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# THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your Shares, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. The Prospectus Documents should not, however, be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the CWUMPO. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

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**Ngai Shun Holdings Limited**

**毅信控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 01246)**

**RIGHTS ISSUE ON THE BASIS OF  
ELEVEN RIGHTS SHARES FOR  
EVERY TWO CONSOLIDATED SHARES  
HELD ON THE RECORD DATE**

**Financial adviser to the Company**

 **KINGSTON CORPORATE FINANCE**

**Underwriter to the Rights Issue**

 **KINGSTON SECURITIES**

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Capitalised terms used in this cover shall have the same meanings as defined in this Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 29 June 2016 to Thursday, 7 July 2016 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 29 June 2016 to Thursday, 7 July 2016 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Consolidated Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on pages 9 to 10 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

The latest time for acceptance of and payment for the Rights Shares and application for the excess Rights Shares is 4:00 p.m. on Tuesday, 12 July 2016. The procedures for acceptance and payment or transfer is set out on pages 17 to 18 of this Prospectus.

27 June 2016

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## EXPECTED TIMETABLE

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*The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any changes will be announced in separate announcement(s) by the Company as and when appropriate.*

<b>Event</b>	<b>2016</b>
Designated broker starts to stand in the market to provide matching service for the sale and purchase of odd lots of Consolidated Shares . . . . .	9:00 a.m. on Wednesday, 29 June
Original counter for trading in Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of new share certificates in green) re-opens . . . . .	9:00 a.m. on Wednesday, 29 June
Parallel trading in Consolidated Shares (in the form of both existing certificates in blue in board lots of 800 Consolidated Shares and new certificates in green in board lots of 20,000 Consolidated Shares) commences . . . . .	9:00 a.m. on Wednesday, 29 June
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 29 June
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on Monday, 4 July
Last day of dealings in nil-paid Rights Shares . . . . .	close of business on Thursday, 7 July
Latest time for acceptance of, and payment for, the Rights Shares and the application for excess Rights Shares . . . . .	4:00 p.m. on Tuesday, 12 July
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Wednesday, 13 July
Announcement of results of the Rights Issue . . . . .	Tuesday, 19 July

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**EXPECTED TIMETABLE**

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<b>Event</b>	<b>2016</b>
Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates in blue) closes . . . . .	close of business on Wednesday, 20 July
Parallel trading in Consolidated Shares (represented by both existing certificates in blue in board lots of 800 Consolidated Shares and new certificates in green in board lots of 20,000 Consolidated Shares) ends . . . . .	close of business on Wednesday, 20 July
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares . . . . .	close of business on Wednesday, 20 July
Refund cheques to be despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares on or before . . . . .	Wednesday, 20 July
Certificates for fully paid Rights Shares to be despatched on or before . . . . .	Wednesday, 20 July
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Thursday, 21 July
Latest time for free exchange of existing share certificates in blue for the new share certificates in green for the Consolidated Shares . . . .	4:30 p.m. on Friday, 22 July

*All references to time in this Prospectus are references to Hong Kong time. Dates stated in this Prospectus for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced by the Company as and when appropriate.*

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## EXPECTED TIMETABLE

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

All times in this Prospectus refer to Hong Kong time. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Tuesday, 12 July 2016:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same business day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected. Dates or deadlines stated in this Prospectus for events in the timetable are indicative only and may be extended or varied between the Company and the Underwriter. Any changes to the anticipated timetable for the Rights Issue will be announced as and when appropriate.

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## DEFINITIONS

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

“Acquisition Announcement”	the announcement of the Company dated 2 December 2015 in relation to the entering into of the Framework Agreement
“Announcement”	the announcement of the Company dated 24 March 2016 in relation to, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“business day(s)”	any day(s) (excluding Saturdays and Sundays) on which banks generally are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Ngai Shun Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.025 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
“Directors”	the directors of the Company
“EAF(s)”	the excess application form(s) issued in connection with the Rights Issue
“EGM”	the extraordinary general meeting of the Company held on 14 June 2016 to approve, among other things, the Share Consolidation, the Increase in authorised share capital, the Rights Issue and the re-election of the retiring Director
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant place or the requirements of the relevant overseas regulatory bodies or stock exchange, consider it necessary or expedient to exclude them from the Rights Issue

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## DEFINITIONS

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“Framework Agreement”	the framework agreement dated 2 December 2015 entered into between the Company and Mr. Du Changqing in relation to the Proposed Acquisition
“Group”	the Company and its subsidiaries
“Heads of Agreement”	the non-legally binding heads of agreement dated 20 May 2016 entered into between the Company and Mr. Du Changqing in relation to the Proposed Acquisition
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in authorised share capital”	upon the Share Consolidation having become effective, an increase in the authorised share capital of the Company from HK\$200,000,000 divided into 8,000,000,000 Consolidated Shares to HK\$400,000,000 divided into 16,000,000,000 Consolidated Shares by creating an additional 8,000,000,000 unissued Consolidated Shares
“Independent Shareholders”	the Shareholders who were not required under the Listing Rules to abstain from voting on the resolution approving the Rights Issue at the EGM
“Last Trading Day”	24 March 2016, being the last trading day of the Shares on the Stock Exchange prior to the release of the Announcement
“Latest Lodging Date”	4:30 p.m. on Friday, 17 June 2016 or such other date and/or time as the Underwriter and the Company may agree as the latest time for lodging transfer of the Shares in order to qualify for the Rights Issue
“Latest Practicable Date”	22 June 2016, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on 12 July 2016 or such other date and/or time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares and the application for excess Rights Shares
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the Latest Time for Acceptance of the Rights Issue or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Overseas Shareholder(s)”	those Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) issued to the Qualifying Shareholders in connection with the Rights Issue
“Possible Acquisitions”	other possible acquisition opportunities, which are not yet identified as at the Latest Practicable Date and shall be in line with the core businesses of the Group
“PRC”	the People’s Republic of China, for the purpose of this Prospectus excludes Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“Project Company”	桂林廣維文華旅遊文化產業有限公司 (Guilin Guangwei Wenhua Tourism and Culture Industry Company Limited <sup>#</sup> ), a company established in the PRC, which operates the famous and award winning show “印象•劉三姐 Impression • Liu Sanjie <sup>#</sup> ” in Yangshuo, Guangxi Province, the PRC
“Property Acquisition”	the acquisition of the entire issued share capital in Double Earn Holdings Limited and all indebtedness, obligations and liabilities due to, owing by its subsidiaries to the Property Vendor thereof pursuant to the sale and purchase agreement dated 29 September 2015 as supplemented by the supplemental agreement dated 4 November 2015 and entered into between the Company and the Property Vendor
“Property Loan”	the loan in the sum of US\$100 million (equivalent to approximately HK\$780 million) drawn by the Company to satisfy part of the consideration under the Property Acquisition pursuant to the loan facility agreement dated 13 October 2015
“Property PN”	the promissory note dated 24 November 2015 in the sum of HK\$245 million issued by the Company to the Property Vendor to satisfy part of the consideration under the Property Acquisition
“Property Project”	the property project located in a parcel of land situated on the western shores of 南湖 (Nanhu Lake <sup>#</sup> ), Yueyang, Hunan province, the PRC, which was acquired by the Group under the Property Acquisition
“Property Vendor”	Landing International Development Limited, a company incorporated in the Cayman Islands and continued in Bermuda, the shares of which are listed on the main board of the Stock Exchange with stock code of 582



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## DEFINITIONS

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“Proposed Acquisition”	the proposed indirect acquisition of certain equity interest in the Project Company pursuant to the Framework Agreement and/or the Heads of Agreement
“Prospectus”	this prospectus issued by the Company in relation to the Rights Issue
“Prospectus Documents”	together, this Prospectus, the PAL and the EAF
“Prospectus Posting Date”	27 June 2016 or such other date as the Underwriter and the Company may agree in writing, being the date of posting of the Prospectus Documents by the Company to the Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders, if any
“Record Date”	24 June 2016, the record date to determine entitlements to the Rights Issue
“Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the issue of 5,478,000,000 Rights Shares at the Subscription Price on the basis of eleven (11) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date payable in full on acceptance
“Rights Share(s)”	the new Consolidated Share(s) to be allotted and issued in respect of the Rights Issue
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company before the Share Consolidation becoming effective, or the ordinary share(s) of HK\$0.025 each in the issued and unissued share capital of the Company which mean(s) the Consolidated Shares, as the case may be
“Share Consolidation”	the consolidation of every twenty-five (25) issued and unissued Shares of HK\$0.001 each into one (1) Consolidated Share of HK\$0.025 each which was effective on 15 June 2016
“Shareholder(s)”	holder(s) of the Share(s) or the Consolidated Share(s)

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.165 per Rights Share
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement dated 26 May 2016 entered into between the Company and the Underwriter in relation to the modification and variation of certain terms in the Underwriting Agreement
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry out business in Type 1 (dealings in securities) regulated activity under the SFO, being the underwriter of the Rights Issue
“Underwriting Agreement”	the underwriting agreement (as supplemented by the Supplemental Underwriting Agreement) entered into between the Company and the Underwriter dated 24 March 2016 in relation to the Rights Issue
“Underwritten Shares”	the number of Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

# *The English names of the Chinese entities are translation of their Chinese names and are included herein for identification purpose only.*

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.



**Ngai Shun Holdings Limited**  
**毅信控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 01246)**

*Executive Directors:*

Mr. Mock Wai Yin  
Mr. Wang Xin

*Non-executive Director:*

Mr. Chui Kwong Kau

*Independent Non-executive Directors:*

Mr. Lam Chi Wai  
Ms. Lau Mei Ying  
Ms. Thadani Jyoti Ramesh

*Registered office:*

Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

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

Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

27 June 2016

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

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF  
ELEVEN RIGHTS SHARES FOR  
EVERY TWO CONSOLIDATED SHARES  
HELD ON THE RECORD DATE**

**INTRODUCTION**

On 24 March 2016, the Company announced that the Company proposed to raise approximately HK\$904 million before expenses by issuing 5,478,000,000 Rights Shares at the Subscription Price of HK\$0.165 per Rights Share on the basis of eleven Rights Shares for every two Consolidated Shares held on the Record Date and payable in full on application.

