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

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to their 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 this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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**Bolina**  
**BOLINA HOLDING CO., LTD.**  
**航標控股有限公司**  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1190)**

**MAJOR TRANSACTION**  
**DISPOSAL OF 70% EQUITY INTEREST OF YUDEYUAN**  
**AND THE SALE LOAN**

**Financial adviser to the Company**



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A letter from the Board is set out on pages 3 to 8 of this circular.

29 June 2016

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 13 June 2016 in relation to the Disposal
“Board”	the Board of Directors
“Business Day”	a day (not being a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for general banking business
“Company”	Bolina Holding Co., Ltd., a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Stock Exchange
“Completion”	completion of the Disposal pursuant to the terms of the Sale and Purchase Agreement
“Completion Date”	the day of Completion, which shall be the date on which the last of the conditions precedent under the Sale and Purchase Agreement has been fulfilled or such other date as the Vendor and the Purchaser may agree in writing
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	RMB285,000,000 being the consideration for the Disposal in accordance with the Sale and Purchase Agreement
“Directors”	the directors of the Company
“Disposal”	the sale of 70% equity interest of Yudeyuan and the Sale Loan by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Latest Practicable Date”	23 June 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	all obligations, liabilities and debts owing or incurred by Yudeyuan to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion which as at 31 December 2015, amounted to approximately RMB115,550,000
“Shares”	ordinary shares of HK\$0.01 each of the Company
“Shareholder(s)”	holders of Shares
“Sale and Purchase Agreement”	the sale and purchase agreement dated as of 13 June 2016 entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yudeyuan”	福建裕德源置業有限公司 (Fujian Yudeyuan Property Co., Ltd), a company incorporated in the PRC with limited liability
“Yudeyuan Property”	a land located in Wu’an Town, Changtai County, Zhangzhou City, Fujian Province, PRC, west of Renhe North Road with an aggregate site area of approximately 56,212 square metres
“%”	per cent

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LETTER FROM THE BOARD

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**Bolina**  
**BOLINA HOLDING CO., LTD.**  
**航標控股有限公司**

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

**(Stock Code: 1190)**

*Executive Directors:*

Mr. Xiao Zhiyong *(Chairman and CEO)*

Ms. Ye Xiaohong

Mr. Yang Qingyun

Mr. Lu Jianqing

*Independent Non-Executive Directors:*

Mr. Tong Jifeng

Mr. Lin Shimao

Prof. So Wai-man, Raymond

Mr. Jiang Guoxiang

*Registered office:*

Clifton House

75 Fort Street

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

*Principal place of business*

*in Hong Kong:*

Suite 2, 17th Floor

Sino Plaza

255-257 Gloucester Road

Causeway Bay

Hong Kong

29 June 2016

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION**  
**DISPOSAL OF 70% EQUITY INTEREST OF YUDEYUAN**  
**AND THE SALE LOAN**

**INTRODUCTION**

Reference is made to the Announcement.

On 13 June 2016 (after trading hours), the Vendor entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 70% equity interest of Yudeyuan and the Sale Loan, subject to the terms contained therein, for the Consideration of RMB285,000,000.

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## LETTER FROM THE BOARD

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### THE SALE AND PURCHASE AGREEMENT

#### Date

13 June 2016

#### Parties

- Vendor: Fujian Fuxiang Property Co., Ltd. (福建富祥置業有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
- Purchaser: Zhangzhou Jiaye Trading Co., Ltd (漳州佳業貿易有限公司), a company incorporated in the PRC with limited liability

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is owned as to 100% by Ms. Yang Liyun (楊麗雲). The Purchaser and its ultimate beneficial owner, and their respective associates, are third parties independent of the Company and its connected persons.

#### Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase (i) 70% equity interest of Yudeyuan, and (ii) the Sale Loan, representing all obligations, liabilities and debts owing by Yudeyuan to the Vendor on or at any time prior to the Completion. Based on the audited financial information, as at 31 December 2015, Yudeyuan was indebted to the Vendor in the sum of approximately RMB115,550,000. As at the Latest Practicable Date, the Sale Loan was approximately RMB111,520,000.

