Group principally engages in the business of property development, it is prudent and appropriate for the Group to maintain a sufficient bank and cash balance as well as standby financing resources from time to time, which include the funds to be raised from the Rights Issue, in order to (i) be ready to participate in any new business project as and when such opportunities arise, and (ii) be eligible to participate in land tendering in the PRC, as the relevant PRC land bureau may require the tender participant to demonstrate that it has sufficient cash resources and to prepay a certain portion of the land premium as deposit before tendering.
- (c) approximately HK\$20.0 million will be utilised for the repayment of outstanding principal and interest amounts on bank loans of the Group provided by banks in the PRC and Hong Kong (each of which is a licensed financial institution and an Independent Third Party) of approximately HK\$334.1 million, which are due from the second half of 2015 onwards with interest rates up to 8% per annum;
- The Board is of the view that utilising the net proceeds from the Rights Issue to settle the outstanding bank loans of the Group is beneficial to the Group and the Shareholders as a whole as it reduces the Group’s debt level and finance costs, enabling the Group to further deleverage and strengthen its equity base.
- This is particularly important in light of the nature of the Group’s primary business as a property developer. For example, to be eligible to participate in land tendering in the PRC, the relevant PRC land bureau may require the tender participant to demonstrate that it has sufficient cash resources and may require the tender participant to prepay a certain portion of the land premium as deposit before tendering. As the process of obtaining equity financing takes time, the Board is of the view that now is the appropriate moment for the Group to tap into the capital market to reduce its debt level and enhance its capital base, thereby placing the Group in a stronger financial position to participate in or tender for any attractive property development projects as and when such opportunities arise, which will often require sufficient cash and financing resources to be deployed at short notice.

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- d) approximately HK\$20.0 million will be utilised for part payment of construction costs of the fifth and sixth phases of the Group's existing property development project in Fuzhou, Jiangxi Province, the PRC, which are expected to be completed in the second half of 2015 and 2016 respectively, at a total construction cost of approximately HK\$150.3 million which is expected to be payable in the near future; and
- e) the remaining balance of approximately HK\$5.4 million will be utilised for general working capital of the Group, the largest components of which will be operating expenses such as marketing and salary expenses.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue assuming no change in the shareholding structure of the Company between the Latest Practicable Date and completion of the Rights Issue.

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming all the Rights Shares are subscribed for by the Qualifying Shareholders		Immediately after completion of the Rights Issue, assuming all the Rights Shares are subscribed for by the WYT Group pursuant to the WYT Irrevocable Undertaking and the Underwriter pursuant to the Underwriting Agreement, and the Underwriter disposes of Shares to Independent Third Parties to fulfill the public float requirements of the Company <i>(Notes 1 and 2)</i>		Immediately after completion of the Rights Issue, assuming all the Rights Shares are subscribed for by the WYT Group pursuant to the WYT Irrevocable Undertaking and the Underwriter pursuant to the Underwriting Agreement <i>(Notes 1 and 3)</i>	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
WYT Group	269,767,500	20.33	944,186,250	20.33	1,324,186,250	28.51	1,324,186,250	28.51
The Underwriter (including subscribers procured by it) <i>(Note 4)</i>	8	0.00	28	0.00	2,159,057,500	46.49	2,262,956,278	48.73
Other public Shareholders	1,057,182,492	79.67	3,700,138,722	79.67	1,161,081,250	25.00	1,057,182,472	22.76
Total	1,326,950,000	100.00	4,644,325,000	100.00	4,644,325,000	100.00	4,644,325,000	100.00

Notes:

- Assuming all 380,000,000 Rights Shares applied for by Hearty by way of excess application pursuant to the WYT Irrevocable Undertaking are allocated to it.
- This scenario is for illustration purposes only and assumes that (i) the Independent Shareholders have voted in favour of the Rights Issue at the SGM, but (ii) no Qualifying Shareholder other than Hearty and Suntech would take up their provisional entitlements under the Rights Issue, which is a complete misalignment between the voting behaviour of the Independent Shareholders and their subscription for Rights Shares, and (iii) the Underwriter takes up its full entitlement of Underwritten Shares and disposes of a certain number of Shares to Independent Third Parties to ensure that the public float requirements under Rule 8.08 of the Listing Rules are fulfilled by the Company upon completion of the Rights Issue.

LETTER FROM THE BOARD

3. This scenario is for illustration purposes only and will not occur since it assumes that: (i) the Independent Shareholders have voted in favour of the Rights Issue at the SGM, but (ii) no Qualifying Shareholder other than Hearty and Suntech would take up their provisional entitlements under the Rights Issue, which is a complete misalignment between the voting behaviour of the Independent Shareholders and their subscription for Rights Shares, and (iii) the Underwriter takes up its full entitlement of Underwritten Shares but does not dispose of any Shares to Independent Third Parties as required to fulfil the public float requirements under Rule 8.08 of the Listing Rules.
4. The Underwriter will use its best endeavours to ensure that such subscribers and/or sub-underwriters are: (i) Independent Third Parties, and (ii) will not hold 10.0% or more of the equity interest and voting rights in the Company upon completion of the Rights Issue. The Underwriter will also ensure that the public float requirements under Rule 8.08 of the Listing Rules are fulfilled by the Company upon completion of the Rights Issue. As at the Latest Practicable Date, the Underwriter has procured nine sub-underwriters who are Independent Third Parties for an aggregate of 1,800,000,000 Underwritten Shares and none of them will hold more than 10.0% of the equity interest in the Company upon completion of the Rights Issue. Please see below for further details of these nine sub-underwriters.

As at the Latest Practicable Date, the Underwriter has procured nine sub-underwriters who are Independent Third Parties for an aggregate of 1,800,000,000 Underwritten Shares and none of them will hold 10.0% or more of equity interest and voting rights in the Company upon completion of the Rights Issue. Each of the nine sub-underwriters procured by the Underwriter have agreed to take up a maximum of 200,000,000 Underwritten Shares and will be allocated Underwritten Shares (if any) on a pro-rata basis. To the extent that the Underwriter subsequently enters into any further sub-underwriting arrangements, the Underwriter shall use its best endeavours to ensure that each subscriber and/or sub-underwriter is an Independent Third Party and will not hold more than 10.0% of the equity interest and voting rights in the Company upon completion of the Rights Issue. The Underwriter will also ensure that at least 25.0% of the total issued capital of the Company is held by the public at all times such that the public float requirements under Rule 8.08 of the Listing Rules will be complied with by the Company.

LETTER FROM THE BOARD

PREVIOUS EQUITY FUND-RAISING ACTIVITIES IN THE PRIOR 12-MONTH PERIOD

The following sets out the equity fund-raising activities of the Company in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Date of Completion	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds
14 April 2015	30 April 2015	Placing of 220 million new Shares under the general mandate	Approximately HK\$47.9 million	(a) Approximately HK\$35.0 million for repayment of indebtedness; and (b) Approximately HK\$12.9 million as general working capital of the Group.	(a) Approximately HK\$35.0 million was utilised for repayment of indebtedness as intended; and (b) Approximately HK\$12.9 million was utilised for general working capital of the Group.
12 September 2014	(a) Top-up placing and top-up subscription completed on 22 September 2014 and 26 September 2014, respectively (b) Placing of new Shares completed on 29 September 2014	(a) Top-up placing and top-up subscription of 150 million Shares under the general mandate (b) Placing of 34 million new Shares under the general mandate	Approximately HK\$57.7 million	Future development and other potential investment	(a) Approximately HK\$57.7 million was utilised for advancement to construction contractors which would be subsequently applied for towards the settlement of construction fees for the development project in Fuzhou City, the PRC of which HK\$19.5 million was repaid to the Company in July 2015; (b) Approximately HK\$3.2 million was utilised for settlement of construction fees for the development projects in the PRC; and (c) Approximately HK\$16.3 million will be utilised as intended.

LETTER FROM THE BOARD

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief and based on its latest estimations having considered the current development status of our Fuzhou and Dongguan projects and the general operational needs of the Group, the Group has no material funding needs for the next 12 months that would not already be satisfied by the net proceeds from the Rights Issue and its existing cash resources. However, if any attractive investment opportunities arise, additional fund-raising activities may be required to be undertaken by the Company. Announcement(s) will be made by the Company in accordance with the Listing Rules as and when necessary.

TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares (in both their nil-paid and fully-paid forms) and, as regards the Excluded Shareholders, their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of the holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in, the Rights Shares (in both their nil-paid and fully-paid forms).

CHANGE IN BOARD LOT SIZE AND ARRANGEMENTS FOR TRADING OF ODD LOTS

The Shares are currently traded on the Stock Exchange in board lots of 4,000 Shares. The board lot size of the Shares will be changed to 20,000 Shares.

Based on the closing price of HK\$0.325 and HK\$0.177 per Share as quoted on the Stock Exchange on the May Last Trading Day and the July Last Trading Day, respectively, the prevailing board lot value is HK\$1,300 and HK\$708, respectively, in the board lot size of 4,000 Shares. Based on the theoretical ex-entitlement price of the Shares of approximately HK\$0.168 per Share and HK\$0.126 per Share with reference to the closing price of HK\$0.325 per Share on the May Last Trading Day and HK\$0.177 per Share on the July Last Trading Day, the new estimated board lot value would be approximately HK\$3,360 and HK\$2,520 in the new board lot size of 20,000 Shares. The change in board lot size will not affect any of the Shareholders' rights.

As from Monday, 24 August 2015, any new share certificates will be issued in board lots of 20,000 Shares each. The expected timetable for such change in board lot size is set out in the "Expected Timetable" section in this circular.

LETTER FROM THE BOARD

In order to facilitate the trading of odd lots (if any) of the Shares arising from the change in board lot size, Kingston Securities Limited will be appointed as the designated broker to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from 9:00 a.m. on Monday, 24 August 2015 to 4:00 p.m. on Monday, 14 September 2015 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot, may directly or through their broker, contact Ms. Rosita Kiu of Kingston Securities Limited at Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong (telephone: (852) 2298 6215 and facsimile: (852) 2295 0682) during such period. Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

LISTING RULES IMPLICATIONS

As the Rights Issue will result in the Company's issued share capital increasing by more than 50%, the Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to Rule 7.19(6) of the Listing Rules, any controlling shareholder and their associates, or where there is no such controlling shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will need to abstain from voting in favour of the resolution relating to the Rights Issue.

As at the Latest Practicable Date, there is no controlling Shareholder (as defined under the Listing Rules) and none of the Directors (excluding the independent non-executive Directors), the Company's chief executive and their respective associates holds any Shares. Accordingly, none of the Directors (excluding the independent non-executive Directors) and the Company's chief executive is required to abstain from voting in favour of the resolution to approve the Rights Issue at the SGM.

The Company has established the Independent Board Committee to advise the Independent Shareholders as to (i) whether the Rights Issue (including the Underwriting Agreement) is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and (ii) voting by the Independent Shareholders, taking into account the recommendations of the Independent Financial Adviser. In this regard, the Company has appointed, and the Independent Board Committee has approved the appointment of, Opus Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Rights Issue (including the Underwriting Agreement) are fair and reasonable, and (ii) voting by the Independent Shareholders.

LETTER FROM THE BOARD

THE SGM

A notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular. The SGM will be held at 32/F., 9 Queen's Road Central, Hong Kong at 3:00 p.m. on Monday, 17 August 2015 for the purpose of, among others, considering and, if thought fit, to approve the proposed Rights Issue.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, being Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

Subject to the Rights Issue being approved at the SGM, the Prospectus or Prospectus Documents, where appropriate, containing further information on the Rights Issue will be despatched to the Shareholders as soon as practicable.

RECOMMENDATION

In relation to the Rights Issue, your attention is drawn to, and you are advised to read carefully, the letter from the Independent Board Committee and the letter from Opus Capital set out on pages 34 to 35 and pages 36 to 72 respectively of this circular.

The Directors (including the Independent Board Committee, which has taken into account the advice of Opus Capital) consider that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the Independent Board Committee, which has taken into account the advice of Opus Capital) recommend the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the SGM.

Accordingly, the Directors (including the Independent non-executive Directors) believe that the Rights Issue is in the interests of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Rights Issue.

Shareholders and potential investors are reminded (i) to pay close attention to the announcements of the Company from time to time which are published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.pngresources.com), and (ii) to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board
PNG RESOURCES HOLDINGS LIMITED
PNG 資源控股有限公司
Chan Chun Hong, Thomas
Chairman and Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue.



PNG Resources
PNG Resources Holdings Limited
PNG 資源控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 221)

31 July 2015

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE IN THE PROPORTION OF
FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) SHARES
HELD ON THE RECORD DATE
AT HK\$0.105 PER RIGHTS SHARE**

We refer to the circular of the Company dated 31 July 2015 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as members to form the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the proposed Rights Issue are fair and reasonable insofar as the Independent Shareholders are concerned and to recommend whether or not the Independent Shareholders should vote for the resolution to be proposed at the SGM to approve the proposed Rights Issue.

Opus Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from Opus Capital to the Independent Board Committee and the Independent Shareholders which contains its advice to us in relation to the proposed Rights Issue as set out in the Circular. We also draw your attention to the letter from the Board set out in the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Rights Issue and the advice of Opus Capital, we are of the opinion that the proposed Rights Issue is on normal commercial terms, are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the proposed Rights Issue to be proposed at the SGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
PNG Resources Holdings Limited
PNG資源控股有限公司

Mr. Sin Ka Man

Mr. Yuen Kam Ho, George **Mr. Cheung Sau Wah, Joseph**
Independent non-executive Directors

LETTER FROM OPUS CAPITAL

Set out below is the text of a letter received from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue for the purpose of inclusion in this circular.



18TH Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong

31 July 2015

*To: The Independent Board Committee and
the Independent Shareholders of PNG Resources Holdings Limited*

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE AT HK\$0.105 PER RIGHTS SHARE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 31 July 2015 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the 4 June Joint Announcement whereby the Company announced, among others, the Rights Issue and the proposed change in board lot size and the 16 July Joint Announcement where the Company announced, among others, the revised Subscription Price and the proposed change in board lot size (details of which are highlighted in the Letter from the Board under the section headed “Change in Board Lot Size and Arrangements for Trading of Odd Lots”). The Company proposes to raise gross proceeds of up to approximately HK\$348.3 million, before expenses, by way of a rights issue of 3,317,375,000 Rights Shares at the subscription price of HK\$0.105 per Rights Share on the basis of five (5) Rights Shares for every two (2) existing Shares held on the Record Date.