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## LETTER FROM THE BOARD

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The Rights Issue is only available to the Qualifying Shareholders. The Share Consolidation and the Rights Issue were approved by the Independent Shareholders at the EGM. The Share Consolidation became effective on 15 June 2016.

The purpose of this Prospectus is to provide you with, among other things, details of the Rights Issue, financial information and other general information of the Group.

### RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	Eleven (11) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.165 per Rights Share
Number of Consolidated Shares in issue at Latest Practicable Date	:	996,000,000 Consolidated Shares
Number of Rights Shares	:	5,478,000,000 Rights Shares
Underwriter	:	Kingston Securities Limited
Enlarged issued share capital upon completion of the Rights Issue	:	6,474,000,000 Consolidated Shares

Prior to the entering into of the Underwriting Agreement, the Company has (i) approached two banks for debt financing; and (ii) explored the possibility of issuing convertible bonds, placing of new shares, open offer and rights issue with three financial institutions, including the Underwriter. However, save for the Underwriter, none of the other financial institutions and/or banks are willing to proceed further negotiation given that the size of fund raising is substantially large. Only the Underwriter agrees to be the underwriter to the Rights Issue. As such, having considered the Company's need to raise funds for its business plan and the Underwriter has an extensive network and is willing to procure subscribers to subscribe for and/or sub-underwriters to underwrite for the Underwritten Shares at the proposed Subscription Price, the Company further negotiated the terms of the underwriting and entered into the Underwriting Agreement with the Underwriter.

Apart from the Rights Issue, the Company has considered other equity fundraising methods, such as issuance of convertible bonds and placing of new shares to independent third parties. However, the Company is of the view that the Rights Issue is the most appropriate fundraising method as issuance of convertible bonds will further increase the Company's gearing ratio and the Rights Issue has the least dilution effect on the existing Shareholders in comparison with placing of new shares, details of which are disclosed in the

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## LETTER FROM THE BOARD

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paragraphs under “Reasons for the Rights Issue”. Based on the closing price of the Shares on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation, being HK\$0.40, the theoretical ex-rights price of the Consolidated Shares is approximately HK\$0.201 per Consolidated Share. The Subscription Price of HK\$0.165 for the proposed Rights Issue represents a discount of approximately 18.0% to such theoretical ex-rights price. Should the existing Shareholders elect not to take up their entitlements under the Rights Issue, the aggregate dilution impact of the Rights Issue, taking into account its eleven (11) Rights Shares for every two (2) Consolidated Shares and the discount of the Subscription Price to the closing price of the Shares on the Last Trading Day, on the Shareholders is approximately 49.71%. In light of the relative low Subscription Price at HK\$0.165 per Rights Share, the Board considers that the Rights Issue is attractive to the Shareholders and is confident that they will subscribe for their respective entitlements to maintain their existing shareholding. Those Qualifying Shareholders who elect to subscribe for in full of their assured entitlements under the Rights Issue will retain their current shareholding percentage and investments in the Company. On this basis, the Board expects that the actual dilution effect will be lower than the theoretical maximum dilution effect as described above. The information of Rights Issue including dilution impact and opinion of the Board have been included in this Prospectus for the Shareholders’ consideration, taken into account the inherent dilutive nature of the Rights Issue and the fact that the Rights Issue was subject to the approval by the existing Shareholders where their approval would represent their concurrent with the view of the Board that the Rights Issue would be reasonable and fair to the existing Shareholders.

Based on the existing issued share capital of the Company on the Record Date, a total of 5,478,000,000 Rights Shares will be provisionally allotted under the Rights Issue, representing 550% of the existing issued share capital of the Company and 84.62% of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

As at the Latest Practicable Date, the Company had no outstanding options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares or new Consolidated Shares (as the case may be).

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

The Company will send the Prospectus Documents, including this Prospectus, the PAL and the EAF, to the Qualifying Shareholders. The Company will send this Prospectus to the Excluded Shareholders (if any) for their information only and will not send the PAL and the EAF to such Excluded Shareholders.

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## LETTER FROM THE BOARD

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### **Rights of Overseas Shareholders**

The Prospectus Documents will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

Based on the register of members of the Company as at the Latest Practicable Date which would remain unchanged up to the Record Date, the Company has no Overseas Shareholder and there were no Excluded Shareholders for the Rights Issue as at the Latest Practicable Date. Accordingly, all Shareholders on the Company's register of members as at the Latest Practicable Date have registered addresses in Hong Kong.

### **Excluded Shareholders**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered under the applicable securities legislation of any jurisdictions other than Hong Kong. Accordingly, the Rights Issue will not be extended to the Excluded Shareholders. The Company will send the Prospectus with a letter in agreed form explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue to the Excluded Shareholders for their information only but will not send the PAL nor the EAF to the Excluded Shareholders. Based on the register of members of the Company as at the Latest Practicable Date, there was no Overseas Shareholder and which remains the same on the Record Date. As such, no Shareholder be excluded from participating in the Rights Issue.

### **Subscription Price**

The Subscription Price is HK\$0.165 per Rights Share, payable in full by the Qualifying Shareholders upon acceptance under the PAL(s) or the EAF. The Subscription Price represents:

- (i) a discount of approximately 2.37% to the closing price of HK\$0.169 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 58.75% to the theoretical closing price of HK\$0.4 per Consolidated Share, based on the closing price of HK\$0.016 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- (iii) a discount of approximately 58.75% to the theoretical closing price of approximately HK\$0.4 per Consolidated Share, based on the average of the closing prices of approximately HK\$0.016 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;



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## LETTER FROM THE BOARD

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- (iv) a discount of approximately 59.01% to the theoretical closing price of approximately HK\$4.03 per Consolidated Share, based on the average of the closing prices of HK\$0.016 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- (v) a discount of approximately 17.97% to the theoretical ex-rights price of approximately HK\$0.201 per Consolidated Share, based on the theoretical closing price of HK\$0.4 per Consolidated Share (based on the closing price of HK\$0.016 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation); and
- (vi) a discount of approximately 48.87% to the theoretical audited consolidated net asset value per Consolidated Share of approximately HK\$0.323, based on the audited consolidated net assets of HK\$321,424,000 as at 31 March 2015 and 996,000,000 Consolidated Shares in issue as at the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions, the financial position of the Company and the business prospect of the Company.

During the period from the fourth quarter of 2015 to the first quarter of 2016, when the Company was aware of its funding needs and began to approach banks and financial institutions for fund raising, (i) the Hong Kong stock market experienced a downward trend, with Hang Seng Index closing gradually decreased from approximately 22,000 and fell below 20,000 since 8 January 2016 and remained inactive for over two months; (ii) the property market became sluggish, where the Centa-City Leading Index, which tracks secondary home prices, recorded a drop in home prices of 6.8% from September 2015 to December 2015; and (iii) Renminbi started to depreciate from mid-August 2015, further down to the lowest range in January 2016 and remained at such low levels. Under such unfavourable financial conditions, even though the Company had approached two banks and three financial institutions for fund raising by way of debt financing, placing of new shares, issue of convertible bonds, open offer and rights issue prior to the entering into of the Underwriting Agreement, the Company was unable to secure banking support from the banks, nor could it secure commitment to procure subscriber(s) and/or sub-underwriter to underwrite the Shares, save for the Underwriter. Finally, the Company could only manage to secure the Underwriter as the sole underwriter to the Rights Issue. Given that the maximum underwriting amount is about HK\$904 million which is a quite substantial amount taking into account of the Company's financial condition, the Underwriter requested for a relatively deep discount of the subscription price. Hence, the Subscription Price is finally determined at HK\$0.165 per Rights Share. As the Company is in need of about HK\$904 million to fund its acquisitions and repayment of certain debts (details of which is disclosed in the paragraphs under "Reasons for the Rights Issue" and "Intended use of proceeds"), and the Subscription Price is HK\$0.165 per Rights Share, the basis for the Rights Issue is set at the subscription rate of eleven (11) Rights Shares for every two (2) Consolidated Shares.

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**LETTER FROM THE BOARD**

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The Directors (including the independent non-executive Directors) consider that the relative deep discount also help to encourage and attract Qualifying Shareholders to invest in the Company and participate in Rights Issue. Besides, the historical trading prices of the Shares showed a downward trend during the three months and twelve months before 24 March 2016 (i.e. from 24 December 2015 to 23 March 2016 and from 24 March 2015 to 23 March 2016 respectively). The table below shows the highest and lowest closing prices of the Shares in the past (a) twelve months and (b) three months immediately preceding 24 March 2016, being the date of the Announcement:

<b>12 months</b>	<b>Date</b>	<b>Closing price per Share (HK\$)</b>	<b>Equivalent to per Consolidated Share (HK\$)</b>
Highest	20 July 2015	0.216	5.40
Lowest	21 December 2015, 21 January 2016, 27 January 2016, 28 January 2016, 11 February 2016 and 12 February 2016	0.014	0.35
<b>3 months</b>	<b>Date</b>	<b>Closing price per Share (HK\$)</b>	<b>Equivalent to per Consolidated Share (HK\$)</b>
Highest	24 December 2015, 29 December 2015, 30 December 2015 and 31 December 2015	0.019	0.475
Lowest	21 January 2016, 27 January 2016, 28 January 2016, 11 February 2016 and 12 February 2016	0.014	0.35

In this regard, the Directors consider that the Subscription Price is set at a discount with an objective to lower the further investment cost of the Shareholders, to encourage them to take up their entitlements and to participate in the potential growth of the Company. In order to increase the attractiveness of the Rights Issue to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price to the market price is appropriate.

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## LETTER FROM THE BOARD

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Given that each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company, the Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue and the Subscription Price are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The net price per Rights Share will be approximately HK\$0.161.

### **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of eleven (11) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders at 4:30 p.m. on the Record Date. Acceptances of all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for by the Latest Time for Acceptance of the Rights Issue, i.e. by 4:00 p.m. on Tuesday, 12 July 2016.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully-paid, shall rank *pari passu* in all respects with the then Consolidated Shares in issue. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

### **Fractional entitlements to the Rights Shares**

Qualifying Shareholders shall not be entitled to Rights Shares for any Consolidated Shares which are not in the multiples of two. As such, the entitlement of Qualifying Shareholders to the nil-paid Rights Shares will be calculated as eleven (11) Rights Shares multiplied by the integral number of the quotient of Consolidated Shares held by the Qualifying Shareholders on the Record Date divided by two.

