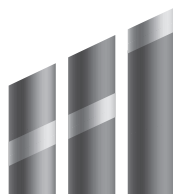

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Hao Tian Development Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.



昊天發展集團有限公司

Hao Tian Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

**(1) DISCLOSEABLE TRANSACTION:
DEEMED DISPOSAL OF SHAREHOLDING INTEREST
IN A SUBSIDIARY;**

(2) GRANT OF CALL OPTION;

**(3) DISCLOSEABLE TRANSACTION:
RIGHT OF THE OPTION HOLDER ATTACHED TO
THE CALL OPTION TO TRANSFER
THE SHAREHOLDING INTEREST IN A SUBSIDIARY
TO THE COMPANY;**

AND

(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 6 to 30 of this circular. A valuation report from the Independent Valuer containing its valuation on the value of the Call Option is set out on pages 31 to 39 of this circular.

A notice convening the extraordinary general meeting of Hao Tian Development Group Limited to be held at Room 2702, 27/F, 200 Gloucester Road, Wan Chai, Hong Kong on Thursday, 14 July 2016, at 10:30 a.m. is set out on pages 46 to 48 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed. Whether or not you intend to attend and vote at the extraordinary general meeting or any adjourned meeting (as the case may be) in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting (as the case may be) should you so wish.

28 June 2016

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DEFINITIONS

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

“2015 Call Option Deed”	the call option deed dated 16 July 2015 entered into between the Company and Sea Venture Investments Limited
“Acquisition”	the potential acquisition of the HTM Shares by the Company from the Investor upon exercise of the Call Option
“Announcement”	the announcement of the Company dated 22 May 2016 in relation to (i) the Deemed Disposal of shareholding interest in a subsidiary; (ii) the grant of Call Option; (iii) the right of the option holder attached to the Call Option to transfer the shareholding interest in a subsidiary of the Company
“Board”	the board of Directors
“Call Option”	the option granted by the Company to the Investor pursuant to the Call Option Deed
“Call Option Deed”	the call option deed to be entered into between the Company, Hao Tian Management and the Investor in relation to the Call Option upon Completion
“Company”	Hao Tian Development Group Limited (昊天發展集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the issue of the New Shares pursuant to the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Deemed Disposal”	the reduction of the Group’s shareholding interests in Hao Tian Management from 100% to 92.41% (subject to adjustment) upon Completion
“Directors”	the directors of the Company (including the independent non-executive directors of the Company) and “Director” shall mean any one of them

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held and convened to approve the Subscription Agreement and the Call Option Deed, the grant of the Call Option and the Specific Mandate
“Group”	the Company and its subsidiaries
“Hao Tian Finance”	Hao Tian Finance Company Limited (昊天財務有限公司), a company incorporated in Hong Kong with limited liability and a non wholly-owned subsidiary of the Company
“Hao Tian Management”	Hao Tian Management (Hong Kong) Limited (昊天管理(香港)有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of the Announcement and the Latest Practicable Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HTM Shares”	the shares in Hao Tian Management being held by the Investor
“Independent Third Party”	a party who is not connected person of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and the connected persons of the Company
“Independent Valuer”	RHL Appraisal Limited, an independent valuer to provide opinion on fair value of the Call Option
“Investor”	Vandi Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect and wholly-owned special purpose vehicle of CCB International (Holdings) Limited and an Independent Third Party

DEFINITIONS

“Latest Practicable Date”	24 June 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	821 new ordinary shares in Hao Tian Management to be issued to the Investor pursuant to the Subscription Agreement (subject to adjustments due to Audit Difference)
“Notes Subscription Agreement”	the subscription agreement constituting 9 per cent. secured notes of US\$30 million due 2017 dated 6 July 2015 entered into between the Company and Sea Venture Investments Limited
“Option Period”	the period commencing from the date of the Call Option Deed and ending on the date that falls on the fifth anniversary thereof
“Option Price”	HK\$0.80 per Option Share
“Option Shares”	new shares to be allotted and issued by the Company upon exercise of the Call Option
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Specific Mandate”	the specific mandate to be granted to the Directors for the issue of the Option Shares upon exercise of subscription rights attached to the Call Option
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription”	the subscription of the New Shares by the Investor pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 22 May 2016 entered into between Hao Tian Management and the Investor, pursuant to which the Investor agrees to subscribe for, and Hao Tian Management agrees to issue, the New Shares
“USD”	United States dollars, the lawful currency of the United States of America
“Warrants Subscription Agreement”	the warrants subscription agreement dated 16 July 2015 entered into between the Company and Sea Venture Investments Limited
“%”	per cent

For exchange rate conversions throughout this circular, unless otherwise specified, conversions of (i) USD into HK\$ and (ii) RMB into HK\$ in this circular are based on the rates set out below respectively:

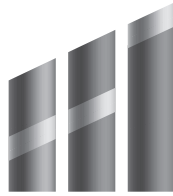
USD1:HK\$7.8

RMB1:HK\$1.176

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.

LETTER FROM THE BOARD



昊天發展集團有限公司

Hao Tian Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

Executive Directors:

Mr. Xu Hai Ying
Dr. Zhiliang Ou, *JP (Australia)*
Mr. Fok Chi Tak

Independent Non-executive Directors:

Mr. Chan Ming Sun, Jonathan
Mr. Lam Kwan Sing
Mr. Lee Chi Hwa, Joshua

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of Business:

Rooms 4917-4932, 49th Floor
Sun Hung Kai Centre
30 Harbour Road, Wanchai
Hong Kong

28 June 2016

To all Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE TRANSACTION:
DEEMED DISPOSAL OF SHAREHOLDING INTEREST
IN A SUBSIDIARY;
(2) GRANT OF CALL OPTION;
(3) DISCLOSEABLE TRANSACTION:
RIGHT OF THE OPTION HOLDER ATTACHED TO
THE CALL OPTION TO TRANSFER
THE SHAREHOLDING INTEREST IN A SUBSIDIARY
TO THE COMPANY;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement of the Company dated 22 May 2016 in relation to (i) the Deemed Disposal of the shareholding interest in a subsidiary; (ii) the grant of Call Option and (iii) the right of the option holder attached to the Call Option to transfer the shareholding interest in a subsidiary to the Company.

LETTER FROM THE BOARD

The purpose of this Circular is to provide you with further details of the Subscription Agreement and the Call Option Deed and to give notice to the Shareholders of the EGM at which ordinary resolutions will be proposed to approve the Subscription Agreement, the Call Option Deed, the grant of Call Option, the grant of the Specific Mandate for issue of the Option Shares upon exercise of the subscription rights attached to the Call Option and to provide other relevant information in accordance with the Listing Rules.

SUBSCRIPTION AGREEMENT DATED 22 MAY 2016

Parties

Investor: Vandi Investments Limited, an indirectly and wholly-owned special purpose vehicle of CCB International (Holdings) Limited

Issuer: Hao Tian Management (Hong Kong) Limited, being an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date

On 22 May 2016, the Investor and Hao Tian Management entered into the Subscription Agreement, pursuant to which the Investor agrees to subscribe for, and Hao Tian Management agrees to issue, the New Shares at the consideration of USD40 million (equivalent to HK\$312 million).

Upon satisfaction of the conditions precedent under the Subscription Agreement and Completion, the Investor, Hao Tian Management and the Company shall enter into the Call Option Deed entitling the Investor to subscribe for the Option Shares at the Option Price.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are Independent Third Parties.

Nature of the transaction and assets deemed to be disposed of

Pursuant to the Subscription Agreement, the Investor agrees to subscribe for, and Hao Tian Management agrees to issue, the New Shares, representing approximately 7.59% of the enlarged entire issued share capital of Hao Tian Management after the Completion.

There is no restriction on any subsequent sale of the New Shares.