The Rights Issue is fully underwritten by the Underwriter, pursuant to the terms and subject to the conditions of the Underwriting Agreement. We understand from the Company that the terms of the Underwriting Agreement were agreed after arm’s length negotiations between the Company and the Underwriter by reference to (i) the capital needs of the Group; (ii) the financial position of the Group; (iii) the recent market price and trading liquidity of the Shares; and (iv) the prevailing market conditions. The Rights Issue is conditional upon, amongst other things, the passing of the resolution(s) at the SGM to approve the Rights Issue.

LETTER FROM OPUS CAPITAL

Since the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at the SGM at which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting on the resolution(s) relating to the Rights Issue and the transactions contemplated thereunder.

As at the Latest Practicable Date, there is no controlling Shareholder (as defined under the Listing Rules) and none of the Directors (excluding the independent non-executive Directors), the Company's chief executive and their respective associates holds any Shares. Accordingly, none of the Directors (excluding the independent non-executive Directors) and the Company's chief executive is required to abstain from voting in favour of the resolution to approve the Rights Issue at the SGM.

INDEPENDENT BOARD COMMITTEE

The Independence Board Committee, comprising Mr. Sin Ka Man, Mr. Yuen Kam Ho, George and Mr. Cheung Sau Wah, Joseph, all being the independent non-executive Directors, has been established by the Company to advise and make recommendations to the Independent Shareholders in respect of the Rights Issue. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the Rights Issue (including the Underwriting Agreement) are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote on the relevant resolution(s) in relation to the Rights Issue at the SGM.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM OPUS CAPITAL

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things, the Underwriting Agreement, the Company's annual report for the financial year ended 31 March 2014, the Company's interim report for the six months ended 30 September 2014, the Company's annual report the financial year ended 31 March 2015 (the "**2015 Annual Report**"), the 16 July Joint Announcement, the joint announcement of China Agri-Products Exchange Limited (stock code:0149) ("**CAP**") and the Company on 7 June 2015 (the "**Subscriptions Joint Announcement**") and supplemented by the further joint announcement of CAP and the Company on 16 July 2015 (the "**Second Subscriptions Joint Announcement**") and other information as set out in the Circular.

We have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Company (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the SGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information have been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

We have not considered the tax implications, if any, on the Qualifying Shareholders of their acceptances or non-acceptances of the Rights Issue since these are particular to their own individual circumstances. Qualifying Shareholders should consider their own tax position with regard to the Rights Issue and, if in any doubt, should consult their own professional advisers in due course.

The Directors have collectively and individually accepted full responsibility, including particulars given in compliance with the Listing Rules, for the accuracy of the information contained in the Circular and have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other matters of facts, the omission of which would make any statement herein or the Circular misleading.

LETTER FROM OPUS CAPITAL

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Rights Issue, and except for its inclusion and publication in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Rights Issue, we have taken into consideration the following principal factors and reasons:

Business overview of the Group

The Group is principally engaged in the businesses of property development in the PRC and retailing of the fresh pork and related produce in Hong Kong.

Set out below are the audited consolidated financial results of the Group for the two financial years ended 31 March 2015 as extracted from 2015 Annual Report:

Table 1: Highlights of the financial results of the Group

	Financial year ended 31 March 2015 (HK\$ million)	Financial year ended 31 March 2014 (HK\$ million)
Revenue	1,188.13	1,034.16
Profit before taxation	224.65	223.03

Source: 2015 Annual Report

During the financial year ended 31 March 2015 (“FY2015”), the Group recorded revenue of approximately HK\$1,188.13 million, representing an increase of approximately 14.89% as compared to financial year ended 31 March 2014 (“FY2014”). As discussed with the Management, the increase in revenue in FY2015 as compared to FY2014 was mainly due to sales of the Group’s property development projects in Fuzhou City and Dongguan City in the PRC (the “**Property Projects**”). The profit before taxation of the Group has increased from approximately HK\$223.03 million in FY2014 to approximately HK\$224.65 million, representing an increase of approximately 0.73%.

LETTER FROM OPUS CAPITAL

Set out below are the Group's revenue segmental breakdown for the two financial years ended 31 March 2015 as extracted from the 2015 Annual Report:

Table 2: Revenue breakdown of the Group

	Financial year ended 31 March 2015 <i>(HK\$ million)</i>	Percentage to total revenue <i>(%)</i>	Financial year ended 31 March 2014 <i>(HK\$ million)</i>	Percentage to total revenue <i>(%)</i>
Sale of the fresh pork and related produce operation	64.14	5.40	68.46	6.62
Property development operation	1,123.99	94.60	965.70	93.38
Total	<u>1,188.13</u>	<u>100.00</u>	<u>1,034.16</u>	<u>100.00</u>

Source: 2015 Annual Report

As shown in the table above, over 90% of the Group's revenue in both FY2014 and FY2015 resulted from the property development segment.

Set out below are highlights of the financial position of the Group as at 31 March 2015 and 31 March 2014, which is extracted from the 2015 Annual Report:

Table 3: Highlights of the financial position of the Group

	As at 31 March 2015 <i>(HK\$ million)</i>	As at 31 March 2014 <i>(HK\$ million)</i>
Cash and cash equivalent	524.07	564.68
Stock of properties	702.57	653.97
Current assets	1,730.56	1,610.83
Interest-bearing bank loans	348.21	199.80
Current liabilities	934.66	1,186.18
Net assets	1,097.18	939.04

Source: 2015 Annual Report

As shown in the above table, the cash and cash equivalent of the Group has decreased from approximately HK\$564.68 million as at 31 March 2014 to approximately HK\$524.07 million as at 31 March 2015, representing a decrease of approximately 7.19%. As discussed with the Management, such decrease was mainly due to repayment of an interest-bearing loans provided by an immediate holding company. As stated above, property development is the Group's principal business and the main revenue contributor. Despite the strong cash balance as at 31 March 2015, the Group is constantly looking to increase its landbank portfolio for its property development operation. A stronger cash position will equip the Group with more financial capacity and flexibility to capture on potential attractive investment opportunities as and when the opportunities arise so that it can respond in a timely manner.

LETTER FROM OPUS CAPITAL

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

As stated in the Letter from the Board, the Rights Issue is proposed with a view to provide further funding for the Group's business development and expansion, and to assist with the Group's repayment of financial indebtedness. The net proceeds to be raised from the Rights Issue, being approximately HK\$338.3 million, are intended to be applied as follows:

- (i) approximately HK\$232.9 million will be utilised for the subscription of shares and convertible notes to be issued by CAP:

As disclosed in the Subscriptions Joint Announcement, and supplemented by the Second Subscriptions Joint Announcement, the Company has entered into the share subscription agreement and convertible notes subscription agreement with CAP (the "**CAP Subscriptions**"), under which the Company has agreed to subscribe for (i) 318,000,000 newly issued shares of CAP (the "**CAP Shares**") at the subscription price of HK\$0.245 per CAP Share (the "**CAP Share**"), for an aggregate principal amount of approximately HK\$77.9 million; and (ii) convertible redeemable notes in the aggregate principal amount of HK\$155 million ("**Convertible Notes**") with a conversion price of HK\$0.305 per conversion share ("**Conversion Price**"), representing 508,196,721 CAP Shares upon conversion ("**Conversion Share**");

- (ii) approximately HK\$60.0 million will be utilised for potential investments by the Group. The Group continues to explore potential business opportunities to deliver long term benefits to the Shareholders and as at the Latest Practicable Date, the Group is currently considering PRC property development projects and potential investment opportunities in other industries including, but not limited to, the financing business segment, which the Board believes could potentially diversify the Group's asset base and broaden its business scope to enhance the Group's long term growth prospects. As at the Latest Practicable Date, the Group has not entered into any binding agreements in respect of such PRC property development projects or potential investments which are otherwise required to be disclosed under the Listing Rules. The Company will make disclosure in respect of such projects in accordance with the Listing Rules as and when appropriate;
- (iii) approximately HK\$20.0 million will be utilised for the repayment of outstanding principal and interest amounts on bank loans of the Group provided by banks in the PRC and Hong Kong (each of which is a licensed financial institution and an Independent Third Party) of approximately HK\$334.1 million, which are due from the second half of 2015 onwards with interest rates up to 8% per annum;
- (iv) approximately HK\$20.0 million will be utilised for part payment of construction costs of the fifth and sixth phases of the Group's existing property development project in Fuzhou, Jiangxi Province in the PRC, which are expected to be completed in the second half of 2015 and 2016 respectively; and
- (v) the remaining balance of approximately HK\$5.4 million will be utilised for general working capital of the Group, the largest components of which will be operating expenses such as marketing and salary expenses.

LETTER FROM OPUS CAPITAL

As stated in the Letter from the Board, the Company intends to allocate approximately HK\$232.9 million that will be utilised for the subscription of CAP Shares and Convertible Notes. CAP is principally engaged in the business of property management and sales in respect of agricultural produce exchanges in the PRC. As stated in the Letter from the Board, the Directors have always been optimistic about the future prospects of CAP.

According to the CAP's annual report for the year ended 31 December 2014 ("**CAP 2014 Annual Report**"), the PRC government aims to modernise, centralise and systemise the distribution of agricultural produce. As disclosed in the CAP 2014 Annual Report, the CAP group has ten projects, which are strategically situated in Wuhan City, Yulin City, Xuzhou City, Luoyang City, Puyang City, Huangshi City, Qinzhou City, Kaifeng City, Panjin City and Huai'an City. According to China's 12th Five-Year Plan, the PRC government is focusing on the development of agricultural industry.

As discussed with the management of CAP, it is the strategic plan of CAP to develop its agricultural produce exchanges into modern and well-structured agricultural produce exchanges, which is in-line with the current priorities of the PRC government. In light of the above, we concur with the Directors' view that the agricultural produce exchange business of CAP may benefit from the current PRC government policies. Furthermore, the Management is of the view that the Convertible Notes will enable the Company to convert the Convertible Notes into CAP Shares or wait until redemption which will yield an interest income of 5.0% per annum to the Group at the Company's discretion.

Overview of CAP Subscriptions

According to the Second Subscriptions Joint Announcement, on 10 July 2015 (after trading hours), the Company entered into convertible notes supplemental subscription agreement with CAP (the "**Supplemental PNG Notes Subscription Agreement**"), pursuant to which CAP has agreed to issue, and the Company has agreed to subscribe for, the Convertible Notes in an aggregate principal amount of HK\$155 million.

The following table summarises the major terms of the Convertible Notes:

Maturity Date:	the date falling upon the expiry of three years from the date on which the Convertible Notes are first issued, or if such date is not a business day, the next business day
Interest:	5.0% per annum payable annually on the anniversary of the date of issuance of the Convertible Notes each year
Conversion Price:	HK\$0.305 per Conversion Share, subject to adjustments for, amongst other things, capitalisation of profits or reserves, rights issue, granting any options or warrants to subscribe for the new CAP Shares, consolidations or subdivisions of CAP Shares.

LETTER FROM OPUS CAPITAL

As stated in the Second Subscriptions Joint Announcement, the Conversion Price of HK\$0.305 per Conversion Share represents:

- (i) a premium of approximately 3.39% over the closing price of HK\$0.295 per CAP Share as quoted on the Stock Exchange on the July Last Trading Day;
- (ii) a premium of approximately 1.33% over the average closing price of approximately HK\$0.301 per CAP Share for the five consecutive trading days up to and including the July Last Trading Day; and
- (iii) a discount of approximately 69.25% to the unaudited total equity attributable to the owners of CAP per CAP Share of approximately HK\$0.992 as at 31 December 2014 after taking into account of the net proceeds of approximately HK\$501.7 million from the rights issue of CAP completed in May 2015.

Analysis on the Conversion Price

For the purpose of assessing the fairness and reasonableness of the Conversion Price, we have compared the Conversion Price with reference to: (i) the recent price performance of the CAP Shares; and (ii) the market comparable analysis, as follows:

Review on CAP Share price performance

The following table illustrates the highest and lowest closing prices and the average closing price of the CAP Shares as quoted on the Stock Exchange in each month during the period commencing from 11 July 2014 up to and including the July Last Trading Day (the “CAP Review Period”).