The Company will not provisionally allot to and will not accept applications for any fractions of Rights Shares from Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractional entitlements will be aggregated and the fractions of nil-paid Rights Shares shall be provisionally allotted to a nominee of the Company. The Company shall procure such nominee, if possible, to sell all the fractions of the nil-paid Rights Shares in the market and the net proceeds of such sales, after deduction of expenses, will be aggregated and an equivalent amount will accrue for the benefit of the Company.

### **Procedures for acceptance and payment or transfer**

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong

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## LETTER FROM THE BOARD

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Kong, by not later than 4:00 p.m. on Tuesday, 12 July 2016. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "Ngai Shun Holdings Limited — PAL" and crossed "ACCOUNT PAYEE ONLY". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 12 July 2016, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Monday, 4 July 2016 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second business day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below is not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Wednesday, 20 July 2016.

No receipt will be issued in respect of any application monies received.

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## LETTER FROM THE BOARD

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### Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for (i) the Rights Shares representing the entitlement of the Excluded Shareholders and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the EAF for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) preference will be given to applications for less than a board lot of Rights Shares where it appears to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse the mechanism; and
- (ii) subject to availability of excess Rights Shares after allocation under principle (i) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of excess Rights Shares available for excess application and the number of the excess Rights Shares applied for by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive larger number of Rights Shares) and with board lot allocations to be made on a best efforts basis.

Shareholders with their Consolidated Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

In the event that the Board noted unusual patterns of excess applications and had reason to believe that any application may have been made with the intention to abuse the mechanism when applying the allocation principle (i) above, such application for excess Rights Shares may be rejected at the sole discretion of the Board.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at or before 4:00 p.m. on Tuesday, 12 July 2016. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "Ngai Shun Holdings Limited — EAF" and crossed "ACCOUNT PAYEE ONLY". The Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights

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## LETTER FROM THE BOARD

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Shares made to them. An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Tuesday, 19 July 2016.

Shareholders with their Consolidated Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually.

Where the number of excess Rights Shares applied for under one EAF is larger than the total number of Rights Shares being offered under the Rights Issue, being 5,478,000,000 Rights Shares, such application (other than from a nominee company) would be treated as invalid and be rejected. If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full by ordinary post by the Registrar at his/her/its own risk on or before Wednesday, 20 July 2016. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post by the Registrar at his/her/its own risk on or before Wednesday, 20 July 2016.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, any EAF in respect of which a cheque or a cashier's order is dishonoured on first presentation is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below is not fulfilled, the monies received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in

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## LETTER FROM THE BOARD

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the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Wednesday, 20 July 2016.

### **Certificates for the Rights Shares and refund cheques**

Subject to the fulfillment of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” below, certificates for all fully-paid Rights Shares are expected to be posted on or before Wednesday, 20 July 2016 by ordinary post to those entitled thereto at their own risk. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before Wednesday, 20 July 2016 by ordinary post at the respective Shareholders’ own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted on or about Wednesday, 20 July 2016 by ordinary post at the risk of the Shareholders. Each Shareholder will receive one share certificate for all allotted Rights Shares.

### **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Consolidated Shares or the Rights Shares. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Consolidated Shares or the Rights Shares in both their nil-paid and fully-paid forms.

### **Application for listing**

The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. Dealing in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 20,000) will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in or on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

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

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## LETTER FROM THE BOARD

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trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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

Qualifying Shareholders who do not take up the Rights Shares to which they are provisionally allotted should note that their shareholdings in the Company will be diluted.

### **Conditions of the Rights Issue**

The Rights Issue is conditional on each of the following conditions being fulfilled:

- (i) the passing by the Independent Shareholders at the relevant EGM of ordinary resolutions to approve (a) the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the Rights Issue; and (b) the Increase in authorised share capital;
- (ii) the Share Consolidation having become effective;
- (iii) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the CWUMPO not later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares by no later than the first day of their dealings;
- (vi) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten (10) trading days at any time prior to the Latest Time for Acceptance;



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## LETTER FROM THE BOARD

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- (vii) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with the terms of the Underwriting Agreement;
- (viii) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (ix) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

The conditions set out above are incapable of being waived. If all of the above conditions are not satisfied by 4:00 p.m. (Hong Kong time) on Wednesday, 13 July 2016, the Latest Time for Termination, or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches, and the Rights Issue will not proceed.

As at the Latest Practicable Date, conditions (i) and (ii) above have been fulfilled. Conditions (iii) and (iv) are expected to be fulfilled on the Prospectus Posting Date.

### UNDERWRITING ARRANGEMENT

Date of the Underwriting Agreement	:	24 March 2016
Underwriter	:	Kingston Securities Limited
Number of Rights Shares	:	5,478,000,000 Rights Shares
Number of Underwritten Shares	:	up to 5,478,000,000 Rights Shares
Commissions	:	the Underwriter will receive a commission in respect of its underwriting of the Rights Issue at 2.5% of the total subscription price of the maximum number of the Underwritten Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter, its ultimate beneficial owner(s) and its associates are third parties independent of the Company and its connected persons.

### Underwriting Commission

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate subscription price in respect of the maximum number of the Underwritten Shares and all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue. The underwriting commission mentioned above shall not be payable if the Underwriting Agreement does not become unconditional

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## LETTER FROM THE BOARD

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or if it is terminated by the Underwriter, but the Company shall pay all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue. The Directors (including the independent non-executive Directors) consider the terms of the Underwriting Agreement including the commission rates to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the

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## LETTER FROM THE BOARD

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foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE

The table below depicts the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders assuming there is no other change in the shareholding structure of the Company since the Latest Practicable Date up to the completion of the Rights Issue, for illustrative purposes only:

	As at the Latest Practicable Date		Upon completion of the Rights Issue (assuming all Shareholders take up their entitlement to the Rights Issue in full)				Upon completion of the Rights Issue (assuming none of the Shareholders take up their entitlement to the Rights Issue)	
			Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
	Fabulous Business Limited (note 1)	106,000,000	10.64	689,000,000	10.64	106,000,000	1.64	
The Underwriter (notes 2 and 3)	—	—	—	—	1,288,320,000	19.90		
Public Shareholders								
The sub-underwriters (note 3):								
Really Capital Investment Limited (note 4)	—	—	—	—	323,000,000	4.99		
Chau Lai Him	—	—	—	—	323,000,000	4.99		
Success Profile Inc.	—	—	—	—	323,000,000	4.99		
So Chi Ming	—	—	—	—	323,000,000	4.99		
Ruan Yuan	—	—	—	—	323,000,000	4.99		
Lee Yu Leung	—	—	—	—	323,000,000	4.99		
Tam Siu Leung	—	—	—	—	323,000,000	4.99		
Cheung Siu Pik	—	—	—	—	323,000,000	4.99		
Kung Man On Simon	—	—	—	—	323,000,000	4.99		
Li Mau Ki	—	—	—	—	323,000,000	4.99		
Superb Smart Limited	—	—	—	—	323,000,000	4.99		
Siu Chi Chiu	—	—	—	—	323,000,000	4.99		
Tam Yui Man	—	—	—	—	313,680,000	4.85		
Other public Shareholders	890,000,000	89.36	5,785,000,000	89.36	890,000,000	13.75		
<b>Total</b>	<b>996,000,000</b>	<b>100.00</b>	<b>6,474,000,000</b>	<b>100.00</b>	<b>6,474,000,000</b>	<b>100.00</b>		

*Notes:*

- As at the Latest Practicable Date, Fabulous Business Limited was the legal and beneficial owner of 106,000,000 Consolidated Shares, representing approximately 10.64% of the existing issued share capital of the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Fabulous Business Limited had not decided whether to take up the Rights Shares to which it was entitled under the Rights Issue, in part or in full.
- As at the Latest Practicable Date, none of the Underwriter and its respective close associates have any shareholding interest in the Company. In circumstances where the Rights Issue were to become unconditional and the Underwriter was obliged to take up Underwritten Shares in their entirety, the underwriting commitment would extend to a stake of approximately 19.90% in the share capital of the Company as enlarged by the issue of the Rights Shares. However, the taking up of 19.90% in the share capital of the Company is for illustration only.
- On 12 April 2016, the Underwriter entered into sub-underwriting agreements with thirteen sub-underwriters who are third parties independent of the Company and its connected persons and will be public shareholders, for an aggregate of 4,189,680,000 Underwritten Shares and none of them will hold 10.00% or more of equity interest and voting rights in the Company upon completion of

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## LETTER FROM THE BOARD

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the Rights Issue. Of the thirteen sub-underwriters procured by the Underwriter, three are corporations and ten are individuals, of which (a) twelve have each agreed to take up a maximum of 323,000,000 Underwritten Shares; and (b) one has agreed to take up a maximum of 313,680,000 Underwritten Shares, respectively. All of the sub-underwriters are not persons whose ordinary course of business includes underwriting. As at the Latest Practicable Date, save for the sub-underwriting arrangement disclosed above, the Underwriter had not entered and had no intention to enter into any future sub-underwriting arrangements, the remaining Underwritten Shares would be taken up by the Underwriter. To the extent that the Underwriter subsequently enters into any further sub-underwriting arrangements, the Underwriter shall use its best endeavours to ensure that each subscriber and/or sub-underwriter is a third party independent of the Company and its connected persons and will not hold more than 10.00% of the equity interest and voting rights in the Company upon completion of the Rights Issue.

4. The ultimate beneficial owner of Really Capital Investment Limited, Success Profile Inc. and Superb Smart Limited is Zhu Yongjun, Wong Hin Shek and Zheng Juhua respectively.

### REASONS FOR THE RIGHTS ISSUE

The Company, through its subsidiaries, is principally engaged in the foundation business, property development and securities investment.