LETTER FROM THE BOARD

Consideration

The agreed consideration for the subscription of the New Shares is USD40 million (equivalent to HK\$312 million), which shall be paid in cash upon Completion.

The consideration for the subscription of the New Shares was arrived at after arm's length negotiations and with reference to the net assets value of Hao Tian Management of approximately HK\$3,800 million as at 31 March 2016 as set out in the unaudited management account of Hao Tian Management and the percentage of shareholdings in the enlarged share capital of Hao Tian Management to be held by the Investor after Completion (i.e. 7.59%). In the event that there is a shortfall between the relevant financial data of Hao Tian Management as set out in the audited accounts of Hao Tian Management (which was still outstanding as at the Latest Practicable Date) and the relevant financial data as set out in the unaudited management accounts (the “**Audit Difference**”), upward adjustment will be made to the number of New Shares to be allotted and issued to the Investor in accordance with the following formula:

Number of extra shares = A – 821

$$A = \left\{ \frac{1}{1 - \left[\frac{x}{(\text{Audited net assets value} + x)} \right]} - 1 \right\} \times 10,000$$

Where:

A = the total number of New Shares to be allotted and issued by Hao Tian Management to the Investor in accordance with the terms of the Subscription Agreement based on the audited net assets value of Hao Tian Management. If the above formula does not yield a whole number, “A” will be rounded up to the next whole number.

X = the aggregate Consideration for the Subscription.

No downward adjustment will be made.

As at the Latest Practicable Date, the amount of Audit Difference was still not known because the audited accounts of Hao Tian Management was still not available. Nevertheless, regardless of the Audit Difference, the results of Hao Tian Management will still be consolidated to the Company on the basis that the Company holds more than 50% of shareholding in Hao Tian Management. According to the relevant accounting treatment, a consolidated account is required if a company holds more than 50% of shareholding in another company. As it is anticipated that the Company will hold approximately 92.41% of the enlarged issued share capital of Hao Tian Management immediately after the completion of the Subscription (which is also the anticipated dilution impact arising from the Subscription on the Company's shareholding interest in Hao Tian Management) and therefore Hao Tian Management will remain its subsidiary, the account of Hao Tian Management is required to be consolidated. Given that the Company has kept proper books and records, the Directors consider that it is very unlikely that the adjustment due to the Audit Difference will result in Hao Tian Management ceasing to be a subsidiary of the Company.

LETTER FROM THE BOARD

Conditions precedent

Completion shall be conditional upon, inter alia:

- (a) approval by the shareholders of the Company of an ordinary resolution approving the Specific Mandate being obtained;
- (b) all the relevant approvals in connection with the Subscription (whether statutory, regulatory or internal) having been obtained, if necessary;
- (c) all the warranties in the Subscription Agreement being true, correct, accurate, complete and not misleading in all material respects when made and upon Completion Date;
- (d) no change to the condition (financial or otherwise), results of operations, assets, regulatory status, business and prospect of the Company and the Group that has had a material adverse effect on the Group, the Company or Hao Tian Management;
- (e) the Investor having received a legal opinion from a Cayman Islands legal counsel and a legal opinion from a Hong Kong legal counsel; and
- (f) the Investor having satisfied with the results of its commercial, financial and legal due diligence on the Company, Hao Tian Management and the Group.

If the aforesaid conditions precedent are not fulfilled on or before 31 August 2016 (or such other date as agreed by Hao Tian Management and the Investor in writing), the Subscription Agreement shall lapse and become null and void, save for any liability arising out of any antecedent breaches thereof.

Completion

Completion shall take place on the third business day upon the satisfaction of the conditions precedent (or such other date as agreed by Hao Tian Management and the Investor in writing).

Upon Completion, Hao Tian Management will be held by the Company (through its wholly-owned subsidiary) and the Investor as to 92.41% and 7.59% respectively (subject to adjustment due to Audit Difference). Hao Tian Management will cease to be a wholly-owned subsidiary of the Company and become a non wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

CALL OPTION DEED

Upon satisfaction of the conditions precedent under the Subscription Agreement and Completion, the Company, Hao Tian Management and the Investor shall enter into a Call Option Deed, pursuant to which the Company, at no additional consideration, grants to the Investor a Call Option to, require the Company to allot and issue the Option Shares to the Investor at the Option Price. The Investor may exercise the Option in whole or in part at any time within the Option Period (being the period commencing from the date of the Call Option Deed and ending on the date that falls on the fifth anniversary thereof). The Investor is not obliged to exercise the entire Call Option at one time but may exercise the same more than one time. The rights and obligations of the Call Option Deed shall be assignable by the Investor. In the event that the Investor assigns its rights and obligations of the Call Option Deed to any connected persons of the Company or their associates, such assignment shall be subject to compliance with the requirements under Chapter 14A of the Listing Rules.

Call Option

Completion of the subscription of the Option Shares shall take place on the third business day after the service of an option notice.

The Investor may exercise the Call Option in whole or in part, on one or more occasions at any time during the Option Period. There is no minimum period which the Call Option must be held before it can be exercised. There is no performance target on the part of the Investor before the Investor can exercise the Call Option. The aggregate Option Price payable for any exercise of the Option may be satisfied by:

- (a) payment in cash;
- (b) transfer to the Company (or such other entity as the Company may direct) of the relevant number of the HTM Shares at the same price per share at which the Investor acquired the New Shares pursuant to the Subscription Agreement;
- (c) a combination of payment of cash and the transfer of HTM Shares as described in the abovementioned (a) and (b); or
- (d) such other method of payment as the Company, Hao Tian Management and the Investor may agree in writing.

LETTER FROM THE BOARD

Upon exercise in full of the Call Option at the initial Option Price, a maximum of 389,940,000 Option Shares shall be allotted and issued, representing (i) approximately 9.33% of the existing issued share capital of the Company as at the date of the Announcement; (ii) approximately 9.33% of the existing issued share capital of the Company as at the Latest Practicable Date and (iii) approximately 8.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Option Shares (assuming that there is no change in the issued share capital of the Company from the date of the Announcement to the completion of the allotment and issue of the Option Shares save for the Option Shares). As at the date of the Announcement and the Latest Practicable Date, 22,857,805 share options which were issued under the existing share option scheme of the Company, representing approximately 0.55% of the existing issued share capital of the Company as at the date of the Announcement and the Latest Practicable Date, remain outstanding. Save for the aforesaid, the Company has no other outstanding options, warrants or other convertible securities. The Directors confirm that the Company will not violate the restriction as set out under Rule 15.02(1) of the Listing Rules.

The Call Option shall lapse after expiry of the Option Period or upon the commencement of liquidation of the Company.

Summary of valuation of the Call Option

The Call Option is valued by Monte Carlo simulation model and the following key parameters inputs are used:

Underlying Share Value	HK\$0.430
7.59% Equity Value of Hao Tian Management	HK\$311,952,000
Risk-free rate	1.012%
Expected Volatility of Underlying Share Price	92.34%
Expected Volatility of 7.59% Equity Value of Hao Tian Management	78.07%

The value of the call option is HK\$111,702,478.

LETTER FROM THE BOARD

The management of the Company are not professional valuers and does not have the expertise in determining the value of the Call Option. In order to determine the appropriateness and reasonableness of the valuation method adopted, the valuation parameters and assumptions used for valuation of the Call Option, the Directors have considered the following:–

- Engagement of the Independent Valuer: The Company has formally engaged the Independent Valuer to conduct a valuation of the Call Option and compile a valuation report. After discussing with the Independent Valuer, Monte Carlo simulation model was selected in the valuation of the Call Option. The payoff structure of the Call Option depends on the share price of the Company and equity value of Hao Tian Management. Because of this and the correlation could exist between the share price of the Company and the equity value of Hao Tian Management, Monte Carlo simulation model is selected because it considers the correlation and price movement of both share price of the Company and the equity value of Hao Tian Management. The valuation parameters, such as share price of the Company, risk-free rate, expected volatility of the share price of the Company and the expected volatility of the value of the shares of Hao Tian Management were based on market data. The assumption included (i) the market data based on the last trading day of 20 May 2016 before entering into of the Subscription Agreement and (ii) the value of the 7.59% equity interest in Hao Tian Management.