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Table 4: Historical daily closing prices of the CAP Shares during the CAP Review Period

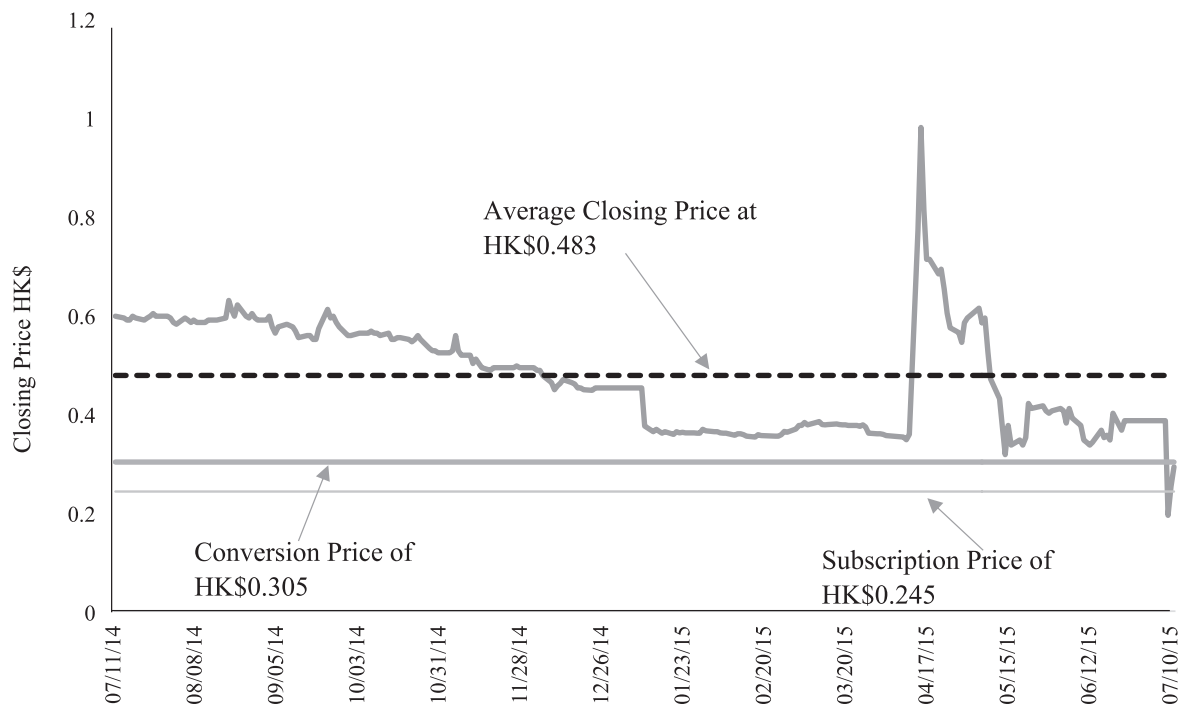
Month	Highest daily closing price (HK\$)	Lowest daily closing price (HK\$)	Average daily closing price (HK\$)	Number of trading days in each month
2014				
July (from 11 July 2014)	0.609	0.591	0.601	15
August	0.636	0.587	0.601	21
September	0.618	0.556	0.580	21
October	0.573	0.529	0.555	21
November	0.564	0.493	0.511	20
December	0.498	0.452	0.468	21
2015				
January	0.457	0.362	0.389	21
February	0.368	0.356	0.362	18
March	0.388	0.363	0.379	22
April	0.990	0.351	0.598	19
May	0.600	0.320	0.432	19
June	0.415	0.340	0.375	17
July (up to and including the July Last Trading Day)	0.390	0.196	0.317	12

Source: Stock Exchange

During the CAP Review Period, the daily closing price of the CAP Shares ranged from HK\$0.196 to HK\$0.990 per CAP Share. In addition, the following chart highlights the movements of the daily closing price of the CAP Shares as quoted on the Stock Exchange during the CAP Review Period.

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Chart 1: Historical daily closing prices of the CAP Shares during the CAP Review Period



Source: Stock Exchange

We note that the Conversion Price of HK\$0.305 generally falls below the daily closing prices of the Shares throughout the CAP Review Period and represents:

- (i) a discount of approximately 69.19 % from the highest closing price of HK\$0.990;
- (ii) a premium of approximately 55.61% from the lowest closing price of HK\$0.196; and
- (iii) a discount of approximately 36.85% from the average closing price of the CAP Shares of HK\$0.483 during the CAP Review Period.

In light of the above, the Conversion Price of HK\$0.305 falls within the range and also below the average of the daily closing price of CAP Shares during the CAP Review Period.

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In order to reflect the general trend of convertible notes transactions in the recent market, we have, on a best effort basis, conducted a search of all recent convertible notes announced within the six-month period from 11 January 2015 up to the July Last Trading Day (the “**Convertible Bonds Comparison Period**”). During the Convertible Bonds Comparison Period and based on our research conducted, we identified a total of 34 convertible bonds issued by companies listed on the Stock Exchange (the “**Convertible Bonds Comparables**”). To the best of our knowledge effort and endeavour and based on our search conducted, the list of the Convertible Bonds Comparables is an exhaustive list of comparable convertible bonds for comparison purpose. We also noted that the business activities of the Convertible Bonds Comparables are not directly comparable to those carried out by CAP group and the terms of the Convertible Bonds Comparables may vary from companies with different financial standings, business performance and future prospects. The Comparable Bonds Comparables are only used to provide a general reference for the recent general market pricing range on the issue of convertible bonds/notes in Hong Kong. The details of which are set out below:

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Table 5: Convertible Bonds Comparables announced during the Convertible Bonds Comparison Period

Announcement Date	Company	Stock Code	Coupon Rate (%)	Conversion price premium/ (discount) to the last trading day (%)	Conversion price premium/ (discount) to 5 consecutive trading days up to and including the last trading day (%)
07/06/2015	New Focus Auto Tech Holdings Limited	360	6.00	96.08	89.87
07/03/2015	Carnival Group International Holdings Limited	996	8.00	16.80	14.90
07/03/2015	Ground Properties Co. Ltd.	989	2.00	(35.11)	(15.51)
07/03/2015	Skyfame Realty (Holdings) Ltd.	59	10.00	4.65	2.78
07/03/2015	AgriTrade Resources Ltd.	1131	5.83 ^(Note)	33.33	24.86
06/30/2015	Cypress Jade Agricultural Holdings Ltd.	875	0.00	(1.15)	(19.63)
06/25/2015	Chinese Strategic Holdings Ltd.	8089	12.00	39.71	57.28
06/23/2015	Sunrise (China) Technology Group Ltd.	8226	3.00	(70.31)	(69.75)
06/23/2015	China Investment Fund Co. Ltd.	612	5.00	(27.50)	(30.20)
06/22/2015	Chigo Holding Ltd.	449	7.00	35.52	31.45
06/17/2015	Sandmartin International Holdings Ltd.	482	5.00	(18.46)	(6.53)
06/15/2015	Tongda Group Holdings Ltd	698	1.00	27.03	25.84
06/15/2015	Sino Oil And Gas Holdings Ltd	702	8.00	4.15	8.65
06/09/2015	China All Access (Holdings) Ltd.	633	0.00	(22.26)	(14.91)
06/09/2015	Kong Shum Union Property Management Holding Ltd	8181	0.00	(5.71)	(9.59)

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Announcement Date	Company	Stock Code	Coupon Rate (%)	Conversion price premium/ (discount) to the last trading day (%)	Conversion price premium/ (discount) to 5 consecutive trading days up to and including the last trading day (%)
06/03/2015	China Merchants Land Ltd	978	0.50	25.00	23.00
06/03/2015	Hong Kong Building & Loan Agency Ltd	145	6.00	(16.04)	(18.79)
05/29/2015	Easyknit Enterprises Holdings Ltd	616	2.00	7.59	5.99
05/14/2015	Wanjia Group Holdings Ltd	401	5.00	0.00	(0.61)
04/17/2015	Media Asia Group Holdings Ltd	8075	0.00	7.96	4.96
04/29/2015	GCL New Energy Holdings Ltd	451	6.00	13.21	13.42
04/24/2015	China Nuclear Industry 23 International Corp Ltd	611	3.00	(16.67)	(19.80)
04/12/2015	China Smartpay Group Holdings Ltd	8325	6.00	(6.09)	19.82
04/08/2015	Pacific Basin Shipping Ltd	2343	3.25	37.50	48.40
04/01/2015	Green Energy Group Ltd	979	8.00	(19.59)	(15.22)
03/30/2015	SMI Holdings Group Ltd	198	8.00	12.50	12.85
03/17/2015	Beautiful China Holdings Co Ltd	706	5.00	(9.09)	(10.63)
03/12/2015	Petro-King Oilfield Services Ltd	2178	5.00	19.80	18.20
02/05/2015	International Standard Resources Holdings Ltd	91	2.00	(66.20)	(66.20)
02/04/2015	United Photovoltaics Group Ltd	686	7.50	7.29	7.52

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Announcement Date	Company	Stock Code	Coupon Rate (%)	Conversion price premium/ (discount) to the last trading day (%)	Conversion price premium/ (discount) to 5 consecutive trading days up to and including the last trading day (%)
02/10/2015	China Fortune Financial Group Ltd	290	12.00	(5.80)	(7.14)
02/09/2015	Green International Holdings Ltd	2700	3.00	(7.04)	(7.82)
02/02/2015	Hua Han Bio-Pharmaceutical Holdings Ltd	587	4.50	16.41	20.80
01/23/2015	United Photovoltaics Group Ltd	686	7.50	1.98	2.79
Maximum			12.00	96.08	89.87
Minimum			0.00	(70.31)	(69.75)
Average			4.91	2.36	3.56
	China Agri-Products Exchange Ltd.	149	5.00	3.39	1.33

Note: The coupon rate for the convertible bonds is 5.5% per annum for the first year and 6% per annum for the remaining years in the term of three years.

Source: Stock Exchange

As shown in the above table, the conversion price of the Convertible Bonds Comparables is from a range of discount of approximately 70.31% to a premium of approximately 96.08% with an average premium of approximately 2.36% to the respective closing prices of their shares on the respective last trading day prior to/on the date of the release of the respective convertible bonds/notes announcements. The premium of approximately 3.39% to the closing price of the CAP Shares on the July Last Trading Day as represented by the Conversion Price falls within the range and is above the average premium. The premium of approximately 1.33% as represented by the Conversion Price is also below the average premium of approximately 3.56% to the respective closing price of their shares for 5 consecutive trading days prior to/on the date of the release of the respective convertible bonds/notes announcements. In view of the above, we are of the view that the premium of approximately 3.39% to the closing price of the CAP Shares on the July Last Trading Day as represented by the Conversion Price is reasonable.

As shown in the above table, the interest of 5% of the Convertible Notes is within the range of the coupon rates of the Convertible Bonds Comparables and above the average coupon rate of 4.91% of the Convertible Bonds Comparables. Furthermore, the time deposit rate in Hong Kong ranges from 0.15% to 1.25% per annum. The interest rate of 5% of the Convertible Notes is higher than the time deposit rates in Hong Kong.

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In light of the above, we concur with the Directors' view that the interest rate and the Conversion Price of the Convertible Notes is reasonable.

Having taken into consideration of the following principal factors and reasons regarding the Convertible Notes including:

- (a) the agricultural produce exchange business of CAP may benefit from the current PRC government policies;
- (b) the Convertible Notes enable the Company to convert the Convertible Notes into CAP Shares or wait until redemption which will yield an interest income of 5.0% per annum to the Group at the Company's discretion;
- (c) the premium of approximately 3.39% to the closing price of the CAP Shares on the July Last Trading Day as represented by the Conversion Price falls within the range and is above the average premium to the respective closing prices of the Convertible Bonds Comparables shares on the last trading days prior to/on the date of the release of the respective convertible bonds/notes announcements;
- (d) the interest of 5% of the Convertible Notes is within the range of the coupon rate of the Convertible Bonds Comparables and is above the average coupon rate of 4.91% of the Convertible Bonds Comparables; and
- (e) the interest rate of 5% of the Convertible Notes is higher than the time deposit rate in Hong Kong,

we are of the view that the allocation of HK\$155 million of the net proceeds of the Rights Issue for subscription of Convertible Notes is fair and reasonable.

As stated in the Letter from the Board and the Second Subscriptions Joint Announcement, the Company has entered into a share subscription agreement and a supplemental agreement with CAP pursuant to which CAP has agreed to issue and the Company has agreed to subscribe for 318,000,000 CAP Shares at a subscription price of HK\$0.245 per CAP Share ("**Subscription Price**"), for an aggregate amount of approximately HK\$77.9 million.

The Subscription Price of HK\$0.245 per CAP Share represents:

- (i) a discount of approximately 16.95% over the closing price of HK\$0.295 per CAP Share as quoted on the Stock Exchange on the July Last Trading Day; and
- (ii) a discount of approximately 18.60% over the average closing price of approximately HK\$0.301 per CAP Share for the five consecutive trading days up to and including the July Last Trading Day.

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As shown in Table 4 and Chart 1 above, during the CAP Review Period, the daily closing price of CAP Shares ranged from HK\$0.196 to HK\$0.990 per CAP Share. We note that the Subscription Price of HK\$0.245 per CAP Share falls within the range and is also below the average of the daily closing price of CAP Shares of HK\$0.483 during the CAP Review Period.

Each of the CAP Subscriptions are nevertheless subject to the fulfilment of certain conditions which are set out in the Subscriptions Joint Announcement. To the extent that the conditions under any of the CAP Subscriptions are not fulfilled, resulting in such CAP Subscriptions not completing, the portion of net proceeds of the Rights Issue originally intended to be allocated towards such CAP Subscriptions will instead be utilised for potential investments by the Group.

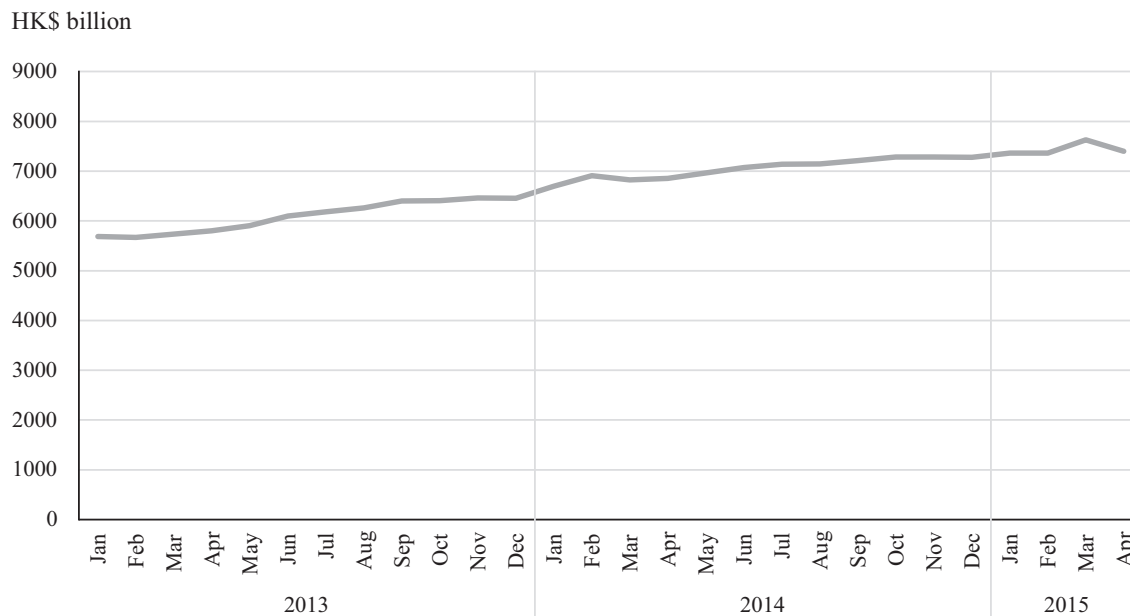
As stated in the Letter from the Board, the Group continues to explore potential business opportunities to deliver long term benefits to the Shareholders and will make disclosure in accordance with the Listing Rules as and when appropriate. Whilst (i) the Group currently does not have any imminent funding needs beyond those identified in this section headed “Reasons for the Rights Issue and use of proceeds”, and (ii) it is difficult for the Group to predict with certainty the precise time horizon for when the potential PRC property development projects and investment opportunities in other industries may materialise into a binding commitment or transaction (if at all) which would in the Board’s view, be in the interests of the Company and its Shareholders as a whole, since the Group principally engages in the business of property development, it is prudent and appropriate for the Group to maintain a sufficient bank and cash balance as well as standby financing resources from time to time, which include the funds to be raised from the Rights Issue, in order to (i) be ready to participate in any new business project as and when such opportunities arise, and (ii) be eligible to participate in land tendering in the PRC, as the relevant PRC land bureau may require the tender participant to demonstrate that it has sufficient cash resources and to prepay a certain portion of the land premium as deposit before tendering.