Apart from the acquisition of property project which located in a parcel of land situated on the western shore of 南湖 (Nanhu Lake<sup>#</sup>), Yueyang, Hunan province, the PRC as disclosed in the circular of the Company dated 6 November 2015 and completion of which took place on 24 November 2015, the Company keeps looking for potential acquisition opportunities to develop and strengthen its core businesses in order to enhance the prospect of the Group. As at the Latest Practicable Date, the Company is exploring the potential acquisition that in line with the core business of the Group, but no acquisition target has been identified yet.

At the same time, with the view to generating diversified income and additional cashflow for the Group's continuous development, the Company has entered into the Heads of Agreement with Mr. Du Changqing, in relation to the Proposed Acquisition, so that the Company may tap into the tourism and cultural market in the PRC through the Project Company.

Upon the completion of the Property Acquisition in November 2015, the Company issued the Property PN dated 24 November 2015 in the aggregate principal amount of HK\$245 million to the Property Vendor to satisfy the remaining consideration payable under the Property Acquisition. The Property PN shall expire on the date falling on the 12 months from the date of issue and shall bear an interest rate of 15% per annum. In order to finance part of the consideration payable under the Property Acquisition, the Company entered into a loan facility agreement dated 13 October 2015 with an independent third party, pursuant to which the Company was granted the Property Loan in the amount of US\$100 million (equivalent to approximately HK\$780 million). The Property Loan will be repaid by the Company in three tranches in the sum of US\$33 million (equivalent to approximately HK\$257.4 million), US\$33 million (equivalent to approximately HK\$257.4 million) and US\$34 million (equivalent to approximately HK\$265.2 million) on 12 October 2016, 12 April 2017 and 12 October 2017 respectively, all at an interest rate of 11.5% per annum calculated from the date of drawing the loan. As at the Latest Practicable Date,

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## LETTER FROM THE BOARD

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other than the Property Loan and the Property PN, the Group has incurred other loans. There is no variation on the aggregate of the remuneration payable to and benefits in kind receivable by the directors of Double Earn Holdings Limited in consequence of the Property Acquisition.

Notwithstanding the view of the Directors that the Group has the financial ability to meet the interest payments on the Property Loan and the Property PN as they fall due, the Directors are mindful of the significant deterioration in economic and credit conditions that have affected the world economies in recent months.

As at the Latest Practicable Date, the Company is conducting due diligence review on the target companies under the Proposed Acquisition and no definitive agreement has been entered into. As disclosed in the announcement dated 20 May 2016, the consideration is expected to be not less than HK\$460 million by way of cash and the remaining portion by way of issuance of shares and/or convertible notes of the Company. Furthermore, as disclosed in the Acquisition Announcement, the entering into of the formal agreement of the Proposed Acquisition is subject to the provision of a fund proof of HK\$1,800 million in cash by the Company. As at the Latest Practicable Date, the cash level of the Company is far below to required fund proof.

Given that the amount HK\$1,800 million is a substantial amount which cannot be generated by the Company in a few months' time from its existing operating activities, and in order to satisfy the said fund proof, the Company will need to identify potential investor(s) who (i) is/are interested in the project under the Proposed Acquisition; and (ii) has/have sufficient financial resources to make such a huge investment, which may not be possible in short period of time. Even if the Company can identify potential investor(s), due to the need to satisfy the substantial amount of consideration, the Company may be requested to make more concessions such as offering a deep discount to the then market price of the Shares (in the case of issue of new shares) and/or being imposed of a high interest rate (in the case of issue of convertible securities), which would result in the shareholding interests of existing Shareholders being diluted and/or the Company suffering from additional interest burdens. In such circumstances, the Directors consider the Rights Issue, which allows the Shareholder to participate in and causes less potential dilution impact to the existing Shareholders, is a suitable fundraising method for the purpose of financing the Proposed Acquisition even though the Proposed Acquisition is still in the course of performing due diligence review.

Should the Proposed Acquisition proceed, the Company shall liaise with the vendor in relation to the payment terms of the consideration and the finalised amount of the fund proof to be based on the final consideration subject to valuation and due diligence result, the settlement of which shall include cash, consideration shares and/or convertible notes of the Company so that the Company will be able to satisfy the entire consideration payable under the Proposed Acquisition. The Board considers that even though (i) the Company already incurred significant amount of debt for the Property Acquisition; and (ii) the consideration for the Proposed Acquisition is expected to be not less than HK\$460 million by way of cash and the remaining portion by way of issuance of shares and/or convertible notes of the Company (subject to final negotiation between the Company and the vendor to

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## LETTER FROM THE BOARD

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the Proposed Acquisition), the Board is of the view that the Property Acquisition, the Proposed Acquisition (when materialises) and the Possible Acquisitions (if any and when materialises), will bring income stream to the Group which could be used to repay debts, and in the long term, represents a better use of the Group's resources. As such, it would be in the interests of the Company and its Shareholders to proceed with the Proposed Acquisition. Even though it is a new business to the Company in which the Company has no prior knowledge or experience in, the Board considers that it is appropriate to proceed with the Proposed Acquisition, as it (i) has appointed Mr. Wang Xin, who has extensive experience in the project underlying the Proposed Acquisition, as an executive Director; and (ii) will engage more senior management in the tourism industry, to facilitate the negotiation and the development of the Proposed Acquisition. If (i) the Proposed Acquisition does not proceed by October 2016, when HK\$257 million of the Property Loan falls due, and (ii) the Group cannot repay its due debts by its internal resources, the Company will apply all or part of the HK\$460 million proceeds for debt repayment and the remaining proceeds (if any) of the HK\$460 million will be used for the Proposed Acquisition and/or the Possible Acquisitions. In the event that none of the above business opportunities materialises, the Directors intend to apply the proceeds of approximately HK\$460 million from the Rights Issue for repayment of the debts of the Company based on the then situations, including their due date, their outstanding amount and the Group's internal resources.

Given the uncertain economic outlook in the near to medium term, the Group is well conscious of the risk that the Company may not be able to obtain the necessary funding, either through debt or equity financing or both, to re-finance the Property Loan and the Property PN as and when they fall due. The Directors also considered that it is not desirable to raise funds only when there is immediate need of funds as the cost of fund raising by then may be higher, and/or there are uncertainties as to whether the Group will be able to raise the amount of funding required for its business development by then, which may depend on the then prevailing market sentiments.

The Directors, having taken the prudent approach in evaluating the current financial position of the Group, consider the Rights Issue will allow the Group to (i) strengthen its capital base by increasing its issued Shares; (ii) improve its gearing ratio by issuing the Rights Shares and repaying part of the interest-bearing liabilities; (iii) reduce the uncertainty over the Company's financial position to repay part of the outstanding remaining balance under the Property Loan and the Property PN; (iv) save the future interest expense in connection with the Property Loan and the Property PN; (v) pursue for potential acquisition opportunities to strengthen its businesses; and (vi) provide an equitable means for the Shareholders to participate in the future development of the Company. In addition, the Directors consider that the Rights Issue will provide additional capital to finance the Possible Acquisition and to strengthen the Group's financial position.

The Directors and the senior management of the Company have also explored other financing methods through discussions with and enquiries to certain financial institutions and placing agents on the possibility of debt financing and equity issuances, including but not limited to share placement and rights issue.

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## LETTER FROM THE BOARD

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However, in view of the high gearing level of the Company, debt financing would result in the Company being subject to additional interest burden and further increase its gearing ratio and jeopardize the financial structure of the Company. Share placement would only be available to certain places which may cause dilution effect to the existing Shareholders, and, as disclosed in the paragraph under “Issue statistics” above, save and except the Underwriter, the Directors and the senior management were unable to procure underwriting support from other independent underwriters to underwrite a rights issue of a similar size at a reasonable cost to the Company. The Directors considered that it would be more beneficial to the Company to raise long-term equity capital through the Rights Issue rather than the aforesaid alternate means of financing.

Given that each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company, it will not cause dilution effect if all the Shareholders would have participated in the Rights Issue. Indeed, the Rights Issue provides an exit mechanism to those Shareholders who do not want to participate in the Rights Issue by selling out their nil-paid rights. The availability of excess application for the Rights Shares allows those Shareholders, who want to share more the future development of the Company, to apply for more Rights Shares than their respective entitlements to the Rights Shares. The Directors consider that the Subscription Price is set at a relatively deep discount with an objective to lower the further investment cost of the Shareholders, to encourage them to take up their entitlements and to participate in the potential growth of the Company. In order to increase the attractiveness of the Rights Issue to the Qualifying Shareholders, the Directors (including independent non-executive Directors) consider that the proposed discount of the Subscription Price to the market price is appropriate.

The Company is aware that any fund raising activities by way of issuing securities of the Company will cause potential dilution impact to the shareholding of the existing Shareholders. As compare to placing or subscription of new Shares, convertible securities or other underlying securities of the Company or open offer, rights issue will have the least potential dilution impact. Having taken into account that (i) the Rights Issue and the Underwriting Agreement was subject to the Independent Shareholders’ approval at the EGM; (ii) the Rights Issue provides an exit to the Qualifying Shareholders who elect not accepting the Rights Shares by selling their nil-paid rights in the market for economic benefits, (iii) the Rights Issue allows the Qualifying Shareholders to maintain their shareholding interests in the Company upon completion of the Rights Issue and at the same time can enjoy the relatively deep discount from the subscription of the Rights Shares; and (iv) the Company can raise funds to reduce the gearing ratio and to develop the core and new businesses of the Company without further increasing its debt liability and further worsening its interest burdens, also as disclosed above, the Directors (including independent non-executive Directors) consider that the terms of the Rights Issue and the Subscription Price (including the relative deep discount to the market value of the Shares) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.



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## LETTER FROM THE BOARD

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The Underwriting Agreement, in particular, the underwriting obligations of the Underwriter and the number of Underwritten Shares, was determined after arm's length discussion between the Company and the Underwriter. Therefore, the Directors (including independent non-executive Directors) consider that the Underwriting Agreement is in the interests of the Company and the Shareholders as a whole.