Taking into account of their experience and work done, the Directors, in reliance on the expertise of the Independent Valuer, consider that the valuation method adopted are appropriate and the parameters used are reasonable;

- Consultation with other valuers: The Directors have also, on an informal basis, verbally consulted another two independent valuers for the valuation of the Call Option and all of them considered the value of the Call Option to be in the range from HK\$80 million to HK\$100 million;
- The Directors and the management of the Company have performed research on the internet to gain a basic understanding of the basis and model adopted by the valuers.

LETTER FROM THE BOARD

Option Price

The Option Price is HK\$0.80 per Option Share. The Option Price represents:

- (a) a premium of approximately 86.05% to the closing price of HK\$0.43 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (b) a premium of approximately 86.92% to the average closing prices of HK\$0.428 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date immediately prior to the date of the Subscription Agreement;
- (c) a premium of approximately 75.82% to the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 65.29% to the average closing price of HK\$0.484 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Latest Practicable Date.

The net price to the issue of the Option Shares shall be HK\$0.799.

Anti-dilution adjustments

Subject to certain exceptions, the Option Price shall be subject to adjustment upon occurrence of the following events, at any time during the Option Period:

- (i) **Consolidation or sub-division:** If and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount, the Option Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

A = the revised nominal amount

B = the former nominal amount

LETTER FROM THE BOARD

- (ii) **Issue of Shares by way of capitalisation of profits or reserves:** If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Option Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

A = aggregate nominal amount of the issued Shares immediately before the issue

B = aggregate nominal amount of the Shares issued in such capitalisation

- (iii) **Capital Distribution of Shares:** If and whenever the Company shall make any capital distribution to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Option Price in force immediately prior to such distribution or grant shall be reduced by multiplying it by the following fraction:

$$\frac{A - B}{A}$$

where:

A = the market price on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date next preceding the date of the capital distribution or, as the case may be, of the grant; and

B = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by an approved investment bank (as defined below) or the auditors of the Company for the time being, of the portion of the capital distribution or of such rights which is attributable to one Share,

LETTER FROM THE BOARD

Provided that:

- (a) if in the opinion of the relevant approved investment bank or the auditors of the Company for the time being, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the said market price which should properly be attributed to the value of the capital distribution or rights; and
 - (b) this adjustment provision shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.
- (iv) **Offer of new Shares for subscription by way of rights, or options or warrants to subscribe for new Shares:** If and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights, or shall grant to holders of Shares any options or warrants to subscribe for new Shares, at a price which is less than 90 per cent. of the market price at the date of the announcement of the terms of the offer or grant, the Option Price shall be adjusted by multiplying the following fraction:

$$\frac{A + B}{A + C}$$

A = number of Shares in issue immediately before the date of such announcement

B = the number of Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Shares comprised therein would purchase at such market price

C = the aggregate number of Shares offered for subscription or comprised in the options or warrants (such adjustment to be become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant)

LETTER FROM THE BOARD

- (v) (a) **Convertible/exchangeable securities issued for cash:** If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total Effective Consideration per Share (as defined below) initially receivable for such securities is less than 90 per cent. of the market price at the date of the announcement of the terms of issue of such securities, the Option Price shall be adjusted by the following fraction:

$$\frac{A + B}{A + C}$$

A = number of Shares in issue immediately before the date of the issue

B = the number of Shares which the total Effective Consideration receivable for the securities issued would purchase at such market price

C = the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price

- (b) **Modification of conversion/exchange/subscription rights attached to securities:** If and whenever the rights of conversion or exchange or subscription attached to any such securities as mentioned above are modified so that the total Effective Consideration per Share initially receivable for such securities shall be less than 90 per cent. of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Option Price shall be adjusted by multiplying the Option Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

A = number of Shares in issue immediately before the date of such modification

B = the number of Shares which the total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price

C = the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price

LETTER FROM THE BOARD

The “**total Effective Consideration**” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the Effective Consideration per Share initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- (vi) **Issue of Shares for Cash at less than 90 per cent. of the market price:** If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 90 per cent. of the market price at the date of the announcement of the terms of such issue (being the average of the closing prices of each Share on the Stock Exchange for each of the last five consecutive trading days), the Option Price shall be adjusted by multiplying the Option Price in force immediately before the date of such announcement by the following fraction:

$$\frac{A + B}{A + C}$$

A = the number of Shares in issue immediately before the date of such announcement

B = the number of Shares which the aggregate amount payable for the issue would purchase at such market price

C = the number of Shares so issued

LETTER FROM THE BOARD

- (vii) **Issue of Shares for acquisition of asset at less than 90 per cent. of the market price:** If and whenever the Company shall issue Shares for the acquisition of asset at a total Effective Consideration per Share (as defined below) which is less than 90 per cent. of the market price at the date of the announcement of the terms of such issue, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

A = the total Effective Consideration per Share

B = the market price

The “**total Effective Consideration**” shall be the aggregate consideration credited as being paid for such Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “total Effective Consideration per Share” shall be the total Effective Consideration divided by the number of Shares issued as aforesaid.

The above-mentioned anti-dilution adjustment shall not apply to:

- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares;
- (ii) an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or carrying rights to acquire, Shares to officers or employees of the Company or any of its subsidiaries pursuant to any employee or executive share scheme;
- (iii) an issue of fully paid Shares by way of capitalisation of all or part of any subscription right, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into or carrying rights to acquire Shares; or
- (iv) an issue of Shares pursuant to a scrip dividend scheme.

LETTER FROM THE BOARD

Ranking of the Option Shares

The Option Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the issued Shares as at the date of allotment of the Option Shares.

Rights of Investor

The Investor shall not be entitled to attend or vote at any general meetings of the Company by reason only it being the holder of the Call Option.

Unless and until the Investor exercises the Call Option and becomes a Shareholder, it shall not be entitled to participate in any distributions and/or offer of further securities made by the Company.

Maximum amount of fund raised

Assuming the Investor exercises the Call Option in full and elects to pay the Option Price in cash, the maximum amount of fund which may be raised from the allotment of the Option Shares shall be approximately HK\$311.9 million. The net issue price of each Option Share (after deducting all costs and expenses in connection with the Call Option Deed and the transactions contemplated thereunder) shall be approximately HK\$0.799.

Effects on shareholding of the Company

Set out below is the shareholding structure of the Company (i) as at the date of the Announcement; (ii) as at the Latest Practicable Date; and (iii) immediately after the exercise of the Call Option, assuming no changes to the issued share capital of the Company and the shareholding of parties named below between the date of the Announcement and the full exercise of the Call Option:

	As at the date of the Announcement		As at the Latest Practicable Date		Immediately after the full exercise of the Call Option	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Li Shao Yu (Note 1)	2,566,983,271	61.41	2,566,983,271	61.41	2,566,983,271	56.17
Investor	-	-	-	-	389,940,000	8.53
Public Shareholders	1,613,108,845	38.59	1,613,108,845	38.59	1,613,108,845	35.30
Total	4,180,092,116	100.0	4,180,092,116	100.00	4,570,032,116	100.0

Note:

- Ms. Li Shao Yu holds (i) 4,780,322 Shares directly and (ii) 2,562,202,949 Shares through Asia Link Capital Investment Holdings Limited.