As stated in the Letter from the Board, the Group is currently exploring potential investments in respect of PRC property development and investments in other industries including but not limited to financing business segment. As stated in the sub-section headed “Market outlook of residential and commercial property market of Fuzhou City and the PRC” of this letter, we consider that the continuing GDP growth, increasing trend in population, urbanisation rate and sales price of residential and commercial properties in the PRC should generally benefit and have a positive impact on the PRC residential and commercial property market.

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Set out below is the market outlook of the financing business in Hong Kong:

Chart 2: Total loans and advances outstanding by authorised institutions



Source: Hong Kong Monetary Authority

As shown in the table above, the total loan and advances outstanding by authorised institutions in Hong Kong has shown an increasing trend from January 2013 to April 2015. The increasing trend in the outstanding loans and advances by authorised institutions indicates the potential growth in the financing market in Hong Kong.

In light of the above, we are of the view that the allocation of HK\$60.0 million of the net proceeds of the Rights Issue for potential investments is fair and reasonable.

As stated in the sub-section headed “Business overview of the Group” of this letter, as at 31 March 2015, the Group recorded interest-bearing bank loans of approximately HK\$348.21 million. As discussed with the Management, it is the Company’s intention to reduce the interest expense incurred from interest-bearing bank loans. Furthermore, as stated in the Letter from the Board, the Directors are of the view that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments when suitable opportunities arise without incurring additional interest costs. As stated in the Letter from the Board, the Directors are of the view that it is important to strengthen the Group’s equity base in light of the nature of the Group’s primary business as a property developer. The Board is of the view that now is the appropriate moment for the Group to tap into the capital markets to reduce its debt level and enhance its capital base, thereby placing the Group in a stronger financial position to participate in or tender for any attractive property development projects as and when such opportunities arise, which will often require sufficient cash and financing resources to be deployed at short notice.

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As discussed with the Management, as at the Latest Practicable Date, the total outstanding construction costs due to the Group's property development project was approximately HK\$150.3 million. As stated in the 2015 Annual Report, the Group owned 100% interest of a piece of land of a saleable area of approximately 1.5 million square feet in Fuzhou, Jiangxi Province. As mentioned in the 2015 Annual Report, it is the Group's strategy to capture the advantages resulting from the urbanisation policies in the PRC and focus on the commercial and residential property development projects in Fuzhou City of Jiangxi Province.

Furthermore, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the growth and development of the Group. Accordingly, the Directors are of the view that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Market outlook of residential and commercial property market of Fuzhou City and the PRC

As the Group's revenue is mainly generated from property development operation and the Directors are optimistic about the long term development in the PRC property market and are seeking to explore opportunities to further grow its business, including by expanding the Group's landbank for both residential and commercial development, we set out below the market outlook of this business segment. The Group's property development project is currently located in Fuzhou City (撫州市), which is in Jiangxi Province. Set out below is a summary showing the population in and urbanisation rate of Jiangxi Province and Fuzhou City:

Table 6: Population and urbanisation rate Jiangxi Province and Fuzhou City

Year	2009	2010	2011	2012	2013
Jiangxi Province population (million)	44.32	44.62	44.88	45.04	45.22
Jiangxi Province urbanisation rate (%)	43.19	44.06	45.70	47.51	48.87
Fuzhou City population (million)	3.90	3.92	3.94	3.95	3.96
Fuzhou City urbanisation rate (%)	40.00	42.28	36.83	40.76	42.09

Source: National Bureau of Statistics of China

As shown in Table 6 above, both the population and the urbanisation rates of the Jiangxi Province and Fuzhou City have shown an increasing trend during 2009 to 2013, which would generally indicate an increasing demand for properties and is generally positive to the property market in Jiangxi Province and Fuzhou City to cater for the expected continuing increase in population and urbanisation.

In light of the above, we consider that the Company can benefit from the increasing demand for properties and the general positive impact on the property market due to the expected growing population and urbanisation rate in Jiangxi Province and Fuzhou City in general.

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Set out in the table below are some general economic indicators of Jiangxi Province and Fuzhou City.

Table 7: Jiangxi Province gross domestic product (“GDP”) and GDP growth

Year	2009	2010	2011	2012	2013
Jiangxi Province GDP (RMB billion)	765.52	945.13	1,170.28	1,294.89	1,441.02
Jiangxi Province GDP growth (%)	9.81	23.46	23.82	10.65	11.29

Source: National Bureau of Statistics of China

Table 8: Fuzhou City GDP and GDP growth

Year	2009	2010	2011	2012	2013
Fuzhou City GDP (RMB billion)	50.29	63.00	74.25	82.50	94.06
Fuzhou City GDP growth (%)	14.40	25.27	17.86	11.11	14.01

Source: Statistic Bureau of Fuzhou

As shown in Table 7 and Table 8 above, from 2009 to 2013, the GDP growth of Jiangxi Province and Fuzhou City ranged from approximately 9.81% to 23.82% year-on-year and approximately 11.11% to 25.27% year-on-year, respectively. Although in general the global financial crisis had a strong negative effect on the economic development of many countries and regions around the world in recent years, Jiangxi Province and Fuzhou City have continued to grow generally in line with the overall PRC economy as discussed below.

The Group’s property development project is currently located in Fuzhou City (撫州市), however, since sales data on residential and commercial properties of Fuzhou City are not publicly available, we have reviewed the indicators on residential and commercial property market for Jiangxi Province for illustrative purpose. We set out the total revenue, sold area and sales price of commercial and residential properties in Jiangxi Province in the table and chart below.

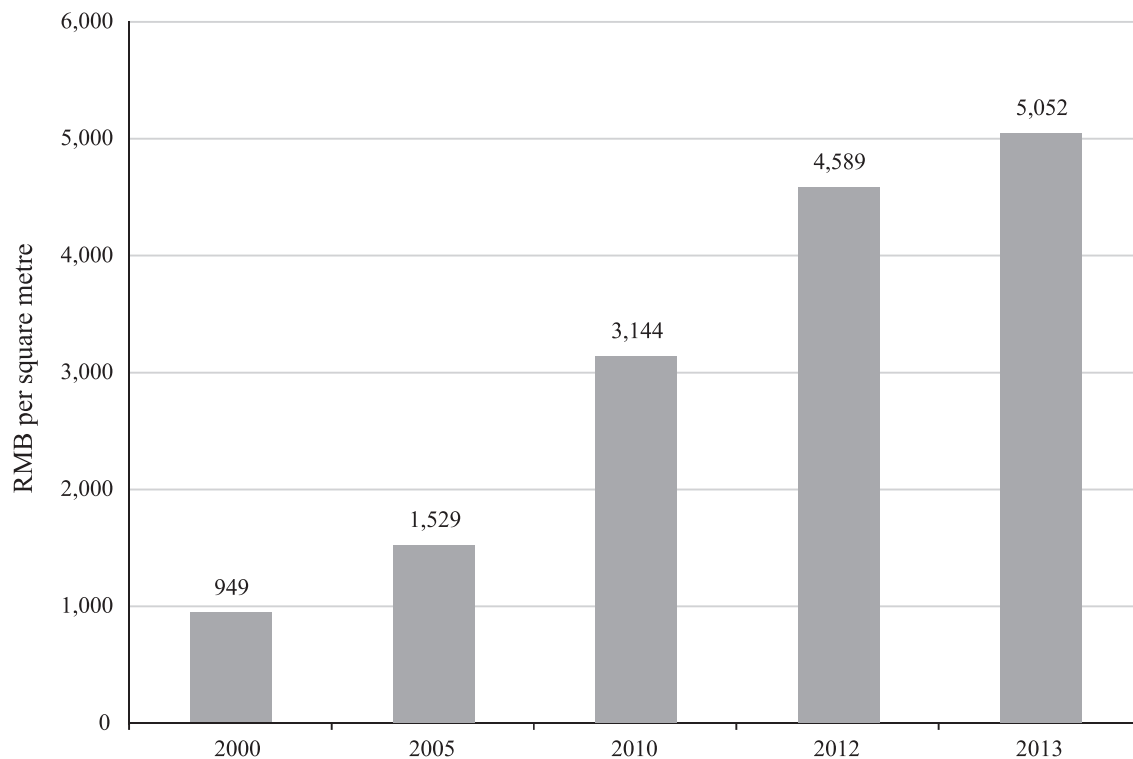
Table 9: Main indicators on residential and commercial property market in Jiangxi Province

Year	2000	2005	2010	2012	2013
Total area sold (square metre)	2,866,900	16,501,200	24,697,300	23,971,000	31,670,600
Total revenue (RMB million)	2,720.08	25,224.96	77,640.58	110,000.00	160,000.00
Sales price (RMB per square metre)	949	1,529	3,144	4,589	5,052

Source: Jiangxi Statistical Yearbook 2014

Note: Total revenue and area sold for residential and commercial properties in Jiangxi Province for the year 2001-2004, 2006-2009 and 2011 are not publicly available as the data is not disclosed in the Jiangxi Statistical Yearbook 2014

Chart 3: Sales price of residential and commercial properties in Jiangxi Province



Source: Statistic Bureau of Jiangxi

As shown in the chart above, the sales price of residential and commercial properties in Jiangxi Province has increased from approximately RMB949 per square metre in 2000 to approximately RMB5,052 per square metre in 2013, representing a compound annual growth rate (the “CAGR”) of approximately 13.73%. The increasing trend in the sales price of residential and commercial properties in Jiangxi Province indicates the potential growth in Jiangxi Province’s residential and commercial property market.

In light of the above, we are of the view that the allocation of approximately HK\$20.0 million of the net proceeds of the Rights Issues for the payment of construction costs of the Group’s existing property development project in Fuzhou, Jiangxi Province in the PRC is fair and reasonable.

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As discussed with the Management, the Company aims to utilise approximately HK\$60.0 million for potential investments by the Group, including but not limited to expand its landbank for both residential and commercial development. Set out in the table below are some general economic indicators of the PRC as provided by the National Bureau of Statistics of China:

Table 10: PRC GDP and GDP growth

Year	2009	2010	2011	2012	2013
GDP (RMB billion)	34,090.28	40,151.28	47,310.40	51,947.01	56,884.52
GDP growth (%)	8.55	17.78	17.83	9.80	9.50

Source: National Bureau of Statistics of China

With respect to the overall PRC economy, according to the National Bureau of Statistics of China, GDP of the PRC in 2013 reached approximately RMB56.88 trillion, representing a year-on-year increase of approximately 9.50%. The annual GDP growth rate of the PRC from 2009 to 2013 ranged from approximately 8.55% to approximately 17.83%.

Table 11: Population and urbanisation rate of the PRC

Year	2010	2011	2012	2013	2014
Population (million)	1,340.91	1,347.35	1,354.04	1,360.72	1,367.82
Urbanisation rate (%)	49.95	51.27	52.57	53.73	54.77

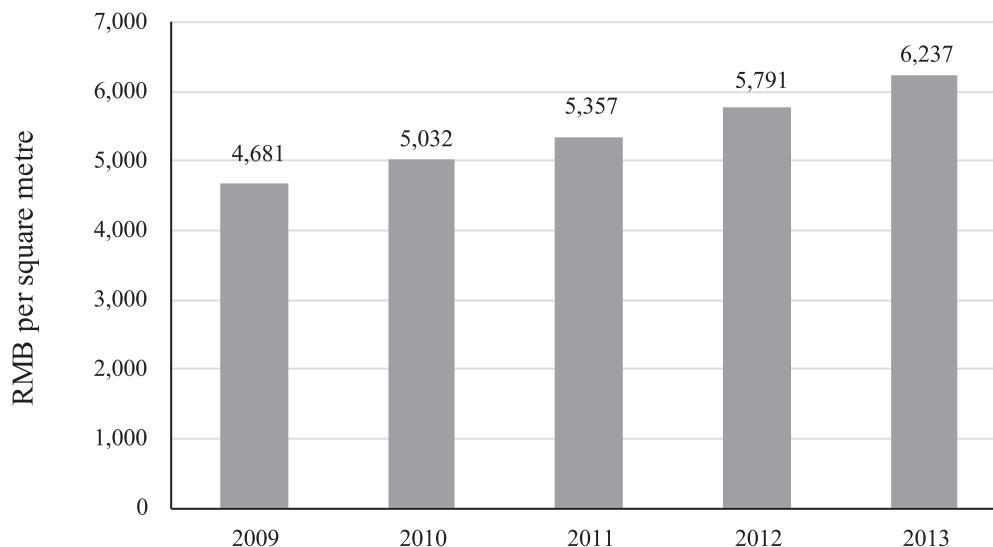
Source: National Bureau of Statistics of China

As shown in Table 11 above, both the population and the urbanisation rates of the PRC have shown an increasing trend during the last five years, which would generally indicate an increasing demand for properties and is generally positive to the property market in PRC to cater for the expected continuing increase in population and urbanisation.

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Set out below is the sales price of residential and commercial properties in the PRC:

Chart 4: Sales price of residential and commercial properties in the PRC



Source: National Bureau of Statistics of China

As shown in the chart above, the sales price of residential and commercial properties in the PRC has increased from approximately RMB4,681 per square metre in 2009 to approximately RMB6,237 per square metre in 2013, representing a CAGR of approximately 7.44%. The increasing trend in the sales price of residential and commercial properties in the PRC indicates the potential growth in the PRC's residential and commercial property market.