### **INTENDED USE OF PROCEEDS**

The gross proceeds from the Rights Issue are approximately HK\$904 million, and the estimated related expense in connection with the Rights Issue is approximately HK\$24 million. The estimated net proceeds from the Rights Issue after deducting all necessary expenses are estimated to be approximately HK\$880 million, which are intended to be used (i) as to approximately HK\$420 million for repayment of the debt of the Group and (ii) the remaining balance of approximately HK\$460 million for the Proposal Acquisition.

#### **(i) Repayment of debt**

In respect of the Property Acquisition, as disclosed in the circular of the Company dated 6 November 2015, the Property Project has (i) a planned site area of approximately 156,403 square meters; (ii) gross floor area of approximately 115,010 square meters; and (iii) two development phases and 113 residential units.

Based on the latest development and sales plan, the 113 residential units were split into 226 smaller saleable units ("**Saleable Unit**"). The first phase has 96 Saleable Units, among which 63 Saleable Units with total gross floor area of approximately 17,495 square meters had been sold as at 31 March 2016; and the second phase has 130 Saleable Units, among which 4 Saleable Units with total gross floor area of approximately 1,012 square meters have been sold as at 31 March 2016. In addition, certain commercial buildings, including retail shops and apartments, with total gross floor area of approximately 6,268 square meters have also been sold. The Board, therefore, is of the view that there is no further funding need for the development of the Property Project. The Company will continue to sell the remaining Saleable Units in the second half 2016 and thereafter.

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## LETTER FROM THE BOARD

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As such, the Property Acquisition shall generate return to the Group by selling the properties constructed and the proceeds from the sale of the properties shall be used to repay part of the Property Loan and the Property PN when they fall due. Therefore, the Board is of the view that there is no need to utilise the entire amount of Rights Issue proceeds for debt repayment and therefore the Company intended to use the proceeds of approximately HK\$420 million to settle the debts on the following due dates:

<b>Debts</b>	<b>Amount due</b> <i>(Approximately HK\$ million)</i>	<b>Due date</b>
Interests of the Property Loan	62	June 2016, September 2016, October 2016 and December 2016
Property PN (including interest)	282	November 2016
Other short-term loan	76	June 2016

The Directors has been monitoring the financial position of the Group and may consider restructuring its debt structure by (i) liaising with the creditor(s) to extend the loan(s); (ii) seeking any other financing methods which incur lower interest payment; and (iii) repaying its debts. The Group has successfully negotiated with the creditor in March and April 2016 to extend the maturity date of two loans of HK\$25 million and HK\$50 million for further three months and two months respectively. As at the Latest Practicable Date, the Property Loan and the Property PN amount to approximately HK\$1,025 million. Therefore, based on the above information, it is intended that the amount of HK\$420 million will be used for the repayment of the debt of the Group. The Company will repay the other outstanding debts and interest accrued thereon by its internal resources, including the sales proceeds generated from the Property Acquisition.

### **(ii) The Proposed Acquisition**

On 2 December 2015 and 20 May 2016, the Company entered into the Framework Agreement and Heads of Agreement in respect of the Proposed Acquisition respectively. The project company underlying the Proposed Acquisition is the Project Company which operates the show “印象·劉三姐 Impression·Liu Sanjie<sup>#</sup>” in Yangshuo, Guangxi Province, the PRC. The performance was premiered on 20 March 2004 at the Sanjie Liu Sing Fair, a tourism site near Yangshuo, Guilin, Guangxi, the PRC.

Based on the information provided by the potential vendor and publicly available, “印象·劉三姐 Impression·Liu Sanjie<sup>#</sup>” is based on a legendary and love story of Liu Sanjie in Zhuang minority. The show is an outdoor night show beside the Li River in Yangshuo. Different from other shows in an enclosed space, the show stages in the actual Li River. The mist, moonlight, together with peaks and their inverted reflections in the river all creates a spectacular natural backdrop. Its auditorium is housed on the natural islands of the Li River with the audience standing on the designed terraces, surrounded by green plants. The

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## LETTER FROM THE BOARD

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large-scaled lights system, special smoke-effect system and the overwhelming sound system in harmony with the natural landscape presents a visual feast to audiences. The show lasts approximately 70 minutes and consists of 7 episodes. Each episode displays different images and sceneries with the ever-changing natural background and lighting.

There are 600 actors and actresses involved and most of them are local people from the villages along the river. Zhang Yimou (張藝謀), a prestigious director in the PRC and one of the chief directors of the performance, creatively combines the classical Liu Sanjie's folk songs and ethnic group culture together and presents a large-scale realistic performance in harmony with landscape. As indicated by the management of the Project Company, there are over 500 shows performed every year.

The show is awarded as Top Ten Most Influential National Cultural Industry Demonstration Base in 2013 by the Ministry of Culture of the PRC and China's Well-Known Trademark by the Trademark Office of The State Administration for Industry & Commerce of the PRC.

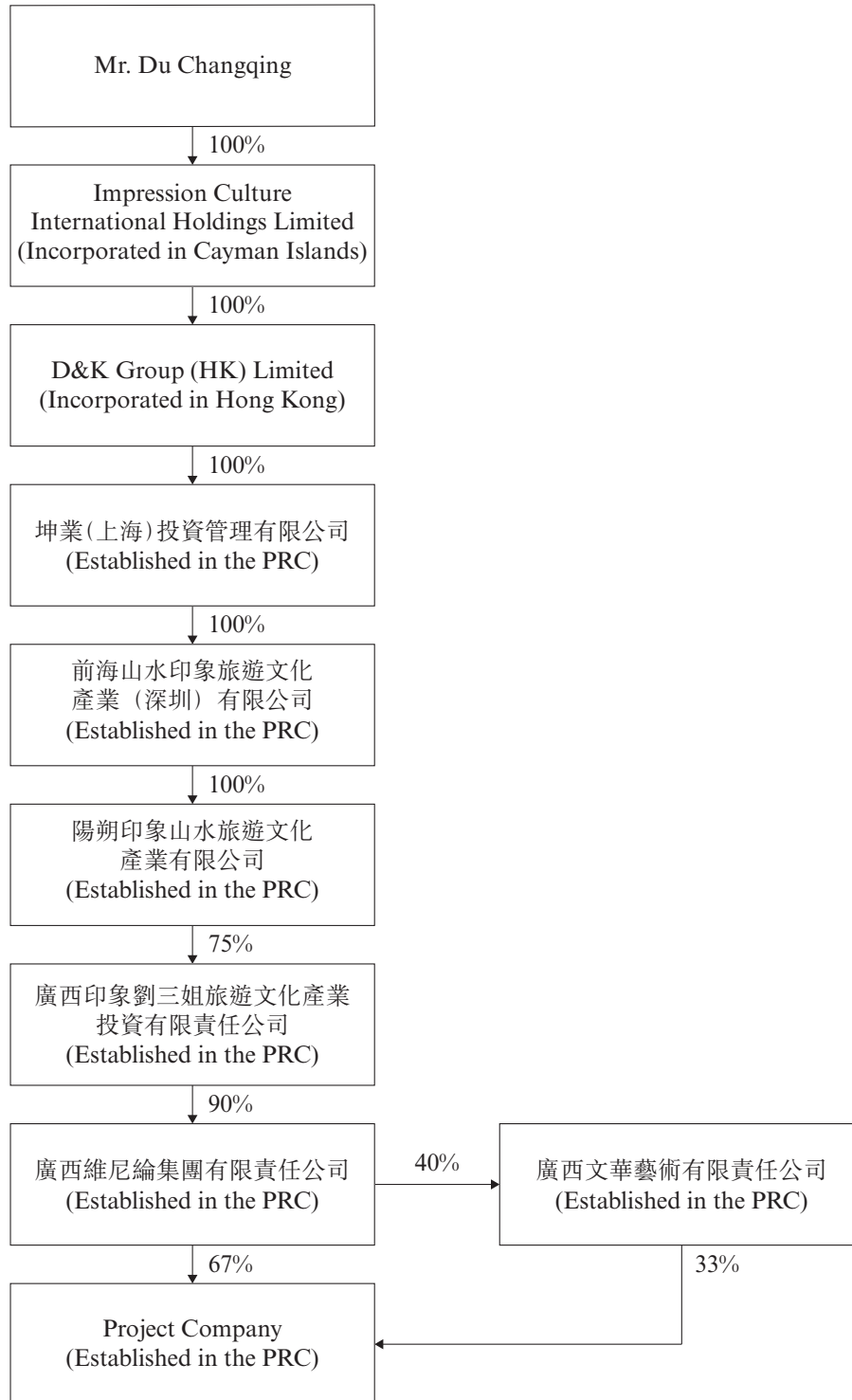
Income of the Project Company mainly comes from ticket sales and souvenir sales of the show. Costs of the Project Company mainly include the salaries payable to the actors and administrators and the maintenance expenses. The Project Company also proposes to promote this kind of performance business in the Asia area by cooperating with natural tourism companies.

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## LETTER FROM THE BOARD

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Based on the information provided by Mr. Du Changqing, the vendor to the Proposed Acquisition, the proposed structure of the target group underlying the Proposed Acquisition is as follows:



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## LETTER FROM THE BOARD

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A summary of (i) the audited financial information of the Project Company for two years ended 31 December 2014, which is audited by a PRC auditor; and (ii) the unaudited financial information of the Project Company for the year ended 31 December 2015 is set out below:

	<b>For the year ended 31 December 2013</b>	<b>For the year ended 31 December 2014</b>	<b>For the year ended 31 December 2015</b>
	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Revenue	169,723	182,375	170,374
Profits before taxation	90,252	81,912	82,749
Profits after taxation	76,676	69,497	67,758

Information of the target group of the Proposed Acquisition is subject to modification based on the due diligence results by the Company and the final review of the auditors to be appointed by the Company. More updated information is to be disclosed in the announcement or the circular of the Proposed Acquisition if materialised.

Based on the financial information of the Project Company, the Board believes that the Project Company is profit making and the Proposed Acquisition will provide stable income stream to the Group, if materialised. The stable income from the Proposed Acquisition is expected to generate diversified income and additional cash flow for the Group's continuous development and will alleviate the debt burden of the Company to a large extent. The Directors consider that the Proposed Acquisition is in the interest of the Company and its Shareholders as a whole.