LETTER FROM THE BOARD

Specific mandate to issue the Option Shares

The issue of the Option Shares will be subject to the approval by the Shareholders and the Option Shares will be issued under the Specific Mandate to be sought and approved by the Shareholders at the EGM.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Option Shares.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Event	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the Latest Practicable Date
16 July 2015	Issue of warrants by Hao Tian Finance up to the maximum amount of US\$15 million (<i>Note</i>)	Approximately HK\$117 million upon full exercise of the subscription rights attached to the warrants	Business development	Not applicable. The warrants have not been exercised as at the Latest Practicable Date
21 July 2015	Placing and top-up subscription	Approximately HK\$213.6 million	Future business development and general working capital of the Group	Use as intended and approximately HK\$200 million was mainly utilized for the money lending business of the Group and the remaining balance as general working capital of the Group

Note:

The issue of warrants by Hao Tian Finance is a part of the transaction in connected with the issue of 9 percent secured notes of US\$30 million (equivalent to HK\$234 million) (the “Notes”) by the Company to Sea Venture Investment Limited (“Sea Venture”), details of which have been disclosed in the announcement of the Company dated 7 July 2015. Pursuant to the agreed structure of the transaction, the Company has issued the Notes in the principal amount of US\$30 million (equivalent to HK\$234 million) to Sea Venture. As a package of the deal, Hao Tian Finance has issued the warrants to Sea Venture. Upon exercise of the warrants, the subscription price may be used to set off a portion of the outstanding amount under the Notes. Completion of the issue of the Notes has taken place on 16 July 2015. As of the Latest Practicable Date, the net proceeds received from the Notes had been utilized as intended.

LETTER FROM THE BOARD

INFORMATION ABOUT HAO TIAN MANAGEMENT

According to the audited financial statements of Hao Tian Management for the year ended 31 March 2014 and 2015, which were prepared in accordance with the accounting principles generally accepted in Hong Kong:

	For the year ended 31 March 2014 HK\$	For the year ended 31 March 2015 HK\$
Revenue	446,710	1,252,980
Other gain and loss, net	(16,650,487)	1,862,794,129
Profit/(loss) before taxation	(53,050,594)	1,819,610,124
Profit/(loss) for the year	(53,050,594)	1,548,189,076
	As at 31 March 2014 HK\$	As at 31 March 2015 HK\$
Total assets		
Property, plant and equipment	66,074,334	76,256,191
Available-for-sale investments	789,283,618	630,655,400
Investments held for trading	–	2,949,911,740
Cash and cash equivalents	228,124,873	276,076,127
Other assets	241,776,541	451,247,357
	<u>1,325,259,366</u>	<u>4,384,146,815</u>
Total liabilities		
Amount due to ultimate holding company and fellow subsidiaries	1,300,373,795	1,718,977,757
Bank and other loans	17,000,000	279,858,708
Other liabilities	19,745,868	477,649,550
	<u>1,337,119,663</u>	<u>2,476,486,015</u>
Net assets/(liabilities)	<u>(11,860,297)</u>	<u>1,907,660,800</u>

LETTER FROM THE BOARD

The performance and financial positions of Hao Tian Management were significantly improved during the year ended 31 March 2015 because there was substantial increase in fair value of available-for-sales investments, including those of China Innovative Finance Group Limited and Imperial Pacific International Holdings Limited, both being companies listed on the Stock Exchange, which resulted in the substantial increase in the net assets value of Hao Tian Management.

The audited financial information of Hao Tian Management for the year ended 31 March 2016 was not yet available as at the Latest Practicable Date.

The net price to the issue of the each New Share shall be HK\$379,710.

For the years ended 31 March 2014 and 2015, Hao Tian Management recorded a fair value gain of available for sales investment amounted to HK\$159.9 million and HK\$371.3 million respectively, which were recorded in revaluation reserve.

The breakdown of “other gain and loss” of Hao Tian Management for the years ended 31 March 2014 and 2015 are as follows:

	Years ended 31 March	
	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
Gain on disposal of available for sale investments	140,089,270	28,301,453
Gain on disposal of financial assets at fair value through profit or loss	4,732,250	10,924,500
Gain on disposal of investment held for trading	3,492,016	–
Gain on disposal of loan receivables	3,603,374	–
Gain on disposal of property, plant and equipment	20,000	–
Gain on fair value of investments held for trading	1,908,483,136	–
Fair value loss on financial assets at fair value through profit or loss	–	(828,500)
Fair value loss of financial liabilities designated at fair value through profit or loss	(197,600,962)	–
Impairment loss on available for sale investments	–	(54,984,241)
Loss on exchange	(24,955)	(63,699)
	<u>1,862,794,129</u>	<u>(16,650,487)</u>

LETTER FROM THE BOARD

For the year ended 31 March 2014, Hao Tian Management recorded a net loss of approximately HK\$16.7 million from “other gain and loss”, which is mainly attributable by (i) the gain on disposal of available-for-sale investments amounted to approximately HK\$28.3 million, (ii) the gain on disposal of financial assets at fair value through profit or loss amounted to approximately HK\$10.9 million; and (iii) offset by impairment loss on available-for-sale investments amounted to approximately HK\$55.0 million.

For the year ended 31 March 2015, Hao Tian Management recorded a net gain of approximately HK\$1,862.8 million from “other gain and loss”, which is mainly attributable by (i) the gain on disposal of available-for-sale investments amounted to approximately HK\$140.1 million; (ii) the gain on fair value of investment securities, mainly include those of China Innovative Finance Group Limited (stock code: 412) amounted to approximately HK\$1,908.5 million; and (iii) offset by a fair value loss of financial liabilities designated at fair value through profit or loss amounted to approximately HK\$197.6 million.

FINANCIAL EFFECT OF THE DEEMED DISPOSAL OF THE GROUP

Upon Completion, the Company will indirectly hold approximately 92.41% shareholding interest in Hao Tian Management. The financial results of Hao Tian Management will continue to be consolidated by the Group. There will be no material financial effect on the Group resulting from the Deemed Disposal.

POTENTIAL ACQUISITIONS

One of the major businesses of the Group is investment in securities. Therefore, acquisition of the equity interest in other companies is the normal and usual course of business of the Group. The Directors are exploring investment opportunities from time to time and the Company also sometimes receives invitation for investment from other companies and businesses. On 7 June 2016, Hao Tian Investments (China) Co. Limited, an indirect wholly-owned subsidiary of the Company, entered into an investment framework agreement with the People’s Government of Qingliu County, Fujian Province, the People’s Republic of China, which involves the establishment of a base for the cultivation of Camellia Oleifera and the production of Camellia Oleifera-related products in Qingliu county. The Group plans to invest a total sum of not more than RMB380 million (equivalent to HK\$446.9 million) in the project. Further details of the investment framework agreement are disclosed in the announcement of the Company dated 7 June 2016.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company is in the course of discussion for a possible acquisition of a company engaged in the trading of apparels. Nevertheless, no definite agreement has been entered into between the Company and the relevant parties. The Company will comply with the relevant requirements of the Listing Rules once any definite agreement has been entered into for such acquisition.