In light of the above, we consider that the continuing GDP growth, increasing trend in population, urbanisation rate and sales price of residential and commercial properties in the PRC should generally benefit and have a positive impact on the PRC residential and commercial property market. Therefore, we are of the view that the allocation of approximately HK\$60.0 million of the net proceeds of the Rights Issues for potential investments by the Group, including but not limited to expanding its landbank for both residential and commercial development in the PRC, is fair and reasonable.

Other financing alternatives available to the Group

As discussed with the Management, when formulating the structure of the Rights Issue, the Directors have considered various fund raising alternatives for the Group, including but not limited to debt financing and Rights Issue. Taking into account the benefits and costs of each of the alternatives, the Board considers that the Rights Issue is in the interest of the Company and the Shareholders as a whole as it gives the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the growth and development of the Group.

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As stated in the Letter from the Board, the Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board believes that debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner.

The Rights Issue will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. We consider that entering into the Underwriting Agreement will ensure the Group be able to raise the required funding under the Rights Issue and remove a certain degree of uncertainty as compared to best-efforts placements and therefore is in the interest of the Company and the Shareholders as a whole.

In comparing a rights issue with an open offer, a rights issue allows the Qualifying Shareholders who participate to: (i) increase their shareholding interests in the Company by: (a) acquiring additional rights entitlements in the open market (subject to availability); and/or (b) applying through excess applications for the rights shares; or otherwise (ii) reduce its shareholding interests in the Company by disposing their rights entitlements in the open market (subject to availability). As an open offer does not allow the trading of rights entitlements, the Board is of the view that a rights issue is a more preferred option than an open offer. Moreover, a rights issue will also allow the Company to: (i) strengthen its capital base and liquidity without incurring interest costs; (ii) repay existing bank borrowings and interests and outstanding construction cost of the Group; and (iii) increase the working capital and thereby improving the financial position of the Group.

In addition, we have discussed with the Management regarding the current structure of the Rights Issue. The Management are of the view that by increasing the Subscription Price and lowering the allotment ratio, the attractiveness of the Qualifying Shareholder to subscribe for the Rights Shares will decrease. Given that a discount of the Subscription Price: (i) can provide an incentive for the Qualifying Shareholders to subscribe for the Rights Shares and enable the Company to raise such amount of proceeds to develop and expand the Group's existing business and to repay existing interest-bearing bank loans; and (ii) is in line with the market practice as discussed in the section headed "Comparison with the Rights Issue Comparables" below, we are of the view that the current structure of the Rights Issue is fair and reasonable.

Having taken into account the financial needs of the Group, the possible benefits of Rights Issue and the availability of and comparison with other financing alternatives, we concur with the Directors that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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PRINCIPAL TERMS OF THE RIGHTS ISSUE

The Company propose to raise approximately HK\$348.3 million, before expenses, by way of the rights issue of 3,317,375,000 Rights Shares to the Qualifying Shareholders at the Subscription Price of HK\$0.105 per Rights Share, on the basis of five (5) Rights Shares for every two (2) existing Shares held on the Record Date. The following table summarises the major terms of the Rights issue:

Basis of the Rights Issue	Five (5) Rights Shares for every two (2) existing Shares held on the Record Date
Subscription Price	HK\$0.105 per Rights Share payable in full on acceptance
Number of Shares in issue as at the Latest Practicable Date	1,326,950,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	3,317,375,000 Shares
Total number of issued Shares upon completion of the Rights Issue	4,644,325,000 Shares

The number of 3,317,375,000 Rights Shares to be issued pursuant to the Rights Issue represents approximately 250% of the issued share capital of the Company as at the Latest Practicable Date and approximately 71.43% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

As stated in the Letter from the Board, the Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into new Shares as at the Latest Practicable Date. The Rights Issue is fully underwritten by the Underwriter which shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 8.08 of the Listing Rules.

The Subscription Price is HK\$0.105 per Rights Share, payable in full on acceptance. The Subscription Price represents:

- (i) a discount of approximately 40.68% to the closing price of HK\$0.177 per Share as quoted on the Stock Exchange on the July Last Trading Day;
- (ii) a discount of approximately 48.02% to the average closing price of approximately HK\$0.202 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the July Last Trading Day;
- (iii) a discount of approximately 16.67% to the theoretical ex-entitlement price of approximately HK\$0.126 per Share after the Rights Issue, based on the closing price of HK\$0.177 per Share as quoted on the Stock Exchange on the July Last Trading Day;

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- (iv) a discount of approximately 87.38% to the unaudited total equity attributable to the owners of the Company per Share of approximately HK\$0.832 as at 31 March 2015 after taking into account of the net proceeds of approximately HK\$47.9 million from the placement of Shares completed on 30 April 2015; and
- (v) a discount of approximately 35.19% to the closing price of HK\$0.162 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As stated in the Letter from the Board, the Subscription Price was determined, among others, as a result of arm's length negotiations between the Company and the Underwriter and reflects the best commercial deal that the Company could negotiate with the Underwriter on terms commercially acceptable to both parties, with reference to the capital needs of the Group, the financial position of the Group, the recent market price and trading liquidity of the Shares, and the prevailing market conditions.

ANALYSIS ON THE SUBSCRIPTION PRICE

For the purpose of assessing the fairness and reasonableness of the Subscription Price, we have compared the Subscription Price with reference to: (i) the recent price performance of the Shares and trading liquidity of the Company; and (ii) the market comparable analysis, as follows:

Review on Share price performance

The following table illustrates the highest and lowest closing prices and the average closing price of the Shares as quoted on the Stock Exchange in each month during the period commencing from 11 July 2014 up to and including the July Last Trading Day (the "Review Period").

Table 12: Historical daily closing prices of the Shares

Month	Highest daily closing price (HK\$)	Lowest daily closing price (HK\$)	Average daily closing price (HK\$)	Number of trading days in each month
2014				
July (from 11 July 2014)	0.560	0.520	0.533	15
August	0.540	0.370	0.506	21
September	0.520	0.370	0.415	21
October	0.385	0.285	0.317	21
November	0.335	0.295	0.312	20
December	0.305	0.204	0.250	17

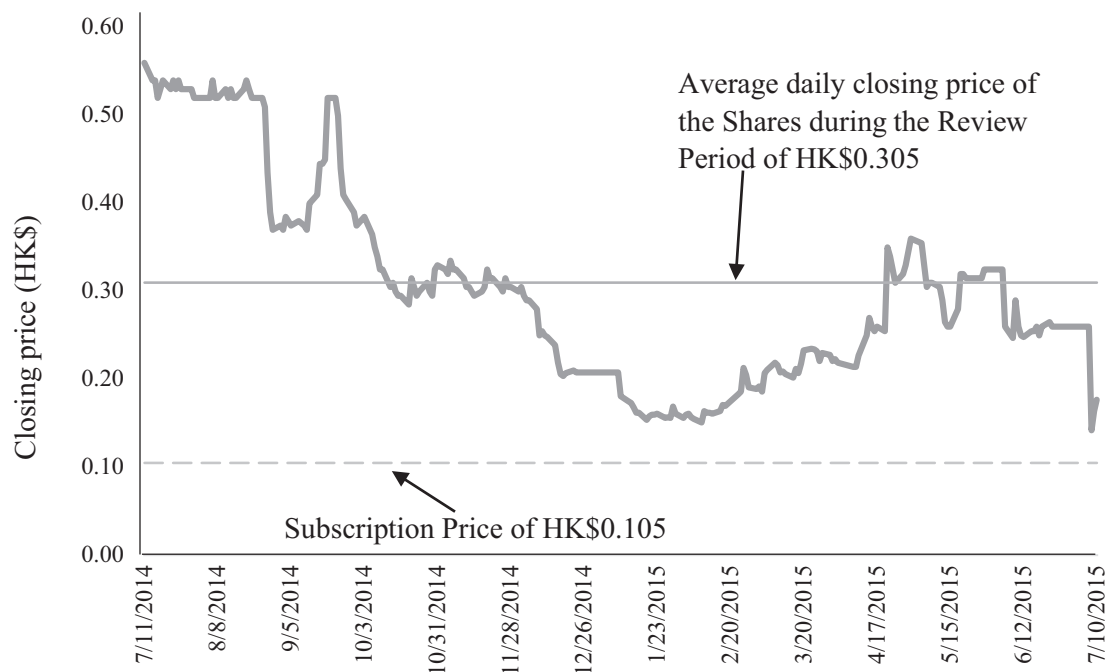
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Month	Highest daily closing price (HK\$)	Lowest daily closing price (HK\$)	Average daily closing price (HK\$)	Number of trading days in each month
2015				
January	0.181	0.154	0.163	16
February	0.213	0.151	0.171	18
March	0.235	0.186	0.214	22
April	0.360	0.214	0.280	19
May	0.355	0.260	0.305	18
June	0.290	0.247	0.258	13
July (up to the July Last Trading Day)	0.177	0.142	0.161	3

Source: Stock Exchange and Bloomberg

During the Review Period, the daily closing price of the Shares ranged from HK\$0.142 to HK\$0.560 per Share. In addition, the following chart highlights the movements of the daily closing price of the Shares as quoted on the Stock Exchange during the Review Period.

Chart 5: Historical daily closing prices of the Shares during the Review Period



Source: Stock Exchange and Bloomberg

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We note that the Subscription Price of HK\$0.105 generally falls below the daily closing prices of the Shares throughout the Review Period and represents:

- (i) a discount of approximately 81.25% from the highest closing price of HK\$0.560;
- (ii) a discount of approximately 26.06% from the lowest closing price of HK\$0.142; and
- (iii) a discount of approximately 65.57% from the average closing price of the Shares of HK\$0.305 during the Review Period.

As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Directors consider that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the future growth of the Group. We concur with the Directors' view that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Review on trading liquidity of the Shares

The average daily number of Shares traded per month, and the respective percentages of the Shares' monthly trading volume as compared to the then total number of Shares in issue, during the Review Period are tabulated as follows:

Table 13: Historical trading volume of the Shares

Month	Number of trading days in each month	Average daily trading volume (the "Average Volume") <i>(Number of Shares)</i>	Issued Share <i>(Number of Shares)</i>	Average Volume as a percentage of the then total number of Shares in issue <i>(%)</i>
2014				
July (from 11 July 2014)	15	27,997,242	9,229,500,000	0.303
August	21	24,492,900	9,229,500,000	0.265
September	21	33,118,933	1,106,950,000	3.588
October	21	29,695,132	1,106,950,000	2.683
November	20	8,543,760	1,106,950,000	0.772
December	17	4,946,622	1,106,950,000	0.447
2015				
January	16	21,296,988	1,106,950,000	1.924
February	18	12,343,525	1,106,950,000	1.115
March	22	11,376,578	1,106,950,000	1.028
April	19	37,085,462	1,326,950,000	2.795
May	18	50,755,432	1,326,950,000	3.825
June	13	58,314,157	1,326,950,000	4.395
July (up to the July Last Trading Day)	3	87,017,935	1,326,950,000	6.558

Source: Stock Exchange and Bloomberg

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The above table illustrates that the average volume during the Review Period ranged from approximately 0.303% to approximately 6.558% of the then total number of Shares in issue. Although the Average Volume in June and July 2015 were approximately 4.395% and approximately 6.558% of the then total number Shares in issue, respectively, the Average Volume for the twelve months during the Review Period was approximately 2.7% of the total issued Shares, which is rather thin. Save as the information publicly disclosed, the Directors are of the view that they are not aware of any reasons which may have caused the relatively sizeable trading volume of 109,165,157 Shares on 8 July 2015.

Comparison with the Rights Issue Comparables

In order to reflect the general trend of rights issue transactions in the recent market, we have, on a best effort basis, conducted a search of all recent rights issue announced within the six-month period from 11 January 2015 up to the July Last Trading Day (the “**Comparison Period**”). We are of the opinion that due to the volatility of the share prices of the companies listed on the Stock Exchange, the Comparison Period reflects a fair and recent period of comparison for the Rights Issue. As the capital market changes rapidly, we consider that the Rights Issue Comparables (as defined below) reflects the latest market conditions of rights issue. During the Comparison Period and based on our research conducted, we identified a total of 28 rights issue announced by companies listed on the Stock Exchange (the “**Rights Issue Comparables**”). To the best of our knowledge effort and endeavor and based on our search conducted, the list of the Rights Issue Comparables is an exhaustive list of comparable rights issue for comparison purpose. We also noted that the business activities of the Rights Issue Comparables are not directly comparable to those carried out by the Group and the terms of the Rights Issue Comparables may vary from companies with different financial standings, business performance and future prospects. Since the Rights Issue Comparables are the most recent rights issue transactions announced to the public, we consider that the Rights Issue Comparables could represent the recent trend of the rights issue transactions in the prevailing market condition and could provide a general reference in respect of the common market practice on rights issue conducted by listed companies in Hong Kong. The details are set out below:

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Table 14: Comparable analysis of the Rights Issue Comparables