**The Company wishes to emphasise that only the Framework Agreement and the Heads of Agreement has been entered into as at the Latest Practicable Date. Each of the Framework Agreement and the Heads of Agreement does not constitute a binding commitment on the Company in respect of the Proposed Acquisition and as the Proposed Acquisition may or may not proceed, Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Subject to compliance of the Listing Rules, the Proposed Acquisition may or may not proceed. If the Proposed Acquisition is materialised, it may constitute a notifiable transaction of the Company under the Listing Rules and the Company will make further announcement in respect of the Proposed Acquisition as and when appropriate.**

If (i) the Proposed Acquisition does not proceed by October 2016, when HK\$257 million of the Property Loan falls due; and (ii) the Group cannot repay its due debts by its internal resources, the Company will apply all or part of the HK\$460 million proceeds for debt repayment and the remaining proceeds (if any) of the HK\$460 million will be used for the Proposed Acquisition and/or the Possible Acquisitions. In the event that none of the above business opportunities materialises, the Directors intend to apply the proceeds of

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## LETTER FROM THE BOARD

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approximately HK\$460 million from the Rights Issue for the repayment of the debt of the Group based on the then situations, including their due date, their outstanding amount and the Group's internal resources.

As at the Latest Practicable Date, the Company had not entered into any binding agreement in respect of the Proposed Acquisition and the Company did not have any specific plan to identify potential acquisition target for the Possible Acquisition.

### FUND RAISING EXERCISES OF THE COMPANY IN THE PAST TWELVE MONTHS

The following are fund raising activities of the Company during the past 12 months immediately preceding the date of the Announcement:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
13 April 2015	Placing of 83,000,000 new Shares under general mandate	HK\$59 million	For general working capital and/or future investment of the Group	For general working capital

Save as disclosed above, the Company had not conducted any other fund raising activities during the past 12 months immediately preceding the date of the Announcement.

Taking into account the current debt position of the Company and the capital requirement of the Proposed Acquisition (when it materialises), the Company may conduct other fund raising activities in the next 12 months. However, as at the Latest Practicable Date, since the amount of sales proceeds to be generated from the Property Project is uncertain, the Company has not formed any plan for such fund raising activities nor has it confirmed the amount to be raised in the next 12 months.

### WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon the fulfillment of the conditions set out under the sub-section headed "Conditions of the Rights Issue" in the section headed "Rights Issue" above. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described above. The Rights Issue is also subject to the Underwriter not terminating the Underwriting Agreement. Accordingly, the Rights Issue may or may not proceed.

Any dealing in the Shares or Consolidated Shares from the date of the Announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealing in the Rights Shares in their nil-paid form between Wednesday, 29 June 2016 to Thursday, 7 July 2016, both dates inclusive, will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Consolidated Shares or the Rights Shares in their nil-paid form are advised to consult their own professional advisers.

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## LETTER FROM THE BOARD

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To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby any one of them has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Consolidated Shares to a third party, either generally or on a case-by-case basis.

### ADDITIONAL INFORMATION

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

By Order of the Board  
**Ngai Shun Holdings Limited**  
**Mock Wai Yin**  
*Executive Director and Chairman*

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

(A) Financial information of the Group for the three years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 can be referred to in appendix I to the listing document of the Company dated 30 September 2013, pages 37–83 of the 2014 annual report published on 24 July 2014, pages 41–94 of the 2015 annual report published on 20 July 2015 and pages 4–31 of the 2015 interim report published on 24 December 2015 respectively, which are published on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.1246.com.hk>). Please refer to the hyperlinks as stated below:

- Listing document of the Company:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0930/LTN20130930049.pdf>

- 2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0724/LTN20140724995.pdf>

- 2015 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0720/LTN20150720773.pdf>

- 2015 interim report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1224/LTN20151224384.pdf>

(B) On 29 September 2015, the Company entered into the sale and purchase of agreement for the acquisition of the entire issued share capital of Double Earn Holdings Limited. The financial information of Double Earn Holdings Limited and its subsidiaries can be referred to in appendix II to the circular of the Company dated 6 November 2015. Please refer to the hyperlink as stated below:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1105/LTN201511051135.pdf>

## 2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Financial information of the Group for the six months ended 30 September 2015 and for each of the years ended 31 March 2014 and 2015 are disclosed in the interim report of the Company for the six months ended 30 September 2015 and the annual reports of the Company for the year ended 31 March 2014 and 2015, respectively, which are published on both the website of the Stock Exchange and the website of the Company.

### **Foundation business**

The foundation industry in Hong Kong dropped significantly during the six months ended 30 September 2015 as the major infrastructures had completed their foundations and proceeded to building superstructure stage while new infrastructure



projects had been postponed due to the slow approval progress of infrastructure projects by the Legislative Council and Legco Finance Committee of Hong Kong. The Group expects that the foundation business in public sectors may decrease further. The escalation of labour costs continued as unions recently raised the standard salaries of steel bending, formwork, welding and concreting skilled labour significantly. Under such market sentiment, we shall be pessimistic in the business prospects of foundation business in the year of 2015–2016. In the meantime, the Group will continue to adjust its existing portfolio and diversify its revenue stream, in order to enhance the shareholders' value and benefit the Group.

### **Property investment business**

The Group also involves in property investment in the PRC upon completion of the Property Acquisition and the Company is positive about the prospects of this new business segment. Economy of the PRC has been expanding at a high but stable rate. Domestic consumption has recently contributed more and more to growth of the gross domestic production. Looking into the future, the PRC government is committed to (i) pivoting from investment-led growth in industry and infrastructure toward services and consumption; and (ii) focusing on inciting domestic demand and rebalancing of the economy. As a more supportive government and a more stabilized environment are conducive to the success of a property project, the Company is of the view that the property investment business can seize these opportunities in a blooming property industry in the PRC.

Moreover, the rise of the middle-class in the PRC during the past two decades is phenomenal, and this trend is expected to continue for decades. This is due partly to the prodigious pace of urbanization. Millions of people in the PRC are moving up along the economic ladder, and as they progress, their tastes and requirements will mature. Most city dwellers, especially those who are living in third-tier cities such as Yueyang, will sooner or later become customers of high-end properties provided by the Property Project. With the customer base expanding, the Company is therefore positive of the futures of the property investment business.

### **3. STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 April 2016, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Prospectus, the Group had the following indebtedness:

#### **Borrowings**

As at the close of business on 30 April 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had aggregate outstanding borrowings of approximately HK\$1,283 million comprising (i) loans from independent third parties of approximately HK\$1,120 million; (ii) bank loans of HK\$36 million secured by personal guarantee of the directors of the subsidiaries of the Group; and (iii) a unsecured and unguaranteed loan from a related company of approximately HK\$127 million.

**Contingent liabilities**

As at 30 April 2016, there were 5 outstanding cases for compensation and personal injuries claims, against the Group by an employee of the subcontractor and employees of the Group. The claims were related to the said employee of the subcontractor and the said employees of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. Given that (i) the claims are dealt with and handled by the insurers and all potential claims are covered by mandatory insurance with amounts to be assessed by the court; and (ii) the Directors assessed the cases and believed that there would not be a material impact on the financial position of the Group, no provision has been made for the above personal injuries cases and as such, there was no contingent liabilities made in relation thereto. There was no substantial progress on the five cases as at 30 April 2016.

**Disclaimer**

Save as the aforesaid and intra-group liabilities, the Group did not, as at the close of business on 30 April 2016, have any outstanding mortgages, charges or debentures, loan capital issued, or bank overdrafts, debt securities or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, or any hire purchases commitments, guarantees or other material contingent liabilities.

**4. WORKING CAPITAL STATEMENT**

The Directors, after due and careful enquiry, are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the net proceeds from the Rights Issue and the financial resources available to the Group, the Group will have sufficient working capital for its present requirements and for at least 12 months from the date of publication of this Prospectus.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2015, the date to which the latest published audited consolidated financial statements of the Group were made up.

For illustrative purposes, the financial information prepared in accordance with paragraph 4.29 of the Listing Rules is set out here to provide further information about how the financial information of the Group might be affected by the completion of the Rights Issue as if the Rights Issue had been completed on 30 September 2015.

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets which has been prepared to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 September 2015. This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group upon completion of the Rights Issue. The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the consolidated net tangible assets of the Group as at 30 September 2015 as extracted from the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2015 included in the published interim financial report of the Company and is adjusted for the effect of the Rights Issue. Unless otherwise defined, terms and herein shall have the same meanings as those defined in the Prospectus.

	Unaudited consolidated net tangible assets as at 30 September 2015 <i>(Note i)</i> <i>HK\$'000</i>	Add: Net estimated proceeds from the Rights Issue <i>(Note ii)</i> <i>HK\$'000</i>	Unaudited pro forma consolidated net tangible assets after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets per share prior to the Share Consolidation and Rights Issue as at 30 September 2015 <i>(Note iii)</i> <i>HK\$</i>	Unaudited pro forma adjusted consolidated net tangible assets per consolidated share after implementation of the Share Consolidation and completion of the Rights Issue <i>(Note iv)</i> <i>HK\$</i>
Rights Issue of 5,478,000,000 Rights Shares	300,154	879,870	1,180,024	0.012	0.182

Notes:

- (i) Reference is made to the published interim report of the Company for the six months ended 30 September 2015.

- (ii) The estimated proceeds less related expenses from the Rights Issue is calculated based on 5,478,000,000 Rights Shares to be issued at the subscription price of HK\$0.165 per Rights Share. The estimated net proceeds are arrived at based on the gross proceeds from the Rights Issue of approximately HK\$904 million less the estimated related expenses of approximately HK\$24 million to be incurred by the Company.
- (iii) Based on 24,900,000,000 ordinary shares in issue as at 30 September 2015 before implementation of the Share Consolidation and before completion of the Rights Issue.
- (iv) Based on 6,474,000,000 consolidated shares, comprising (i) 996,000,000 Consolidated Shares in issue and (ii) 5,478,000,000 Rights Shares to be issued, assuming that the Share Consolidation and Rights Issue had been completed on 30 September 2015.
- (v) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2015.