APPLICATION OF THE PROCEEDS FROM THE ISSUE OF THE NEW SHARES

The New Shares are issued at the subsidiary level but not at the listed company level. The amount of net proceeds from the issue of the New Shares is approximately HK\$311.5 million. There will be specific use of the major portion of the net proceeds from the issue of New Shares and is not of general one. The Directors intend that the proceeds from the issue of the New Shares will be applied as follows:–

- approximately HK\$250 million, representing approximately 80.3% of the total amount of net proceeds, will be used to repay the outstanding amount under a loan facility advanced by a bank, of which an instalment repayment of approximately HK\$100 million will be required to be made in July 2016 while the remaining balance will be required to be repaid in September 2016;
- approximately HK\$30 million, representing approximately 9.6% of the total amount of net proceeds, will be used to invest in the project known as “Innovative Camellia Oleifera Health Industry Project” contemplated under the investment framework agreement dated 7 June 2016 entered into between the Group and The People’s Government of Qingliu County, Fujian Province, the PRC which involves the establishment of a base for the cultivation of Camellia Oleifera and the production of Camellia Oleifera-related products (the “**Camellia Oleifera Projects**”). According to the planned investment schedule as set out in the investment framework agreement, the first instalment of RMB200 million (equivalent to HK\$235.2 million) shall be contributed by the Group within 18 months from the date of the agreement (the “**Initial Period**”) and the remaining balance of not more than RMB180 million (equivalent to HK\$211.7 million) shall be contributed by the Group within 18 months after the expiry of the Initial Period. Details of the said project have been disclosed in the announcement of the Company dated 7 June 2016;
- approximately HK\$31.5 million, representing approximately 10.1% of the total amount of net proceeds, will be used for general working capital and general corporate purposes.

LETTER FROM THE BOARD

In light of the tight repayment schedule of the loan facility and the need to invest in the Camellia Oleifera Project, the Directors are of the view that the Company has an imminent funding need. Since (i) all major terms for the proposed grant of the Call Option and the entire picture of the deal have been disclosed in the Announcement and this circular, (ii) all important documents in connection with the proposed grant of Call Option, including but not limited to, the valuation report, the Subscription Agreement and the Call Option Deed, are available for public inspection and (iii) the issue of the Call Option will be submitted to the shareholders for approval at the EGM, the Directors consider that the Shareholders will be able to make an informed decision as to whether they should approve the Call Option or not.

APPLICATION OF THE PROCEEDS FROM THE EXERCISE OF THE CALL OPTION

If the Investor chooses to pay the Option Price in cash, the amount of net proceeds from the exercise of the Call Option is approximately USD40 million (equivalent to HK\$312 million). The Directors intend that the proceeds from the exercise of Call Option will be applied as follows:–

- approximately USD32 million (equivalent to HK\$249.6 million), representing approximately 80% of the total amount of net proceeds, will be used to repay outstanding amount under loan facility advanced by a bank; and
- approximately USD8 million (equivalent to HK\$62.4 million), representing approximately 20% of the total amount of net proceeds, will be used to invest in the Camellia Oleifera Project.

The above use of proceeds will only be available if the Investor opts to exercise the Call Option by cash settlement. No proceeds will be available in the event that the Investor chooses to satisfy the Option Price by transferring to the Company the relevant number of HTM Shares.

REASONS FOR ENTERING INTO THE SUBSCRIPTION AGREEMENT AND THE CALL OPTION DEED

The terms of the Subscription Agreement and the Call Option Deed (including the Option Price) were negotiated at arm's length basis with reference to the financial position and the prospect of the Group.

The Group is principally engaged in, inter alia, the businesses of financial services (including money lending) and securities investment. Both the aforesaid businesses require substantial amount of cash. The Group also requires financial resources for other investment from time to time as well.

LETTER FROM THE BOARD

The Company believes that the Subscription would provide an additional source of capital for Hao Tian Management to develop its business and the Group could benefit from the future growth and success of Hao Tian Management.

The Company believes that upon exercise of the Call Option, the Call Option would enable the Group to broaden its shareholder base and provide another sources of funding of the Company if the Investor chooses to pay cash for the subscription for the Option Shares. The Company has sufficient financial resources to sustain its business. In the event that extra financial resources are available to the Group upon exercise of the Call Option, the Group will be able to further develop its business and capture other investment opportunities. It would also be beneficial to the Group for having well-positioned and reputable investor in the financial services industry. The Investor is an indirect and wholly-owned special purpose vehicle of CCB International (Holdings) Limited. Our Directors are of the view that their brandname and reputation will have a positive effect on the Group if they invest in our Group.

The Company has business dealings with CCBI Investments Limited (“**CCBI**”) in the past.

On 6 September 2012, the Company entered into an investment agreement with Cheer Hope Holdings Limited, a direct wholly-owned subsidiary of CCBI, pursuant to which the Company agreed to issue a notes in the aggregate principal amount of up to USD40 million (equivalent to HK\$312 million) due 2013 and warrants to subscribe for Shares for up to USD10 million (equivalent to HK\$78 million). Details of the said notes and warrants have been disclosed in the announcement of the Company dated 6 September 2012.

On 19 May 2015, the Company and CCBI have entered into a non legally-binding preliminary term sheet in respect of certain proposed investments in the Company and its subsidiary. Details of the said term sheet have been disclosed in the announcement of the Company dated 19 May 2015. Subsequently, Sea Venture Investments Limited, a corporate vehicle of CCBI, entered into:

- the Notes Subscription Agreement, pursuant to which the Company agreed to issue a senior secured notes due 2017 in the aggregate principal amount of USD30 million (equivalent to HK\$234 million) which will mature on the date falling 24 months from 16 July 2015;
- the 2015 Call Option Deed, pursuant to which the Company agreed to grant to Sea Venture Investments Limited an irrevocable and unconditional right to purchase up to 80,729,170 shares in China Innovative Finance Group Limited, a company listed on the Main Board of the Stock Exchange, held by the Company; and

LETTER FROM THE BOARD

- the Warrants Subscription Agreement, pursuant to which Sea Venture Investments Limited agreed to subscribe for the transferrable warrants to be issued by the Company entitling the holder to subscribe for the shares in Hao Tian Finance.

Details of the Notes Subscription Agreement, the 2015 Call Option Deed and the Warrants Subscription Agreement have been disclosed in the announcements of the Company dated 7 July 2015 and 16 July 2015.

The Group is also discussing with CCBI on other mode of financing, such as issue of notes, loans, etc. Nevertheless, there is no definite agreement entered into between the Group and CCBI as at the Latest Practicable Date.

Reasons for issue of the Call Option at no additional consideration

Although the Call Option is going to be issued without additional consideration, the Directors consider that:

- strictly speaking, the Call Option was only granted without “additional” consideration but not “nil” consideration. The Call Option is a part of the entire transactions involving, inter alia, the subscription of the New Shares. Therefore, the Call Option cannot be considered on a standalone basis and must be considered in conjunction with the Subscription as a package. Without the Call Option, the Investor would not have agreed to enter into the Subscription Agreement;
- since Hao Tian Management is an unlisted company, the value of the HTM Shares should be subject to liquidity deficient adjustment. Nevertheless, the Investor subscribes for the HTM Shares at approximately one time of the price-to-book ratio without any discount to the Investor, therefore there will not be any dilution effect on the shareholding interest of the Company in Hao Tian Management. The Call Option provides a practical way for the Investor to realize its investment in Hao Tian Management which induced the Investor to agree to the Subscription; and
- the Company is not required to incur any interest expense for the transactions contemplated under the Subscription Agreement and the Call Option Deed notwithstanding the Group is able to receive additional funding for its business development.

Therefore, although there is no specific additional consideration for the grant of Call Option, taking into account the entire transactions as a whole, the Directors are of the view that there is valuable consideration for the grant of Call Option.

LETTER FROM THE BOARD

Other fund raising alternatives

The Board has considered other fund raising alternatives before considering the grant of Call Option, including but not limited to debt financing, the issue of convertible bond and placing of new Shares. Nevertheless, there is an obvious fundamental differences between debt financing and issue of new securities to the effect that, the Group shall be required to repay all debts regardless of its results of operation in the future while for issue of new securities, the investor will bear the risks in connection with their investment in the Group.