Date of announcement	Stock Code	Company Name	Underwriting Commission (%)	Discount of the subscription price to the closing price per share on the last trading days prior to/on the date of the announcements in relation to the respective rights issue (%)	Discount of the subscription price to the theoretical ex-entitlement price per share based on the closing price per share on the last trading days prior to/on the date of the announcements in relation to the respective rights issue (%)
8/7/2015	280	King Fook Holdings Ltd.	2.50	28.57	22.08
28/6/2015	8179	Food Idea Holdings Ltd.	1.50	46.43	36.75
26/6/2015	1036	Vanke Property (Overseas) Ltd.	0.93	19.92	14.19
26/6/2015	663	King Stone Energy Group Ltd.	2.50	68.00	58.62
23/6/2015	8143	Hua Xia Healthcare Holdings Ltd.	2.75	48.20	7.90
23/6/2015	630	AMCO United Holding Ltd.	3.50	41.22	14.71
14/6/2015	8081	China Mobile Games and Cultural Investment Ltd.	3.50	25.49	17.39
11/6/2015	8037	Rui Kang Pharmaceutical Group Investments Ltd.	3.50	43.14	12.12
9/6/2015	8101	Jia Meng Holdings Ltd.	3.50	57.89	25.47
1/6/2015	1136	TCC International Holdings Ltd.	1.20	25.17	18.22
27/5/2015	1046	Universe International Holdings Ltd	3.50	74.75	49.66
21/5/2015	235	China Strategic Holdings Ltd	2.50	49.15	39.27
15/5/2015	764	Eternity Investment Ltd	2.50	4.11	2.10
14/5/2015	193	Capital Estate Ltd	2.00	34.50	26.11
4/5/2015	485	Shihua Development Company Ltd	2.50	63.10	27.31
30/4/2015	619	South China Financial Holdings Ltd	1.00	42.53	32.89
24/4/2015	1082	Hong Kong Education (Int'l) Investments Ltd	3.50	54.96	55.44
22/4/2015	3989	Capital Environment Holdings Ltd	0.00	25.00	15.10
22/4/2015	582	Landing International Development Ltd	2.50	75.86	22.22
9/4/2015	275	Hanny Holdings Ltd	3.00	74.19	29.11
27/3/2015	897	Wai Yuan Tong Medicine Holdings Ltd	2.50	31.65	23.40
26/3/2015	717	Emperor Capital Group Ltd	3.00	32.40	24.20
18/3/2015	665	Haitong International Securities Group Ltd	1.00	33.71	20.27
11/3/2015	8351	Larry Jewelry International Company Ltd	2.50	82.35	25.74
27/2/2015	207	Joy City Property Ltd	N/A	5.60	3.60
24/2/2015	8100	GET Holdings Ltd	3.50	59.80	61.50
17/2/2015	64	Get Nice Holdings Ltd	1.00	21.13	15.15
2/2/2015	616	Easyknit Enterprises Holdings Ltd	1.00	85.56	21.68
Minimum			0.00	4.11	2.10
Maximum			3.50	85.56	61.50
Average			2.33	44.80	25.79
The Company	221	PNG Resources Holdings Limited	2.50	40.68	16.67

Source: Stock Exchange

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As shown in the above table, the subscription prices of the Rights Issue Comparables represented discounts ranging from approximately 4.11% to approximately 85.56% with an average of approximately 44.80% to the respective closing prices of their shares on the last trading days prior to/on the date of the release of the respective rights issue announcements. The discount of approximately 40.68% to the closing price of the Shares on the July Last Trading Day as represented by the Subscription Price falls within the range and is below the average discount. In view of the above, we are of the view that the discount of approximately 40.68% to the closing price of the Shares on the July Last Trading Day is reasonable.

Furthermore, the subscription prices of the Rights Issue Comparables represented discounts ranging from approximately 2.10% to approximately 61.50% with an average of approximately 25.79% to the respective theoretical ex-entitlement prices of their shares on the last trading days prior to/on the date of the release of their respective rights issue announcements. The discount of approximately 16.67% to the theoretical ex-entitlement price as represented by the Subscription Price also falls within the range and is below the average discount.

As stated in the Letter from the Board, the Directors are of the view that Subscription Price and subscription ratio under the Rights Issue being negotiated on an arm's length commercial basis between the Company and the Underwriter, with a discount at a level to induce the Underwriter to participate in the underwriting of the Underwritten Shares, which is an essential part of the Rights Issue, the agreed Subscription Price, subscription ratio, the discount structure and resulting odd board lots situation is the best commercial deal that the Company could negotiate with the Underwriter which reflects a commercially acceptable position to both the Company and the Underwriter.

Based on the above and having considered in particular that:

- (i) the Company has funding needs as discussed in the section in this letter headed "Reasons for the Rights Issue and use of proceeds";
- (ii) the Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter;
- (iii) it is a common market practice that the subscription prices of a rights issue is normally set at a discount to the prevailing market prices of the relevant shares in order to enhance the attractiveness of a rights issue and to encourage the existing shareholders to participate in the rights issue;
- (iv) the discounts represented by the Subscription Price to the closing price of the Shares on the July Last Trading Day and the theoretical ex-entitlement price falls within the corresponding discounts range and are below the corresponding average discounts of the Rights Issue Comparables;
- (v) the Subscription Price generally falls below the daily closing price of the Shares during the Review Period;
- (vi) the relatively low trading volume of the Shares during the Review Period;

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- (vii) after considering the benefits and drawbacks of other fund raising alternatives, the Rights Issue appears to be an appropriate means for the Company to raise funds, in particular as the Rights Issue offers the Qualifying Shareholders an equal opportunity to subscribe for their pro-rata entitlement of the Rights Issue and hence avoids dilution; and
- (viii) the entering into the Underwriting Agreement will ensure the Group to raise the required funding under the Rights Issue,

we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Termination of the Underwriting Agreement

It should be noted that the Rights Issue would not proceed if the Underwriter exercises their termination rights under the Underwriting Agreement. Details of the provisions granting the Underwriter such termination rights are included in the Letter from the Board in the section headed “Principal terms of the Underwriting Agreement”. After reviewing prospectuses of the Rights Issue Comparables, we consider such provisions are on normal commercial terms and in line with the market practice.

Underwriting Commission

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Rights Shares not subscribed for by the Qualifying Shareholders on a fully underwritten basis, subject to terms and conditions of the Underwriting Agreement, with an underwritten commission of 2.5% of the aggregate Subscription Price in respect of the number of underwritten Shares (the “**Underwriting Commission**”). As stated in the Letter from the Board, the Underwriting Commission was determined after arm’s length negotiations between the Company and the Underwriter with reference to, among other things, the scale of the Rights Issue and the market rate. As stated in the Letter from the Board, the Directors are of the view that the rate of the Underwriting Commission is fair and reasonable.

Based on the Table 14 above, we note that the Underwriting Commission is in line with the common market practice and falls within the range of underwriting commissions of 0.00% to 3.50% and is only slightly higher than the average of 2.33% received by underwriters in the Rights Issue Comparables. In view of the above, we consider that the Underwriting Commission is on normal commercial terms and is fair and reasonable.

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Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders (or the transferees to whom any Qualifying Shareholders have transferred their provisional entitlements). Application may be made by completing the EAF(s) and lodging the same with a separate remittance for the excess Rights Shares no later than the Latest Time for Acceptance. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis and on a pro-rata basis to the excess Rights Shares applied for by the Qualifying Shareholders. However, no preference will be given to topping-up odd lots to whole board lots. Details of the application for excess Rights Shares are set out in the Letter from the Board in the section headed “Application for excess Rights Shares”.

WYT IRREVOCABLE UNDERTAKING

As stated in the Letter from the Board, as at the Latest Practicable Date, WYT, through its wholly-owned subsidiaries, Hearty and Suntech, is interested in 269,767,500 Shares, representing approximately 20.33% of the issued share capital of the Company. Hearty and Suntech have jointly and severally and irrevocably granted the WYT Irrevocable Undertaking in favour of the Company under which they agreed, among other things, to subscribe, or procure their associates to subscribe, for 665,958,750 Rights Shares and 8,460,000 Rights Shares, respectively (in aggregate 674,418,750 Rights Shares), which comprise the full acceptance of their respective provisional entitlements and that Hearty will apply, or procure its associates to apply, by way of excess application, for 380,000,000 Rights Shares. Details of the WYT Irrevocable Undertaking are set out in the Letter from the Board section headed “The WYT Irrevocable Undertaking”.

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POSSIBLE DILUTION EFFECT OF THE RIGHTS ISSUE

The table below depicts the shareholding structures of the Company (for illustrative purpose only): (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than WYT Group and the Underwriter disposes part of the underwritten Shares to Independent Third Parties to fulfill the public float requirement of the Company; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than WYT Group:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming all the Rights Shares are subscribed by the Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than WYT Group and the Underwriter disposes part of the underwritten Shares to Independent Third Parties to fulfill the public float requirement of the Company <i>(Notes 1 and 2)</i>		Immediately upon completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than WYT Group <i>(Notes 1 and 3)</i>	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
WYT Group	269,767,500	20.33	944,186,250	20.33	1,324,186,250	28.51	1,324,186,250	28.51
The Underwriter (including subscribers procured by it) <i>(Note 4)</i>	8	0.00	28	0.00	2,159,057,500	46.49	2,262,956,278	48.73
Other public Shareholders	1,057,182,492	79.67	3,700,138,722	79.67	1,161,081,250	25.00	1,057,182,472	22.76
Total	1,326,950,000	100.00	4,644,325,000	100.00	4,644,325,000	100.00	4,644,325,000	100.00

Notes:

- Assuming all 380,000,000 Rights Shares applied for by Hearty by way of excess application pursuant to the WYT Irrevocable Undertaking are allocated to it.
- This scenario is for illustration purposes only and assumes that (i) the Independent Shareholders have voted in favour of the Rights Issue at the SGM, but (ii) no Qualifying Shareholder other than Hearty and Suntech would take up their provisional entitlements under the Rights Issue, which is a complete misalignment between the voting behaviour of the Independent Shareholders and their subscription for Rights Shares, and (iii) the Underwriter takes up its full entitlement of Underwritten Shares and disposes of a certain number of Shares to Independent Third Parties to ensure that the public float requirements under Rule 8.08 of the Listing Rules are fulfilled by the Company upon completion of the Rights Issue.

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3. This scenario is for illustration purposes only and will not occur since it assumes that: (i) the Independent Shareholders have voted in favour of the Rights Issue at the SGM, but (ii) no Qualifying Shareholder other than Hearty and Suntech would take up their provisional entitlements under the Rights Issue, which is a complete misalignment between the voting behaviour of the Independent Shareholders and their subscription for Rights Shares, and (iii) the Underwriter takes up its full entitlement of Underwritten Shares but does not dispose of any Shares to Independent Third Parties as required to fulfil the public float requirements under Rule 8.08 of the Listing Rules.
4. The Underwriter will use its best endeavours to ensure that such subscribers and/or sub-underwriters are: (i) Independent Third Parties, and (ii) will not hold 10.0% or more of the equity interest and voting rights in the Company upon completion of the Rights Issue. The Underwriter will also ensure that the public float requirements under Rule 8.08 of the Listing Rules are fulfilled by the Company upon completion of the Rights Issue. As at the Latest Practicable Date, the Underwriter has procured nine sub-underwriters who are Independent Third Parties for an aggregate of 1,800,000,000 Underwritten Shares and none of them will hold more than 10.0% of the equity interest in the Company upon completion of the Rights Issue.

As stated in the Letter from the Board, as at the Latest Practicable Date, the Underwriter has procured nine sub-underwriters who are Independent Third Parties for an aggregate of 1,800,000,000 Underwritten Shares and none of them will hold 10.0% or more of equity interest and voting rights in the Company upon completion of the Rights Issue. The Rights Issue 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. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged upon completion of the Rights Issue.

For Qualifying Shareholders who do not take up in full their assured entitlements under the Rights Issue should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. As shown in the table above, assuming that none of the Qualifying Shareholders has subscribed for the Rights Issue, the percentage of shareholding of the public Shareholders will be reduced from approximately 79.67% as at the Latest Practicable Date to approximately 25% (assuming that the Underwriter will dispose part of the Shares to Independent Third Parties to fulfill the public float requirement of the Company under the Listing Rules and pursuant to the Underwriting Agreement).

Notwithstanding the potential dilution to the Independent Shareholders' proportional shareholding interests in the Company as discussed above, having taking into account that:

- (a) the Independent Shareholders are given the opportunity to express their view on the terms of the Rights Issue and the Underwriting Agreement through their votes at the SGM;
- (b) the Qualifying Shareholders have their choice of whether to accept the Rights Issue or not;
- (c) the Rights Issue offers the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market prices of the Shares; and

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- (d) those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after the Rights Issue,

we are of the view that the potential dilution effect on the existing shareholding interest of the Independent Shareholders, which may only result when the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares, is acceptable.

As discussed with the Management and the Underwriter and as stated in the Letter from the Board, we note that in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Rights Issue solely because of the Underwriter's performance of its obligations pursuant to the Underwriting Agreement, the Underwriter agrees to take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules.

POSSIBLE FINANCIAL EFFECTS OF THE RIGHTS ISSUE

Effect on net tangible asset

With reference to the pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as set out in the Appendix II to the Circular, the pro forma net tangible assets value of the Group attributed to the owners of the Company was HK\$1,055.77 million as at 31 March 2015. After taking into account the net proceeds from the Rights Issue, the pro forma net tangible assets value of the Group attributed to the owners of the Company will be increased to HK\$1,394.07 million.

The pro forma net tangible assets of the Group per Share as at 31 March 2015 was approximately HK\$0.954 per Share. Upon completion of the Rights Issue, the pro forma net tangible assets per Share will be approximately HK\$0.315 per Share. This represents a decrease of approximately 66.98%.

Effect on working capital and liquidity

The net proceeds from the Rights Issue (assuming no new Share is issued or repurchased on or before the Record Date) is estimated to be approximately HK\$338.3 million and the working capital will be increased by HK\$338.3 million, which will improve the Group's liquidity position.

Based on the foregoing, although the net tangible assets value per Share of the Group attributed to the equity shareholders of the Company will be diminished, the Rights Issue will enhance the net assets value of the Group and improve the liquidity position of the Group. Hence, we are of the view that the Rights Issue is in the interest of the Company and the Shareholders as a whole.

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RECOMMENDATION

Having taken into consideration of the following principal factors and reasons regarding the Rights Issue including:

- (a) the net proceeds of the Rights Issue will be used to finance the Group's existing business development and expansion and to repay the Group's existing interest-bearing bank loans;
- (b) the Rights Issue would be a preferred method of equity financing as it will allow all the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future growth and development of the Group;
- (c) the discount of the Subscription Price falls within the range of the discount of the subscription prices of the Rights Issue Comparables;
- (d) the major terms and conditions of the Underwriting Agreement are in line with the market practice;
- (e) the dilution effect is not prejudicial to the Independent Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Rights Shares under the Rights Issue; and
- (f) the Rights Issue will enhance the net assets value of the Group and improve the liquidity position of the Group,

we are of the view that the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
Opus Capital Limited

Alvin Lai
Chief Executive Officer

Koh Kwai Yim
Executive Director

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Mr. Alvin Lai is the Chief Executive Officer of the Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Lai has over 15 years of financial industry, investments, corporate finance and legal experience in Asia and Australia. Mr. Lai is a qualified legal practitioner in New South Wales, Australia. Mr. Lai has acted as financial adviser and/or independent financial adviser to many companies and transactions involving fundraising and/or mergers and acquisition in Asia.