*The following in the full text of the independent reporting accountant's assurance report dated 27 June 2016, prepared for the sole purpose of inclusion in this Prospectus, received from independent reporting accountant, Zenith CPA Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Company.*



**ZENITH CPA LIMITED**  
誠豐會計師事務所有限公司  
10/F, China Hong Kong Tower  
8-12 Hennessy Road  
Wanchai, Hong Kong  
香港灣仔軒尼詩道8-12號  
中港大廈10樓

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

27 June 2016

The Board of Directors  
Ngai Shun Holdings Limited  
Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Ngai Shun Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 September 2015 and related notes (the “**Pro Forma Financial Information**”) as set out on pages II-1 and II-2 of the prospectus issued by the Company dated 27 June 2016 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on page II-1 of the Prospectus. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 5,478,000,000 right shares on the basis of eleven (11) Rights Shares for every two (2) Consolidated Shares held on 24 June 2016 (the “**Record Date**”) at HK\$0.165 per rights share (the “**Rights Issue**”) on the Group's financial position as at 30 September 2015 as if the Rights Issue had taken place at 30 September 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2015, on which the condensed consolidated financial statements has been published.

### **Directors' Responsibility for the Pro Forma Financial Information**

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

### **Reporting Accountant's Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountant's Responsibilities**

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have complied the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of Pro Forma Financial Information included in this Prospectus is solely to illustrate the impact of a significant events or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been

undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 September 2015 would have been as presented.

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

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application on those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

### **Opinion**

In our opinion:

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

**Zenith CPA Limited**

*Certified Public Accountants*

**Cheng Po Yuen**

Practising Certificate Number: P04887

Hong Kong

## 1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

## 2. SHARE CAPITAL

### (i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
16,000,000,000	Consolidated Shares at nominal value of HK\$0.025 each	400,000,000
<u>16,000,000,000</u>		<u>400,000,000</u>
<i>Issued and fully-paid or credited as fully-paid:</i>		<i>HK\$</i>
996,000,000	Consolidated Shares at nominal value of HK\$0.025 each	24,900,000
<u>996,000,000</u>		<u>24,900,000</u>

### (ii) Immediately after completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
16,000,000,000	Consolidated Shares at nominal value of HK\$0.025 each	400,000,000
<u>16,000,000,000</u>		<u>400,000,000</u>
<i>Issued and fully-paid:</i>		<i>HK\$</i>
996,000,000	Consolidated Shares at nominal value of HK\$0.025 each	24,900,000
<u>996,000,000</u>		<u>24,900,000</u>
5,478,000,000	Rights Shares at nominal value of HK\$0.025 each to be issued	136,950,000
<u>5,478,000,000</u>		<u>136,950,000</u>
6,474,000,000	Consolidated Shares at nominal value of HK\$0.025 each	161,850,000
<u>6,474,000,000</u>		<u>161,850,000</u>

All the Consolidated Shares in issue and the Rights Shares (when allotted and fully-paid) to be issued rank *pari passu* with each other in all respects including as regards to dividends and voting rights. The Rights Shares to be issued will be listed on the Stock Exchange.



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

All of the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the main board of the Stock Exchange.

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

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

### 3. DISCLOSURE OF INTERESTS

#### (a) Directors' interests and short positions in the Company

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of the listed issue contained in the Listing Rules (the "Model Code") adopted by the Company, to be notified to the Company and the Stock Exchange.

**(b) Substantial shareholders' interests and short positions in shares and underlying shares**

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group were as follows:

*Long and short positions in Shares and underlying Shares of the Company*

Name of shareholder	Capacity	Number of shares	Approximate percentage of interest
Fabulous Business Limited (Note 1)	Beneficial owner	530,000,000 (Note 10) (L)	10.64%
Prime Colour Global Limited (Note 1)	Interest in controlled corporation	530,000,000 (Note 10) (L)	10.64%
Splendid Core Global Limited (Note 1)	Interest in controlled corporation	530,000,000 (Note 10) (L)	10.64%
Wong Sai Chung (Note 2)	Interest in controlled corporation	530,000,000 (Note 10) (L)	10.64%
Wong Sai Yee (Note 2)	Interest in controlled corporation	530,000,000 (Note 10) (L)	10.64%
Wong Lai Ling (Note 3)	Interest in spouse	530,000,000 (Note 10) (L)	10.64%
Wong Mei Yi Patricia (Note 4)	Interest in spouse	530,000,000 (Note 10) (L)	10.64%
Lam Wing Sum (Note 5)	Interest in controlled corporation	530,000,000 (Note 10) (L)	10.64%
Kwan Oi Man Joyce (Note 6)	Interest in spouse	530,000,000 (Note 10) (L)	10.64%
Kingston Finance Limited (Note 7)	Person having a security interest in shares	106,000,000 (L)	10.64%
Ample Cheer Limited (Note 7)	Interest in controlled corporation	106,000,000 (L)	10.64%
Best Forth Limited (Note 7)	Interest in controlled corporation	106,000,000 (L)	10.64%
Kingston Securities Limited (Note 8)	Others	5,478,000,000 (L)	84.61%
Galaxy Sky Investments Limited (Note 8)	Interest in controlled corporation	5,478,000,000 (L)	84.61%
Kingston Capital Asia Limited (Note 8)	Interest in controlled corporation	5,478,000,000 (L)	84.61%
Kingston Financial Group Limited (Note 8)	Interest in controlled corporation	5,478,000,000 (L)	84.61%
Active Dynamic Limited (Note 8)	Interest in controlled corporation	5,478,000,000 (L)	84.61%
Chu Yuet Wah (Note 9)	Interest in controlled corporation	5,584,000,000 (L)	86.25%

(L) denotes long position

*Notes:*

- (1) Fabulous Business Limited is a company incorporated in the British Virgin Islands and is owned by Prime Colour Global Limited as to 50% and owned by Splendid Core Global Limited as to the remaining 50%. Each of Prime Colour Global Limited and Splendid Core Global Limited is deemed to be interested in all of the Shares held by Fabulous Business Limited.
- (2) The issued share capital of Prime Colour Global Limited is legally owned by Wong Sai Chung, of which 40% of the shares is beneficially held by Mr. Wong Sai Chung, and 20% and 40% of the shares are held by Mr. Wong Sai Chung on trust for Mr. Wong Sai Lai and Mr. Wong Sai Yee. Each of Mr. Wong Sai Chung and Mr. Wong Sai Yee is deemed to be interested in all the Shares in which Prime Colour Global Limited is interested.
- (3) Ms. Wong Lai Ling is the spouse of Mr. Wong Sai Chung. Ms. Wong Lai Ling is deemed to be interested in all the Shares in which Mr. Wong Sai Chung is interested.
- (4) Ms. Wong Mei Yi Patricia is the spouse of Mr. Wong Sai Yee. Ms. Wong Mei Yi Patricia is deemed to be interested in all the Shares in which Mr. Wong Sai Yee is interested.
- (5) Splendid Core Global Limited is wholly-owned by Mr. Lam Wing Sum. Mr. Lam Wing Sum is deemed to be interested in all the Shares in which Splendid Core Global Limited is interested.
- (6) Ms. Kwan Oi Man Joyce is the spouse of Mr. Lam Wing Sum. Ms. Kwan Oi Man Joyce is deemed to be interested in all the Shares in which Mr. Lam Wing Sum is interested.
- (7) Based on the notices of disclosure of interest filed by Kingston Finance Limited on 15 June 2016, 106,000,000 Consolidated Shares are held by Kingston Finance Limited. Kingston Finance Limited is wholly-owned by Ample Cheer Limited, which is in turn owned as to 80% by Best Forth Limited. Each of Ample Cheer Limited and Best Forth Limited is deemed to be interested in 106,000,000 Consolidated Shares held by Kingston Finance Limited.
- (8) Based on the notices of disclosure of interest filed by Kingston Securities Limited on 31 March 2016, 5,478,000,000 Consolidated Shares are held by Kingston Securities Limited. Kingston Securities Limited is wholly-owned by Galaxy Sky Investments Limited, which is in turn wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly-owned by Kingston Financial Group Limited, which is in turn owned as to 49.19% by Active Dynamic Limited. Each of Galaxy Sky Investments Limited, Kingston Capital Asia Limited and Kingston Financial Group Limited and Active Dynamic Limited is deemed to be interested in 5,478,000,000 Consolidated Shares held by Kingston Securities Limited.
- (9) Based on the notices of disclosure of interest filed by Ms. Chu Yuet Wah, the entire issued share capital of Active Dynamic Limited and Best Forth Limited, respectively, is legally and beneficially owned by Ms. Chu Yuet Wah. Ms. Chu Yuet Wah is deemed to be interested in the Consolidated Shares in which each of Active Dynamic Limited and Best Forth Limited is interested respectively.
- (10) Fabulous Business Limited was interested in 530,000,000 shares of the Company, representing approximately 10.64% of the entire issued share capital of the Company before (i) the share subdivision of one existing share divided into 5 subdivided shares of the Company became effective on 4 June 2015; and (ii) the share consolidation of every twenty-five (25) Shares consolidated into one (1) Consolidated Share became effective on 15 June 2016. Taking account both the share subdivision and the Share Consolidation having become effective, those 530,000,000 shares of the Company is now representing 106,000,000 Consolidated Shares as at the Latest Practicable Date.

Saved as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or proposed directors of the Company (if any) had any existing or proposed service contracts with any member of the Group which is not determinable by the Company within one (1) year without payment of any compensation (other than statutory compensation)).

#### **5. DIRECTORS' INTERESTS IN CONTRACT, ASSETS AND ARRANGEMENT OF SIGNIFICANCE**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2015 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### **6. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or proposed directors of the Company (if any) or their respective associate(s) had any interests in businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group or had any other conflict of interests with the Group.

#### **7. LITIGATION**

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

As at the Latest Practicable Date, there were five outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employees of the Group. The claims were related to the employee of the subcontractor and the employees of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The Directors assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the consolidated financial statements.