Debt financing or bank loans or issue of convertible bonds would result in additional interest burden to and higher gearing ratio of the Group. The Company has attempted to obtain loan financing from banks for financing its principal business. However, most banks indicated that they were unlikely to provide loan financing without any asset pledge or at favourable terms. Therefore, given the significant amount of funding, the Directors consider that it will not be feasible for the Company to obtain the required amount of funding from bank financing at commercially acceptable terms. The Company is also required to repay the bank loans upon maturity, which results in cash outflow and problems in resource allocation.

Placing of new Shares is another alternative for fund raising and the Company has conducted top-up placing on 21 July 2015. However, placing of new Shares would immediately dilute the shareholding of the Shareholders in the Company and given the existing share price of the Company, it may not be a suitable time for the Company to conduct another placing at this stage.

Having considered and evaluated that the grant of Call Option will not increase the future finance costs of the Group, the Directors are of the view that raising funds by way of grant of Call Option is a better option to provide the Group with substantial amount of cash to sustain its business as compared to other alternative fund raising methods as set out above.

Taking into account the above reasons, the Board considers that the grant of Call Option is in the interest of the Company and the Shareholders as a whole as the exercise of Call Option would (i) provide another source of funding of the Company if the Investor chooses to pay cash for the subscription for the Option Shares; (ii) generate a better gearing ratio; and (iii) improve the cashflow of the Group.

In the event that any potential investment opportunities arise in the future, the Company may also consider other alternative fund raising methods, such as bank borrowings, debt and equity fund raising, etc.

LETTER FROM THE BOARD

INFORMATION ABOUT THE INVESTOR

The Investor is a limited liability company incorporated under the laws of the British Virgin Islands. It is principally engaged in investment holding.

INFORMATION ABOUT THE GROUP AND HAO TIAN MANAGEMENT

The Company is an investment holding company. As the Latest Practicable Date, the principal businesses of the Group comprised financial services, securities investment, trading of futures, and logistics and warehousing. Hao Tian Management is principally engaged in securities investment, investment holding and provision of management services.

EGM

An EGM will be convened and held at Room 2702, 27/F, 200 Gloucester Road, Wan Chai, Hong Kong on Thursday, 14 July 2016, at 10:30 a.m. to consider and, if thought fit, to approve the Subscription Agreement, the Call Option Deed, the grant of the Call Option and the grant of the Specific Mandate for issue of the Option Shares upon exercise of the subscription rights attached to the Call Option.

A form of proxy for the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, please complete and return the form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish. Pursuant to the Listing Rules, voting by poll is required for any resolution put to vote at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under the Subscription Agreement or the Call Option Deed. Therefore, no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Subscription Agreement or the Call Option Deed and transactions contemplated thereunder.

VOTING BY POLL AT THE EGM

Pursuant to Rule 13.39 of the Listing Rules and article 66 of the articles, any votes of the Shareholders at a general meeting must be taken by poll. An announcement on the poll results will be published after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

Taking into account those rationale as set out under the paragraph headed “Reasons for issue of the Call Option at no additional consideration” and the grant of Call Option may be able to attract other reputable investor to invest in the Company, the Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement and the Call Option Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Subscription Agreement, the Call Option Deed, the grant of the Call Option and the grant of the Specific Mandate for issue of the Option Shares upon exercise of the subscription rights attached to the Call Option.

Your attention is drawn to the valuation report from the Independent Valuer set out on pages 31 to 39 of this circular, which contains its valuation on the value of the Call Option and reasons considered by it in arriving at its opinion.

ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the Appendix II to this circular.

Yours faithfully,
By Order of the Board
Hao Tian Development Group Limited
Fok Chi Tak
Executive Director



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Room 1010, 10/F, Star House,
Tsimshatsui, Hong Kong

Date: 28 June 2016

The Board of Directors

Hao Tian Development Group Limited

Rooms 4917-4932, 49/F
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

RE: VALUATION OF OPTION

In accordance with the instructions from **Hao Tian Development Group Limited** (the “**Company**”) for us to value a batch of option (the “**Option**”) to be issued by the Company, we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the fair value of the Option. The valuation date is instructed to be 22 May 2016 (the “**Valuation Date**”).

The purpose of this valuation is to express an independent opinion on the fair value of the Option as at the Valuation Date solely for purpose of disclosure on public circular on the Stock Exchange of Hong Kong by the Company.

APPENDIX I VALUATION REPORT BY THE INDEPENDENT VALUER

Subject Instrument

The subject instrument to be valued comprises the option as follows:

The Option

Issuer	Hao Tian Development Group Limited (0474.HK)
Valuation Date	22 May 2016*
Expiry Date	22 May 2021*
Option Period	The period commencing on the date on which the subscription completion takes place, and ending on the fifth anniversary of that date
Subscription Price (or Exercise Price) per share	HK\$0.80 per share
Settlement of option price	The aggregate option price payable for any exercise of the option may be satisfied by: <ul style="list-style-type: none">(a) payment in cash by bank wire transfer direct to the Designated Bank Account;(b) transfer to the company (or such other entity as the company may direct) of the relevant number of subscriber shares of Hao Tian Management (Hong Kong) Limited (“HTM”) at the transfer value per share;**(c) a combination of payment of cash and the transfer of subscriber HTM shares as described in sub-clauses 3(a) and (b); or(d) such other method of payment as the parties may agree in writing.

* As instructed by the management of the Company, the Valuation Date is 22 May 2016 and the option period is from the Valuation Date to 22 May 2021.

APPENDIX I VALUATION REPORT BY THE INDEPENDENT VALUER

** *According to the Call Option Deed, the transfer value per share shall be the sum produced by dividing the subscription price by the aggregate number of HTM shares (including any true up shares to be issued to the Investor) allotted and to be issued to the Investor. According to the Subscription Agreement, the number of HTM shares allotted to the Investor is only adjusted when the audited NAV of HTM is less than the assumed NAV of HKD3,798,000,000. As assumed by the management of the Company, the audited NAV of HTM is not less than the assumed NAV of HKD3,798,000,000.*

Basis of Valuation

Our valuation was carried out on a fair value basis. Fair value is defined as “*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.*”

The valuation procedure includes review of the financial and economic condition of the subject instrument. All matters essential to the proper understanding of the valuation are disclosed in the valuation report. Opinion of value included in the valuation report is impartial, independent, and unbiased.

Sources of Information

In conducting our valuation of the Option, we have considered, reviewed and relied upon the following key information as provided by the management of the Company and other pertinent data concerning the Option:

- The equity value of Hao Tian Management (Hong Kong) Limited (“**HTM**”) as at the Valuation Date as provided by the management of the Company
- The expected dividend yield of HTM as provided by the management of the Company
- Historical share price and the price-to-book ratio of the comparable companies as provided by the Thomson Reuters Eikon
- Yields of government bonds issued under the institutional bond issuance programme under indicative pricings as provided by the government of the Hong Kong Special Administrative Region of the People’s Republic of China and Hong Kong Exchange Fund Bills/Notes yield (the “**HK Risk-free Rate**”)
- Subscription Agreement dated 22 May 2016
- Call Option Deed

- Announcement regarding the Call Option dated 22 May 2016
- The expected correlation of underlying share price and 7.59% equity value of HTM as provided by the management of the Company
- Discussions and representations by the management of the Company

Valuation Approach and Methodology

In the valuation task, we have reviewed the details of the relevant information provided by the management of the Company, and the fair value of the Option will be determined using the following methodologies:

Monte Carlo Simulation Model

The procedure of Monte Carlo simulation consists of three major steps:

- (I) Simulate paths of share price of the Company and HTM;
- (II) Determine the value of the Option from all paths of simulated share price of the Company and HTM;
- (III) Repeat (I) and (II) once by antithetic variance reduction technique and evaluate the fair value of the Option.