Ms. Koh Kwai Yim is the Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Koh has over 15 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.

1. FINANCIAL INFORMATION

Financial information of the Group for (i) each of the three years ended 31 March 2013, 2014 and 2015 are disclosed in the annual reports of the Company for the years ended 31 March 2013 (pages 39 to 118), 2014 (pages 39 to 144) and 2015 (pages 38 to 149), respectively. The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 March 2013, 2014 and 2015.

Quick links

Annual reports of the Company for the financial years ended 31 March 2013, 2014 and 2015 are available at the following internet links:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0726/LTN20130726445.pdf>

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0612/LTN20140612276.pdf>

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0721/LTN20150721509.pdf>

Save as disclosed above, the Board is not aware of any material change in the Company's operation and financial position since 31 March 2015.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 May 2015, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of this circular, the Group had outstanding bank loans of approximately HK\$335.4 million, of which bank loans with an aggregate amount of approximately HK\$335.4 million were secured by the Group's land and properties under development or corporate guarantee from the Company or subsidiaries of the Company or issued share capital of subsidiaries of the Company. The carrying values of the Group's land and properties under development as at 31 May 2015, which were pledged to secure the Group's bank loans, amounted to approximately HK\$83.7 million and approximately HK\$282.2 million, respectively. The Group's secured bank loans bear contractual interest rate ranging from approximately 4.0% to 7.8% per annum.

The Group has guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 May 2015, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or any finance lease commitments or material contingent liabilities.

Save as disclosed above, the Directors were not aware of any material changes in the indebtedness and contingent liabilities of the Group after 31 May 2015 and up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities of the Group, the Directors after due and careful enquiry are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

4. 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 31 March 2015, being the date on which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the businesses of property development in the PRC and retailing of the fresh pork and related produce in Hong Kong. The Group completed the disposal of its interests in the forestry and logging project in Papua New Guinea in April 2015 (the transaction details of which were disclosed in the announcement of the Company dated 19 September 2013 and the circular of the Company dated 7 November 2013).

During the financial year ended March 31, 2015, the People's Bank of China has cut the mortgage rates twice, and also the down payment levels for some home buyers. In May 2015, a further reduction of mortgage rate of 0.25% per annum was announced. In addition, in many cities in the PRC, the restrictive property purchase policies were released gradually. These adjustments of the macroscopic government policies can benefit and boost the PRC's real estate market.

It is expected the ongoing urbanization and the continued increase in the household income would lead to a core demand in the property market. The Group is exploring the opportunities to expand its land bank for both residential and commercial development and will continue to explore new potential business opportunities to deliver long-term benefits to Shareholders.

As at 31 March 2015, the Group held a total of approximately 0.8 million square feet site area of residential and commercial land reserves in two projects in the PRC. As at the Latest Practicable Date, the Group's two property development projects are located in Fuzhou, Jiangxi Province, the PRC (the "**Fuzhou Project**") and Dongguan, Guangdong Province, the PRC (the "**Dongguan Project**").

The construction of the fourth and majority of the fifth phases of the Fuzhou Project completed during the year ended 31 March 2015. Pre-sale of the remaining residential units and commercial units of the fifth phase is in progress and the construction is expected to be completed by the end of 2015. The construction of sixth phase (Part A) commenced at the beginning of 2015 and is expected to be completed in late 2016.

The construction of all phases of the Dongguan project were completed. The shopping complex was opened in December 2014. Over 82% of the leasable area was leased as at the Latest Practicable Date.

As at the Latest Practicable Date, the Group sold all and more than 97% of residential and commercial units which had been put up for sales under the Dongguan and Fuzhou projects, respectively.

In October 2014, the Group entered into an agreement with Kaifeng Yuwangtai Government in relation to the development of a potential development project in the Kaifeng City. Details of the transaction were disclosed in the announcement of the Company dated 24 October 2014.

At the Latest Practicable Date, the Group has no concrete investment plans in relation to the PRC property development sector, but the Group will continue to explore potential business opportunities in the PRC property market in order to deliver long term benefits to the Shareholders.

Benefiting from the steady economic development in the PRC, we expect the economic growth in Hong Kong to be robust and our fresh pork retail business in Hong Kong will continue to provide the Group a stable income. The Group closely monitors its business strategy and product mix with an aim to strengthen its results performance. We will continue to explore new potential business opportunities to deliver long-term benefits to Shareholders. The Group will continue to adopt a flexible yet prudent policy to cope with market and government policy changes, making appropriate adjustments in future development plans, product mix, capital structure and sales and marketing strategies in accordance with the prevailing market conditions.

As at the Latest Practicable Date, the Group does not have any concrete investment plans in relation to the Group's fresh pork retail business in Hong Kong, however the Group will consider every potential business opportunity carefully, if and when an opportunity arises.

The Group will continue to explore new potential business opportunities to deliver long-term benefits to Shareholders.

The following is the text of a report, prepared for the sole purpose of incorporation in this circular and received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

31 July 2015

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN
INVESTMENT CIRCULAR**

To the Board of Directors of PNG Resources Holdings Limited

We have completed our assurance engagement to report on the pro forma financial information of PNG Resources Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The pro forma financial information consists of the pro forma statements of adjusted consolidated net tangible assets of the Group as at 31 March 2015 and related notes as set out on page II-4 of the circular issued by the Company dated 31 July 2015 (the “**Circular**”). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on page II-4 of the Circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the proposed rights issue of 3,317,375,000 rights shares of HK\$0.01 each at HK\$0.105 per rights share on the basis of five rights shares for every two shares held on the record date (the “**Rights Issue**”) on the Group’s financial position as at 31 March 2015 as if the Rights Issue had taken place at 31 March 2015. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s consolidated financial statements for the year ended 31 March 2015, on which an annual report has been published.

Directors' Responsibility for the Pro Forma Financial Information

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

Reporting Accountants' Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

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

The purpose of pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2015 would have been as presented.

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

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806
Hong Kong

PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The pro forma financial information of the Group attributable to equity shareholders of the Company is prepared by the directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the proposed Rights Issue of 3,317,375,000 of HK\$0.01 each at HK\$0.105 per rights share on the basis of five rights shares for every two shares on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 March 2015.

The pro forma financial information of the Group is prepared for illustrative purposes only, based on the judgments and assumptions of the directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Rights Issue as at the date to which it is made up or at any future date.

The pro forma financial information of the Group is prepared based on the audited consolidated net tangible assets attributable to equity shareholders of the Company as at 31 March 2015 and adjusted to reflect the effect of the Rights Issue:

Audited consolidated net tangible assets of the Group as at 31 March 2015	Estimated net proceeds from the Rights Issue	Pro forma adjusted consolidated net tangible assets of the Group	Unaudited consolidated net tangible assets of the Group per Share as at 31 March 2015 prior to the completion of the Rights Issue	Unaudited consolidated net tangible assets of the Group per Share upon completion of the Rights Issue
<i>(note 1)</i>	<i>(note 2)</i>		<i>(note 3)</i>	<i>(note 4)</i>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
1,055,766	338,300	1,394,066	HK\$0.954 Share	HK\$0.315 Share

Notes:

- (1) The consolidated net tangible assets of the Group as at 31 March 2015 is calculated based on the capital and reserves attributable to the owners of the Company as at 31 March 2015 of approximately HK\$1,055,766,000 as extracted from the published annual report of the Company for the year ended 31 March 2015.
- (2) The estimated net proceeds from the Rights Issue are based on 3,317,375,000 Rights Shares of HK\$0.01 each at HK\$0.105 per rights share on the basis of five rights shares for every two shares of the Company held as at the Latest Practicable Date, after deducting the estimated underwriting commission and other related expenses of approximately HK\$10.0 million to be incurred by the Company.
- (3) The number of shares used for the calculation of this amount is 1,106,950,000 representing shares in issue as at 31 March 2015.
- (4) The number of shares used for the calculation of this amount is 4,424,325,000, representing 1,106,950,000 shares, and 3,317,375,000 rights shares.
- (5) No adjustment other than those above has been made to reflect any trading results or other transactions of the Group subsequent to 31 March 2015.

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 Company. 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. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue are as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
<i>Issued and fully-paid:</i>		<i>HK\$</i>
<u>1,326,950,000</u>	Shares in issue	<u>13,269,500.00</u>

(ii) Immediately following the completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
1,326,950,000	Shares in issue before completion of the Rights Issue	13,269,500.00
3,317,375,000	Rights Shares to be allotted and issued upon completion of the Rights Issue	33,173,750.00
<u>4,644,325,000</u>	Shares in issue immediately after completion of the Rights Issue	<u>46,443,250.00</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, fully paid or credited as fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save for the placing of 220 million new Shares under the general mandate as disclosed in the announcement of the Company dated 14 April 2015, since 31 March 2015, the date to which the latest audited consolidated accounts of the Company were made up, and up to the Latest Practicable Date, there had not been any new issue of Shares.

As at the Latest Practicable Date, the Company has no outstanding warrants, options, derivatives, convertible or exchangeable securities in issue which confer any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, no share or loan capital of the Company or any of its subsidiaries had been put under option, or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates 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 were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interest

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Long positions in the Shares

Name of Shareholder	Nature of interest/ capacity	Total number of Shares	Approximate percentage of the Company's issued share capital (Note 3)
Hearty (Notes 1 and 4)	Beneficial owner	1,312,342,250	98.89%
Suntech (Notes 1 and 2)	Beneficial owner	11,844,000	0.90%
Total Smart Investments Limited (Notes 1 and 4)	Interest of a controlled corporation	1,324,186,250	99.79%
WYT (Notes 1 and 4)	Interest of a controlled corporation	1,324,186,250	99.79%
Ms. Chu Yuet Wah	Interest of a controlled corporation	2,262,956,258	48.72%
Active Dynamic Limited	Interest of a controlled corporation	2,262,956,258	48.72%
Galaxy Sky Investments Limited	Interest of a controlled corporation	2,262,956,258	48.72%
Kingston Capital Asia Limited	Interest of a controlled corporation	2,262,956,258	48.72%
Kingston Financial Group Limited	Interest of a controlled corporation	2,262,956,258	48.72%
Kingston Securities Limited	Others	2,262,956,258	48.72%

Notes:

1. The percentage represented the percentage of the Company's share capital as stated in the relevant disclosure of interests forms.
2. Total Smart Investments Limited, a wholly-owned subsidiary of WYT, is the sole shareholder of Hearty which was interested in 1,312,342,250 Shares.
3. Total Smart Investments Limited, a wholly-owned subsidiary of WYT, is the sole shareholder of Suntech which was interested in 11,844,000 Shares.
4. As at the Latest Practicable Date, Mr. Chan Chun Hong, Thomas, the Chairman and Managing Director of the Company, was a director of Hearty Limited, Suntech Investments Limited, Total Smart Investments Limited and WYT.

4. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective associates were considered to have any interests in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group, that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which had been, since 31 March 2015, being the date to which the latest published audited financial statements of the Company 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.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

7. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given an opinion or advice, which is contained in this circular:

Name	Qualification
HLB Hodgson Impey Cheng Limited (“ HLB ”)	Certified Public Accountants
Opus Capital	A corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of HLB and Opus Capital (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 March 2015 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

8. LITIGATION

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

9. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) a supplemental agreement to the Underwriting Agreement dated 10 July 2015 entered into between the Company and the Underwriter pursuant to which the Subscription Price was amended from HK\$0.168 per Rights Share to HK\$0.105 per Rights Share;
- (b) a supplemental agreement dated 10 July 2015 entered into between the Company and China Agri-Products Exchange Limited (Stock Code: 0149) (“**CAP**”) under which the conversion price and the aggregate principal amount of the convertible notes under the convertible note subscription agreement dated 23 June 2015 was amended from HK\$0.395 per conversion share to HK\$0.305 per conversion share, and from HK\$200 million to HK\$155 million, respectively;

- (c) a supplemental agreement dated 10 July 2015 entered into between the Company and CAP under which the subscription price per CAP share and the aggregate principal amount of the subscription of CAP shares under the share subscription agreement dated 23 June 2015 was amended from HK\$0.315 per subscription share to HK\$0.245 per subscription share, and from HK\$100 million to approximately HK\$77.9 million, respectively;
- (d) a convertible note subscription agreement dated 23 June 2015 entered into between the Company and CAP under which CAP has agreed to issue and PNG has agreed to subscribe for, convertible notes in an aggregate principal amount of HK\$200 million;
- (e) a share subscription agreement dated 23 June 2015 entered into between the Company and CAP under which CAP has agreed to issue and PNG has agreed to subscribe for, the newly issued CAP Shares in an aggregate principal amount of approximately HK\$100 million;
- (f) the Underwriting Agreement;
- (g) a placing agreement dated 14 April 2015 entered into between the Company and Kingston Securities Limited (“**Kingston**”) in relation to the placing of 220,000,000 shares in the Company;
- (h) a loan agreement dated 16 February 2015 entered into between a wholly-owned subsidiary of the Company (as the lender) and 中恒建設集團有限公司 (as the borrower) in relation to a loan of RMB25 million at an interest rate of 12% per annum for a term of six months;
- (i) a loan agreement dated 16 February 2015 entered into between a wholly-owned subsidiary of the Company (as the lender) and 南昌市建築工程集團有限公司 (as the borrower) in relation to a loan of RMB30 million at an interest rate of 12% per annum for a term of six months;
- (j) an irrevocable undertaking dated 23 December 2014 (as varied on 28 January 2015) granted by Onger Investments Limited, a wholly-owned subsidiary of the Company, in favour of CAP to accept and subscribe up to 346,192,728 rights shares of its provisional entitlements and apply, by way of excess application, for 170,000,000 rights shares, under CAP’s rights issue;
- (k) an agreement dated 24 October 2014 entered into between a wholly-owned subsidiary of the Company and 開封市禹王台區人民政府 in relation to a prepayment of RMB60 million made by the Group for a potential development project in Kaifeng City, the PRC;