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

## 8. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualifications of the expert who has given opinions or advice, which is contained in this Prospectus:

<b>Name</b>	<b>Qualifications</b>
Zenith CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert had given and had not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which it appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which had been since 31 March 2015 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. MATERIAL CONTRACTS

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

- (a) the Underwriting Agreement;
- (b) the Supplemental Underwriting Agreement;
- (c) the sale and purchase agreement dated 5 February 2016 and entered into between the Company, as the vendor, and Excellent Speed Limited, as the purchaser, in relation to the proposed disposal of 49% shareholdings in Pearl Swirls Limited, a direct wholly-owned subsidiary of the Company, at the total consideration of HK\$73,883,694.94;
- (d) the sale and purchase agreement dated 29 September 2015 (as amended by the supplemental sale and purchase agreement dated 4 November 2015) and entered into between the Company, as the purchaser, and Landing International Development Limited, as the vendor, in relation to the proposed acquisition of the entire issued share capital of Double Earn Holdings Limited and all indebtedness, obligations and liabilities due, owing or incurred by the Hong Kong subsidiary of Double Earn Holdings Limited to the vendor, at the consideration of HK\$1,000 million;
- (e) the sale and purchase agreement dated 10 July 2015 and entered into between Laurel Stars Limited (“**Laurel Stars**”), a wholly-owned subsidiary of the Company, as the vendor, and Fair Jade Group Limited, as the purchaser, for the sale and purchase of the entire issued share capital of Achieved Success Company Limited and all obligations, liabilities and debts owed by Achieved Success Company Limited and its subsidiaries to Laurel Stars at the consideration of HK\$42,000,000;
- (f) the placing agreement dated 13 April 2015 and entered into between the Company and Kingston Securities Limited as the placing agent for the placing, on a best effort basis, of up to 83,000,000 placing shares to the placees at the placing price of HK\$0.73 per placing share;

- (g) the provisional agreement dated 23 January 2015 entered into, among others, World Mate Investment Limited as purchaser and Funa Assets Limited, an indirect wholly-owned subsidiary of the Company, as the vendor, in relation to the sale and purchase of Shops nos. 12A, 12B and 12C, Ground Floor, Hip Wo House (Ground Floor of Nos. 167A, 167B and 167C Hip Wo Street), Kowloon, Hong Kong at the total consideration of HK\$50,000,000; and
- (h) the acquisition agreement dated 22 May 2014 and entered into, among others, Laurel Stars, as the purchaser, and Absolutely Talent Technology Limited, as the vendor, for the sale and purchase of the entire issued share capital of Funa Assets Limited at a total cash consideration of HK\$39,000,000.

## 10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$24 million, which are payable by the Company.

## 11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

### **Registered office**

P.O. Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman  
KY1-1108  
Cayman Islands

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

Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

**Executive Directors**

Mr. Mock Wai Yin  
Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

Mr. Wang Xin  
Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

**Non-executive Director**

Mr. Chui Kwong Kau  
Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

**Underwriter**

Kingston Securities Limited  
Suite 2801, 28/F  
One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**Company secretary**

Mr. Yeung Siu Keung  
Certified Public Accountant  
Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

**Independent non-executive Directors**

Mr. Lam Chi Wai  
Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

Ms. Lau Mei Ying  
Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

Ms. Thadani Jyoti Ramesh  
Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

**Financial adviser to the Company**

Kingston Corporate Finance Limited  
Suite 2801, 28/F  
One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**Principal share registrar**

Estera Trust (Cayman) Limited  
PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman  
KY1-1108  
Cayman Islands



**Authorised representatives**

Mr. Mock Wai Yin  
Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

Mr. Yeung Siu Keung  
Unit 2102, 21/F  
West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Sheung Wan  
Hong Kong

**Legal advisers to the Company**

Michael Li & Co.  
19/F Prosperity Tower  
No. 39 Queen's Road Central  
Central  
Hong Kong

**Auditors and reporting accountants**

Zenith CPA Limited  
*Certified Public Accountants*  
10/F, China Hong Kong Tower  
8–12 Hennessy Road  
Wanchai  
Hong Kong

**Hong Kong branch share registrar  
and transfer office**

Tricor Investor Services Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

**Principal bankers**

DBS Bank (Hong Kong) Limited  
G/F, The Center  
99 Queen's Road Central  
Central  
Hong Kong

OCBC Wing Hang Bank, Limited  
161 Queen's Road Central  
Central  
Hong Kong

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

Nanyang Commercial Bank, Limited  
155 Des Voeux Road Central  
Hong Kong

## 12. DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

*Mr. Mock Wai Yin (莫偉賢)*

Mr. Mock Wai Yin (“**Mr. Mock**”), aged 44, joined the Company and was appointed as an executive Director and the Chairman of the Board on 15 July 2015. Mr. Mock holds a Master of Philosophy in Biochemistry from The Chinese University of Hong Kong and a Master of Science in Hazard Analysis and Critical Control Point from University of Salford. He also holds a Postgraduate Diploma in Professional Accounting. Mr. Mock has 15 years of experience in research analysis and over 3 years of world-wide experience in natural resources, project investment and property development as well as project valuation and budget management. He was an executive director of South East Group Limited (Stock Code: 726) from 20 December 2013 to 1 February 2015, the shares of which are listed on the Main Board of the Stock Exchange. He is currently an executive director of Focus Media Network Limited (Stock Code: 8112), the shares of which are listed on GEM.

*Mr. Wang Xin (王欣)*

Mr. Wang Xin (“**Mr. Wang**”), aged 40, was appointed as an executive Director on 17 March 2016. Mr. Wang is graduated from Xi’an Jiaotong University and majored in tourism management in the People’s Republic of China in July 1997. Mr. Wang has over 20 years’ experiences in hotel, real estate and tourism. He is currently an executive director of Sino Haijing Holdings Limited (Stock Code: 1106), the shares of which are listed on the Main Board of the Stock Exchange and has been the executive director of Guanghe Landscape Culture Communication Co., Ltd, ShanXi (a company listed on The Shanghai Stock Exchange with stock code: 600234) (“**Landscape Culture**”) since September 2014 and the executive director of Guangxi Landscape Shengjing Investment Limited (廣西山水盛景投資有限公司<sup>#</sup>) since June 2014, a subsidiary company of Landscape Culture. Mr. Wang was the chairman of the board, chairman of strategy and planning committee, a member of remuneration committee and nomination committee of Landscape Culture from September 2014 to July 2015. Moreover, Mr. Wang was the vice general manager of Guangxi Yinxiang Liu Sanjie Tourism Culture Industrial Investment LLC (廣西印象劉三姐旅遊文化產業投資有限責任公司<sup>#</sup>) from December 2012 to September 2014 and Guangxi Hengsheng Group Limited (廣西恒升集團有限公司<sup>#</sup>) from May 2008 to December 2012.

### Non-executive Director

*Mr. Chui Kwong Kau (崔光球)*

Mr. Chui Kwong Kau (“**Mr. Chui**”), aged 49, joined the Company as the non-executive Director on 6 March 2015. Mr. Chui has over 15 years’ experience in accounting and auditing fields. Mr. Chui is currently an executive director of China Energy Development Holdings Limited (Stock Code: 228), the shares of which are listed on the Main Board of the Stock Exchange and an executive director of Hong

Kong Life Sciences and Technologies Group Limited, the shares of which are listed on the GEM (Stock Code: 8085). Moreover, Mr. Chui has been a non-executive director of Hsin Chong Group Holdings Limited (Stock Code: 404) since 23 May 2015 and a non-executive director of DeTai New Energy Group Limited (Stock Code: 559) since 1 December 2015, the shares of which are both listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of Aurum Pacific (China) Group Limited (Stock Code: 8148) from 17 March 2010 to 16 March 2016, the shares of which are listed on GEM.

#### **Independent non-executive Directors**

*Mr. Lam Chi Wai (林智偉)*

Mr. Lam Chi Wai (“**Mr. CW Lam**”), aged 38, joined the Company as an independent non-executive Director on 15 July 2015. Mr. CW Lam holds a Master of Science in Accountancy from the Hong Kong Polytechnic University. Mr. CW Lam had years of experience in the field of business accounting, auditing and corporate secretarial services. He is a member of Association of Chartered Certified Accountants. He is an independent non-executive director of Jin Bao Bao Holdings Limited (Stock Code: 1239) since 5 March 2015, the shares of which are listed on the Main Board of the Stock Exchange.

*Ms. Lau Mei Ying (劉美盈)*

Ms. Lau Mei Ying (“**Ms. Lau**”), aged 34, joined the Company as an independent non-executive Director on 15 July 2015. Ms. Lau graduated from the Chinese University of Hong Kong with a bachelor degree of Social Science in Economics. Ms. Lau has extensive experiences in the financial market and insurance underwriting. She has been a fellow member of Life Management Institute issued by Life Office Management Association since November 2008. She is currently an independent non-executive director of Focus Media Network Limited (Stock Code: 8112) since 27 November 2015, the shares of which are listed on GEM.

*Ms. Thadani Jyoti Ramesh (戴依敏)*

Ms. Thadani Jyoti Ramesh (“**Ms. Thadani**”), aged 32, joined the Company as an independent non-executive Director on 15 July 2015. Ms. Thadani obtained her Bachelor Degree in Laws and the Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong. Ms. Thadani is a business consultant for investment projects and has extensive experience in analysing and reviewing business practices.

**13. MISCELLANEOUS**

This Prospectus and the accompanying PAL and EAF have been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over their respective Chinese text.

**14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed “Qualifications and consent of expert” in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the CWUMPO.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Unit 2102, 21/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong from the date of this Prospectus up to and including Tuesday, 12 July 2016:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2014 and 2015;
- (c) the interim report of the Company for the six months ended 30 September 2015;
- (d) the letter from Zenith CPA Limited in respect of the unaudited pro forma consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus;
- (e) the written consent of the expert as referred to in the paragraph headed “Qualifications and consent of experts” in this appendix;
- (f) each of the material contracts referred in the paragraph headed “Material contracts” in this appendix;
- (g) the circular of the Company dated 5 November 2015 in relation to a very substantial acquisition;
- (h) the circular of the Company dated 27 May 2016 in relation to the Rights Issue;
- (i) the circular of the Company dated 30 May 2016 in relation to the disposal of 49% of the issued share capital of Pearl Swirls Limited; and
- (j) the Prospectus Documents.