Simulate of paths of share price of the Company and HTM

The simulation of share price is conducted as follow,

1. Simulate 100,000 paths of share price of the Company and the share price of HTM from the Valuation Date to the time to maturity of the Option according to the formula:

$$S_{1,t+\Delta t} = S_{1,t} \exp[(\mu_1 - q_1 - 0.5 \sigma_1^2)\Delta t + \sigma_1 \varepsilon_{1,t+\Delta t} \sqrt{\Delta t}]$$

$$S_{2,t+\Delta t} = S_{2,t} \exp[(\mu_2 - q_2 - 0.5 \sigma_2^2)\Delta t + \sigma_2 \varepsilon_{2,t+\Delta t} \sqrt{\Delta t}]$$

where $S_{1,t}$ is the share price of the Company at time step t , $S_{2,t}$ is the share price of HTM at time step t , μ_1 is the expected return of the Company in a risk-neutral world which is the risk-free rate, μ_2 is the expected return of HTM in a risk-neutral world which is the risk-free rate, q_1 is the expected dividend yield of the Company, q_2 is the expected dividend yield of HTM, σ_1 is the expected volatility of the share price of the Company, σ_2 is the expected volatility of share price of HTM, $\mathcal{E}_{1,t}$ and $\mathcal{E}_{2,t}$ are independent random numbers from the multivariate standard normal distribution and they are correlated each other based on the correlation between the share price of the Company and the share price of HTM and Δt is the change of time. In the simulation procedure, 100,000 paths of $\mathcal{E}'_{1,t}$ and $\mathcal{E}'_{2,t}$ are generated according to the formula below,

$$\mathcal{E}'_{1,t} = -\mathcal{E}_{1,t}$$

$$\mathcal{E}'_{2,t} = -\mathcal{E}_{2,t}$$

Determine the value of the Option from all paths of simulated share price of the Company and HTM

Once the batch of path of share price of the Company and HTM is simulated, we can determine the value of the Option by backward induction as follow,

1. Determine the value of the Option for each path at the last time step T , by determining whether the Option is exercised by cash settlement or settlement of HTM shares to purchase the underlying shares of the Company at the last time step T . If the exercise of the Option is settled by HTM shares, the HTM shares is sold at the subscription price;
2. Roll backward to the preceding time step $T-1$, get the discounted cash flow from the time step T up to time step $T-1$ for each path by discounting by the discount factor based on the interest rate at $T-1$. The continuation value is evaluated with reference to the method based on the ordinary least square regression by Longstaff & Schwartz (2001) given the discounted cash flow from exercising the Option;
3. Determine the decision of exercise of the Option by comparing the continuation value and value due to exercising the Option, and evaluate the cash flow at time step $T-1$. If the options are not exercised, there is no cash flow at time step $T-1$;

APPENDIX I VALUATION REPORT BY THE INDEPENDENT VALUER

4. Roll backward to the preceding time step T-2, get the discounted cash flow from the time in which the Option is exercised to time step T-2. The continuation value is then determined and the cash flow at time step T-2 is evaluated if either the Option is exercised, with reference to steps 2 and 3;
5. Repeat step 4 until time step 0; and
6. Average the discounted cash flow of the Option from all paths at time 0 from the time that the Option is exercised. Such value is denoted by c_1 .

Repeat (I) and (II) once by antithetic variance reduction technique and evaluate the fair value of the Option

In this step, step (I) is repeated by generating path of $S'_{1,t}$ and $S'_{2,t}$ using path of $\mathcal{E}'_{1,t}$ and $\mathcal{E}'_{2,t}$. Based on path of $S'_{1,t}$ and $S'_{2,t}$, another average value of the Option is evaluated in step (II) and it is denoted by c_2 .

The fair value of the Option is evaluated by taking the average of c_1 and c_2 .

Assumptions and Notes to Valuation

Assumptions considered having significant sensitivity effects in this valuation have been evaluated in arriving at our assessed values. The following parameters as at the Valuation Date were adopted for this valuation:

Underlying Share Value	HKD0.430
Exercise Price of Purchasing the Underlying Share	HKD0.800
Number of Option	389,940,000
7.59% Equity Value of HTM	HKD311,952,000
Subscription Price of 7.59% Equity Value of HTM	HKD311,952,000
Time to Maturity of the Option (<i>years</i>)	5.0
Risk-free rate	1.012%
Expected Volatility of Underlying Share Price	92.34%
Expected Volatility of 7.59% Equity Value of HTM	78.07%

APPENDIX I VALUATION REPORT BY THE INDEPENDENT VALUER

In addition, the following assumptions have been applied in our valuation for the Option:

1. As assumed by the management, the market data is based on 20 May 2016;
2. The risk-free rate is based on the HK Risk-free Rate as at the Valuation Date;
3. As provided and assumed by the management of the Company, the 7.59% equity value of HTM as at the Valuation Date is HKD311,952,000;
4. The expected dividend yields of the underlying share and HTM share are based on historical dividend trend and expected future dividend policy determined by the management of the Company;
5. The expected volatility of the share price of Company is based on 1260-day daily historical volatility of the Company's share price as at the Valuation Date;
6. The expected volatility of the 7.59% equity value of HTM is based on average of 1260-day daily historical volatilities of the comparable companies' share price as at the Valuation Date;
7. According to the subscription agreement, the number of HTM shares allotted to the investors is only adjusted when the audited NAV of HTM is less than the assumed NAV of HKD3,798,000,000. As assumed by the management of the Company, the audited NAV of HTM is not less than the assumed NAV of HKD3,798,000,000 and hence the number of HTM shares to the holder of the Option is 821;
8. The dilution effect is taken into account in the valuation model; and
9. In order to select the appropriate public comparable companies to estimate the expected volatility of the 7.59% equity value of HTM and price-to-book ratio of HTM, we based on the following selection criteria:
 - Companies listed in Hong Kong with actively trading in a reasonable period of time
 - Companies in the similar industry compared to HTM
 - Companies with similar business and financial characteristics compared to HTM

APPENDIX I VALUATION REPORT BY THE INDEPENDENT VALUER

HTM is principally engaged in the securities investment. Based on that and the above selection criteria, to the best of our knowledge and endeavor, eight comparable companies principally engaged in the securities investment, which is also the principal activity engaged by HTM, were selected as below,

Stock Code	Company Name	Business Activities
234.HK	New Century Group Hong Kong Limited	Securities trading, property investment, and cruise ship charter services
235.HK	China Strategic Holdings Limited	Investment in securities, trading of metal minerals and electronic components, and money lending
273.HK	Mason Financial Holdings Limited	Trading of investments, provision of financial services, property investment, and investment holding
339.HK	Earnest Investments Holdings Limited	Investment and trading of listed and unlisted equity securities
428.HK	Huge China Holdings Limited	Investment holding
430.HK	Oriental Explorer Holdings Limited	Trading and investments, property investments, corporate and others segment
768.HK	UBA Investments Limited	Investment holding
2324.HK	Capital VC Limited	Investing in listed and unlisted companies

Limiting Conditions

During the course of our valuation, we have reviewed the financial information, management presentations and other pertinent data concerning the Option available to us. We have assumed the accuracy of, and have relied on the information and management presentations provided in arriving at our opinion of value.

We shall not be required to give testimony or to attend in court or to any government agency by reason of this valuation and with reference to the project described herein unless prior arrangements have been made.

No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond that customarily employed by valuers.

Our conclusions assume continuation of prudent management policies over whatever period of time considered to be necessary in order to maintain the character and integrity of the assets valued. We assume that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect their market value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

APPENDIX I VALUATION REPORT BY THE INDEPENDENT VALUER

No allowance has been made in our valuation for any charges, debts, collateral or amounts owing on the assets valued, or for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the assets valued are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our prior written approval. This report is confidential to the Company for the specific purpose to which it refers. In accordance with our standard practice, we must state that this report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Opinion of Value

Based on the results of our investigations and analyses outlined in this report, we are of the opinion that the fair value of the Option as at the Valuation Date, free from any encumbrances, is reasonably stated as **HONG KONG DOLLARS ONE HUNDRED ELEVEN MILLION SEVEN HUNDRED TWO THOUSAND FOUR HUNDRED SEVENTY-EIGHT ONLY (HKD 111,702,478)**.