- (l) a subscription agreement dated 4 October 2014 entered into between CAP (being the issuer), Double Leads Investments Limited, Peony Finance Limited (“**Peony Finance**”) and Winning Rich Investments Limited (collectively, the “**Subscribers**”) and a placing agent in relation to the placing of the two-year 8.5% coupon bonds and five-year 10.0% coupon bonds (collectively, the “**Bonds**”) and the subscription of the Bonds by the Subscribers, subject to the terms and conditions contained under the subscription agreement;
- (m) a top-up placing and subscription agreement dated 12 September 2014 entered into between the Company, as the issuer, Kingston, as the placing agent, and Ever Task Limited, an indirect wholly-owned subsidiary of Wang On Group Limited (Stock Code: 1222) (“**WOG**”), as the vendor and the subscriber, in relation to the top-up placing and subscription of 150,000,000 shares in the Company;
- (n) a placing agreement dated 12 September 2014 entered into between the Company and Kingston in relation to the placing of 34,000,000 shares in the Company;
- (o) an irrevocable undertaking dated 4 December 2013 given by Onger Investments Limited, in favour of CAP to accept and subscribe up to 260,479,560 rights shares of its provisional entitlements and apply, by way of excess application, for 63,000,000 rights shares, under CAP’s rights issue;
- (p) a top-up placing and subscription agreement dated 20 November 2013 entered into between Gain Better Investments Limited (“**Gain Better**”), an indirect wholly-owned subsidiary of WYT, as the vendor and the subscriber, the Company as the issuer and Kingston as the placing agent pursuant to which (i) Gain Better has agreed to place, through Kingston, 1,538,000,000 top-up placing shares of the Company to not less than six places at a placing price of HK\$0.100 per placing share; and (ii) Gain Better has conditionally agreed to subscribe for 1,538,000,000 top-up subscription shares of the Company at the subscription price of HK\$0.100 per subscription share; and
- (q) an agreement dated 19 September 2013 entered into between Rich Skill Investments Limited, an indirectly wholly-owned subsidiary of the Company (“**Rich Skill**”) as the vendor, and Ms. To Yuk Fung (“**Ms. To**”) as the purchaser to dispose 1,428,000 shares representing 51% of the issued share capital of Skywalker Global Resources Company Limited and assign the shareholder’s loan (together with the accrued interest) to Ms. To for a consideration of HK\$62 million.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$10 million, which are payable by the Company.

11. CORPORATE INFORMATION

Board of Directors**Correspondence Address***Executive Directors*

Mr. Chan Chun Hong, Thomas
(Chairman and Managing Director)

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Mr. Cheung Wai Kai

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Independent non-executive Directors

Mr. Sin Ka Man

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Mr. Yuen Kam Ho, George, *FHKIoD*

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Mr. Cheung Sau Wah, Joseph, *PMSM*

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Audit Committee

Mr. Sin Ka Man (*Chairman*)
Mr. Yuen Kam Ho, George, *FHKIoD*
Mr. Cheung Sau Wah, Joseph, *PMSM*

Remuneration Committee

Mr. Cheung Sau Wah, Joseph, *PMSM*
(*Chairman*)
Mr. Sin Ka Man
Mr. Yuen Kam Ho, George, *FHKIoD*
Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai

Nomination Committee

Mr. Yuen Kam Ho, George, *FHKIoD*
(*Chairman*)
Mr. Cheung Sau Wah, Joseph, *PMSM*
Mr. Sin Ka Man
Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai

Investment Committee

Mr. Chan Chun Hong, Thomas (*Chairman*)
Mr. Cheung Wai Kai
Mr. Cheung Sau Wah, Joseph, *PMSM*

Company Secretary

Mr. Cheung Chin Wa Angus

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

**Head Office and Principal Place of Business
in Hong Kong**

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

**Branch Share Registrar and Transfer Office
in Hong Kong**

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

China Construction Bank (Asia)
Corporation Limited
28/F., CCB Tower
3 Connaught Road Central
Central
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

Legal Advisers***Hong Kong Law***

DLA Piper Hong Kong
17/F., Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Homepage

www.pngresources.com

Stock Code

0221

Principal Share Registrar and Transfer Agent in Bermuda

Codan (Services) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

Authorised Representatives

Chan Chun Hong, Thomas
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Cheung Wai Kai
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Underwriter	Kingston Securities Limited Suite 2801, 28/F. One International Finance Centre 1 Harbour View Street Central Hong Kong
Financial adviser to the Company	Kingston Corporate Finance Limited Suite 2801, 28/F. One International Finance Centre 1 Harbour View Street Central Hong Kong
Legal advisers to the Company	<i>Hong Kong Law</i> Sullivan & Cromwell 28th Floor Nine Queen's Road Central Central Hong Kong <i>Bermuda Law</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central Hong Kong
Auditors and reporting accountants	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31/F., Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
Independent Financial Adviser	Opus Capital Limited 18/F., Fung House 19-20 Connaught Road Central Central, Hong Kong
Branch share registrar and transfer office of the Company in Hong Kong	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

13. PROFILES OF DIRECTORS

Executive Directors

Mr. Chan Chun Hong, Thomas, aged 51, joined the Group as the managing director in January 2007 and was also appointed to take up the role of the chairman of the Company in June 2008. He is also the chairman of the executive committee and the investment committee and a member of the remuneration committee and the nomination committee of the Company. He is responsible for overall strategy formulation, policy making, managing the corporate matters and overall operations of the Group. He is also the managing director of WOG, WYT, the chairman and chief executive officer of CAP and was an independent non-executive director of Shanghai Prime Machinery Company Limited (resigned in June 2014), all companies are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). He graduated from the Hong Kong Polytechnic University with a bachelor degree in accountancy and is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants.

Mr. Cheung Wai Kai, aged 59, was appointed as an executive director of the Group in January 2007. He is also a member of the executive committee, the remuneration committee, the nomination committee and the investment committee of the Company. Mr. Cheung is responsible for general management and business management of the Group in which he has extensive experience.

Independent Non-executive Directors

Mr. Sin Ka Man, aged 48, joined the Company as an independent non-executive Director in January 2007. He is the chairman of the audit committee of the Company and a member of the remuneration committee and the nomination committee of the Company. He has over 21 years of professional experience in auditing, accounting and financial management for both private and listed corporations. Mr. Sin is a certified public accountant of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a certified practising accountant of the CPA Australia. Mr. Sin holds a bachelor degree in Social Sciences from the University of Hong Kong, a master degree in Finance from the University of Strathclyde, the United Kingdom and a master degree in accounting from Curtin University of Technology, Australia. Mr. Sin is also an independent non-executive director of Chinese People Holdings Company Limited, Xtep International Holdings Limited and Infinity Financial Group (Holdings) Limited (formerly known as “Fornton Group Limited”) and was an independent non-executive director of Ground Properties Company Limited (formerly known as “China Motion Telecom International Limited”, resigned in November 2013) and Sino Haijing Holdings Limited (resigned in April 2015), all companies are listed on the main board of the Stock Exchange.

Mr. Yuen Kam Ho, George, *FHKIoD*, aged 71, joined the Company as an independent non-executive Director in March 2007. He is a member of the audit committee and the remuneration committee of the Company and the chairman of the nomination committee of the Company. Mr. Yuen is a director of Visteon Corporation, a New York Stock Exchange listed company, an independent non-executive director of Industrial and Commercial Bank of China (Asia) Limited, which has been privatised since 21 December 2010. Also, he has been an independent non-executive director of Tradelink Electronic Commerce Limited, a Hong Kong listed company, since November 2006 and retired in May 2011. He graduated from The University of Hong Kong with a Bachelor's Degree (Honors) in Economics and Political Science. Mr. Yuen has attended post-graduate studies in marketing management at the International Marketing Institute, Cambridge, Massachusetts, U.S.A. and has completed the Hong Kong Administrators Course (commissioned by the Hong Kong Government) in public administration and international relations at Oxford University, the United Kingdom, and the International Executive Program in INSEAD, France respectively. In June 2003, Mr. Yuen was admitted to the Leadership in Development Program organised by Kennedy School of Government, Harvard University. In June 2004, Stanford University, California, U.S.A. had also invited Mr. Yuen to participate in its "Corporate Governance" forum and in early 2006, the University awarded a fellowship to Mr. Yuen as a non-profit leader at its Centre for Social Innovation. Mr. Yuen is a Standing Committee Member of Convocation and Member of the Court of the University of Hong Kong. He had been Chief Executive of The Better Hong Kong Foundation for nine years since September 1997. Prior to his joining the Foundation, he was the Assistant Director/Acting Deputy Director of the Information Services Department of the Hong Kong Government. Mr. Yuen plays an active role in organising international business conferences in Hong Kong and also takes part in numerous government and community activities, including being a Special Adviser of the China National Committee for Pacific Economic Cooperation (PECC China). Mr. Yuen was the Panel member of the Central Policy Unit of the HKSAR Government on the Pan-Pearl River Delta between 2003 and 2007. Mr. Yuen has been a member of The Chinese People's Political Consultative Conference, Guangxi Autonomous Region, China from 2006 until January 2013, and is an adviser of the Institute of Finance and Trade Economics, Chinese Academy of Social Sciences, an adviser of The Shanghai Academy of Social Sciences, China, an adviser of The Board of International Investment of Guangzhou Municipality, China. On 30 July 2012, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) had invited Mr. Yuen as its council member. Mr. Yuen is a Fellow of the Hong Kong Institute of Directors, a member of the British Institute of Management and the Institute of Marketing, United Kingdom, and was also commended by the U.S. President, George W. Bush for his efforts in support of coalition's campaign against global terrorism.

Mr. Cheung Sau Wah, Joseph, *PMSM*, aged 64, joined the Company as an independent non-executive Director in March 2007. He is a member of the audit committee, the nomination committee and the investment committee of the Company and the chairman of the remuneration committee of the Company. Mr. Cheung served in Hong Kong Police Force over 35 years and retired in November 2006 as a Senior Superintendent of Police. He was awarded a Police Meritorious Service Medal (PMSM) in 2003 by the Chief Executive of the Hong Kong SAR for his consistent outstanding performance in the Hong Kong Police Force.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business in Hong Kong of the Company at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong during normal business hours (Saturdays and public holidays excepted) up to and including the date which is 14 days from the date of this circular:

- (a) the memorandum of continuance and bye-laws of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 March 2013, 2014 and 2015;
- (c) the report on the pro forma financial information of the Group upon completion of the Rights Issue, the text of which is set out in Appendix II of this circular;
- (d) the letter from the Board;
- (e) the letter from Opus Capital;
- (f) the letter from the Independent Board Committee;
- (g) the material contracts as referred to in the section headed “Material Contracts” in this appendix;
- (h) the written consents referred to in the paragraph headed “Experts and Consents” in this appendix; and
- (i) this circular.

15. MISCELLANEOUS

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company’s head office and principal place of business in Hong Kong is at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The secretary of the Company is Mr. Cheung Chin Wa Angus (“**Mr. Cheung**”). He is a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. Cheung holds a Master Degree of Professional Accounting, a Master Degree of Corporate Governance, a Bachelor Degree of Laws and a Bachelor Degree of Arts in Translation. Prior to joining the Group, Mr. Cheung held company secretary or senior company secretarial positions in several Hong Kong listed companies.

- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in the case of any inconsistency.

NOTICE OF SGM



PNG Resources
PNG Resources Holdings Limited
PNG 資源控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 221)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “**SGM**”) of PNG Resources Holdings Limited PNG資源控股有限公司 (the “**Company**”) will be held at 32/F., 9 Queen’s Road Central, Hong Kong on Monday, 17 August 2015, at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) subject to the fulfilment of the conditions of the Underwriting Agreement (as defined below), the Rights Issues (as defined below) and the transactions contemplated thereunder by and are hereby approved, confirmed and ratified;
- (b) for the purpose of this resolution, “Rights Issue” means the proposed issue by way of rights of 3,317,375,000 shares (the “**Rights Shares**”) of HK\$0.105 each in the share capital of the Company to the shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company on the date by reference to which entitlements to the Rights Issue are to be determined (the “**Record Date**”) (excluding those shareholders (the “**Excluded Shareholders**”) of the Company with registered addresses as shown in the register of members of the Company at the close of business on the Record Date in places outside Hong Kong in respect of whom the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company consider it necessary or expedient not to offer the Rights Shares after making the relevant enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory body or stock exchange in those places) on the basis of five Rights Shares for every two shares of HK\$0.105 each in the share capital of the Company then held and otherwise pursuant to and subject to the fulfilment of the conditions set out in the underwriting agreement (the “**Underwriting Agreement**”) dated 28 May 2015, as amended by a supplemental agreement dated 10 July 2015 and entered into among the Company and Kingston Securities Limited (the “**Underwriter**”) (copies of which has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification);

NOTICE OF SGM

- (c) any one Director be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that: (i) the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to Excluded Shareholders as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company; and (ii) Rights Shares which would otherwise have been made available for application by the Qualifying Shareholders or the Excluded Shareholders (as the case may be) will be made available for subscription under forms of application for excess Rights Shares;
- (d) the entering into of the Underwriting Agreement by the Company be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder by the Company (including but not limited to the arrangements for taking up of the underwritten Rights Shares, if any, by the Underwriter) be and are hereby approved, confirmed and ratified; and
- (e) any Director be and is hereby authorised to sign and execute such documents and do all such acts and things in connection with the Rights Issue or as they consider necessary, desirable or expedient in connection with the implementation of or giving effect to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder.”

By order of the Board
PNG RESOURCES HOLDINGS LIMITED
PNG 資源控股有限公司
Chan Chun Hong, Thomas
Chairman and Managing Director

Hong Kong, 31 July 2015

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

NOTICE OF SGM

Notes:

1. Any member of the Company entitled to attend and vote at the SGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member could exercise.
2. In order to be valid, the form of proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. The form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the SGM, or any adjournment thereof (as the case may be) at which the person named in the instrument proposes to vote. Completion and delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if they so wish and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The above resolution will be voted by way of a poll at the SGM.