Yours faithfully,
For and on behalf of
RHL Appraisal Ltd.
Kenneth H. W. Lam
ACCA, FRM
Associate Director

Mr. Kenneth Lam is a Chartered Accountant and Financial Risk Manager with 5 years of experience in valuations for financial instruments and private and listed companies in the Asia-Pacific and America region.

Analysis and report by:

Frank C. F. Lau, BSc, MSc, FRM

1. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN EQUITY OR DEBT SECURITIES

As at the Latest Practicable Date, the interests and short positions of each Director, chief executive of the Company and their respective associates in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange are set out below:

a. Long positions in Shares as at the Latest Practicable Date:

Name of Director/ chief executive	Capacity	Nature of interest	Number of shares held	Number of underlying shares held	Total interests	Approximate percentage of total issued share capital (Note 1)
Fok Chi Tak	Beneficial owner	Personal interest	15,723,270	666,336 (Note 2)	16,389,606	0.39%
Xu Hai Ying	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Ou Zhiliang	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Chan Ming Sun, Jonathan	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Lam Kwan Sing	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Lee Chi Hwa, Joshua	Beneficial owner	Personal interest	628,931	–	628,931	0.02%

Notes:

- The percentage of shareholding is calculated on the basis of 4,180,092,116 Shares in issue as at the Latest Practicable Date.
- These are the number of shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to the share options granted by the Company under the share option scheme adopted on 16 May 2006.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and their respective associates had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

2. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, 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:

(i) Interest in the Shares

Long positions in Shares and underlying shares of equity derivatives of the Company as at the Latest Practicable Date:

Name of shareholder	Number of shares held	Number of underlying shares held	Capacity	Total interests	Approximate percentage of total issued share capital (Note 1)
Li Shao Yu	2,562,202,949 (note 2)		Interest of controlled corporations	2,573,313,463	61.56%
	4,780,322 (note 2)	6,330,192 (note 3)	Beneficial Owner		
Asia Link Capital Investment Holdings Limited ("Asia Link")	2,562,202,949		Beneficial owner	2,562,202,949	61.30%

Notes:

1. The percentage of shareholding is calculated on the basis of 4,180,092,116 shares in issue as at the Latest Practicable Date.
2. Ms. Li Shao Yu held 4,780,322 Shares directly, and Asia Link Capital Investment Holdings Limited is beneficially wholly-owned by Ms. Li Shao Yu.
3. These are the number of shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to the share options granted by the Company under the share option scheme adopted on 16 May 2006.

Save as disclosed herein, as at the Latest Practicable Date, there was no other person so far as was known to the Directors and chief executives of the Company (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, 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.

3. DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable within one year without payment of compensation (other than statutory compensation).

4. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which have, since 31 March 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting as at the date of this circular and which was significant in relation to the business of the Group as a whole.

5. EXPERT'S CONSENT AND QUALIFICATION

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
RHL Appraisal Limited	Independent Valuer

The letter from the above expert is given as of the date of this circular for incorporation in this circular.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letters and opinions and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert does not have not any direct or indirect shareholding in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group or any interests, directly or indirectly, in any assets which have been, since 31 March 2015, being the date to which the latest published audited accounts of the Company were made up, acquired, disposed of or leased to any member of the Group, or were proposed to be acquired, disposed of or leased to any member of the Group.

6. COMPETING INTERESTS

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

7. MATERIAL ADVERSE CHANGE

Although the Company has published a profit warning announcement on 2 October 2015 in relation to significant decrease in the profit for the six months ended 30 September 2015, the fair value of certain available-for-sales investment and investments held for trading have been subsequently increased. Therefore, 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 as compared with the financial position of the Group as at 31 March 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at Rooms 4917-4932, 49/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) the valuation report from the Independent Valuer, the text of which is set out on pages 31 to 39 of this circular;
- (b) the written consent from the expert referred to in paragraph headed “Expert’s consent and qualification” in this appendix;
- (c) the Subscription Agreement;
- (d) the Call Option Deed;
- (e) the memorandum and articles of association of the Company;
- (f) the Announcement of the Company dated 22 May 2016; and
- (g) this circular.

10. MISCELLANEOUS

The English text of this circular will prevail over the Chinese text in the case of any inconsistency.

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

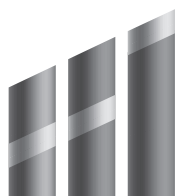
On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representatives, shall have one vote for every Share of which he/she is the holder.

A Shareholder present in person or by proxy or by authorised representatives who is entitled to more than one vote does not have to use all his/her votes (i.e., he/she can cast less votes than the number of Shares he/she holds or represents) or to cast all his/her votes the same way (i.e., he/she can cast some of his/her votes in favour of the resolution and some of his/her votes against the resolution).

The poll voting slip will be distributed to Shareholders or their proxies or authorized representatives upon registration of attendance at the EGM. Shareholders who want to cast all their votes entitled may mark a “✓” in either “FOR” or “AGAINST” box corresponding to the resolution to indicate whether he/she supports that resolution. For Shareholders who do not want to use all their votes or want to split votes in casting a particular resolution shall indicate the number of votes cast on a particular resolution in the “FOR” or “AGAINST” box, where appropriate, but the total votes cast must not exceed his/her entitled votes, or otherwise, the voting slip will be spoiled and the Shareholder’s vote will not be counted.

After closing the poll, the Company’s share registrar, Computershare Hong Kong Investor Services Limited, will act as scrutineer and count the votes and the poll results will be published after the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING



昊天發展集團有限公司

Hao Tian Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Hao Tian Development Group Limited (“**Company**”) will be held at Room 2702, 27/F, 200 Gloucester Road, Wan Chai, Hong Kong on Thursday, 14 July 2016, at 10:30 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT** the Subscription Agreement (as defined in the circular to shareholders of the Company dated 28 June 2016 (the “**Circular**”)), and the transactions contemplated thereunder be and are hereby approved and ratified;
2. **THAT** the Call Option Deed (as defined in the Circular), the grant of call option and the transactions contemplated thereunder be and are hereby approved and confirmed;
3. **THAT:**
 - (a) the allotment and issue of a maximum of 389,940,000 Option Shares (as defined in the Circular) upon exercise of the Call Option (as defined in the Circular) to the option holders of the Call Option be and are hereby approved and confirmed;
 - (b) any one director of the Company be and is hereby authorized to allot, issue and deal with the Option Shares;

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. **THAT** the director(s) of the Company (“**Director(s)**”) be and are hereby authorized to do all such further acts and things and execute such further documents and take all steps which in their opinion may be necessary, desirable or expedient to implement and/or give effect to the Subscription Agreement, the issue of the Option Shares, the grant of the specific mandate for the issue of the Option Shares upon exercise of the Call Option and all other transactions of the Company which arise following completion of the Subscription Agreement and all other transactions contemplated thereunder with any changes as such Director(s) may consider necessary, desirable or expedient.”

By Order of the Board
Hao Tian Development Group Limited
Pang Kwok Cheong
Company Secretary

Hong Kong, 28 June 2016

Principal place of business in Hong Kong:

Rooms 4917-4932, 49th Floor
Sun Hung Kai Centre
30 Harbour Road, Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the above meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should he so wish.
5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the board comprises three executive Directors, namely Mr. Xu Hai Ying, Dr. Zhiliang Ou, JP (Australia), and Mr. Fok Chi Tak and three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing and Mr. Lee Chi Hwa, Joshua.