#### Consideration and payment

The total Consideration for the Disposal is RMB285,000,000 and will be satisfied in cash in the following manner:

- (i) RMB28,500,000, represents 10% of the Consideration, will be payable by the Purchaser in cash within 3 Business Days upon the date of signing of the Sale and Purchase Agreement; and
- (ii) RMB256,500,000, represents the balance of the Consideration, will be payable by the Purchaser in cash (or such other manner as may be agreed between the Vendor and the Purchaser) within one month upon the date of signing of the Sale and Purchase Agreement.

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## LETTER FROM THE BOARD

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The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, amongst others, (i) the valuation of Yudeyuan Property carried out by the independent valuer which concluded that the recent market value of Yudeyuan Property is approximately RMB740,000,000 as at 30 April 2016, and given that, the unaudited net asset value of Yudeyuan would have been approximately of RMB187,110,000, represents the total assets of approximately RMB787,095,000 and the total liabilities of approximately RMB599,985,000; and (ii) the historical and recent financial position and business development performance of Yudeyuan.

Based on these factors, and the reasons for the Disposal referred to below, the Directors consider that the Consideration is based on normal commercial terms, maximises Shareholders' benefit and is fair and reasonable for the Company and the Shareholders as a whole.

### **Conditions precedent**

Completion is subject to and conditional upon:

- (1) all necessary waivers, consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transaction contemplated thereunder having been obtained;
- (2) all necessary consent and approvals required to be obtained on the part of the Vendor in relation to the Sale and Purchase Agreement and the transaction contemplated thereby under the Listing Rules and applicable PRC laws and regulations having been obtained; and
- (3) the representations and warranties contained in the Sale and Purchase Agreement remaining true and accurate in all material respects.

The Company has obtained a written approval for the Disposal from Max Lucky Group Limited, the holder of 600,195,023 Shares representing approximately 60.31% of the total voting rights of the Company as at the Latest Practicable Date. Save as aforesaid, none of the other conditions had been fulfilled.

### **Completion**

Completion shall take place on the Completion Date, which shall be within 30 Business Days after all the conditions of the Sale and Purchase Agreement have been fulfilled or waived (as the case may be), or such later date, as may be agreed between the Vendor and the Purchaser. Upon Completion, Yudeyuan will cease to be a non-wholly owned subsidiary of the Company.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Having taken into account, amongst others, with reference to the recent market value carried out by the independent valuer for the appreciation of value of the Yudeyuan Property against its audited net carrying value as at 31 December 2015, the recent pessimistic economic

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## LETTER FROM THE BOARD

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outlook, as well as the expectation for further downturn in the PRC property market and the expected proceeds from the Disposal, the Directors consider that, after taking into account the business performance of Yudeyuan since March 2015 and the unforeseen circumstances in relation to the future contribution as to the revenue from the sale of the residential and commercial properties in Wanhao Tianyue Plaza phase I. The Disposal represents good opportunities for the Company to realise its investment in Yudeyuan (including Yudeyuan Property). It is intended that the net proceeds from the Disposal will be used as general working capital of the Company and applied towards the construction of a new production line of ceramic sanitary wares. Accordingly, the Disposal will strengthen the overall financial position of the Company and to free up capital for its operations and any potential new investment opportunities that may arise in the future.

The Board is of the view that the terms in the Sale and Purchase Agreement including the Consideration are in normal commercial terms, which are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

### USE OF PROCEEDS

After deducting any fees and expenses in connection with the Disposal, it is estimated that the net proceeds from the Disposal would be approximately RMB284,168,000. The Company intends to apply the net proceeds from the Disposal (i) as to approximately 70% for the capital expenditure for a new production line; and (ii) the remaining approximately 30% as general working capital.

### INFORMATION OF YUDEYUAN

Yudeyuan is a company incorporated in the PRC with limited liability and is owned as to 70% by the Company since March 2015. Yudeyuan is principally engaged in real estate development and management.

Yudeyuan holds the land use right of Yudeyuan Property which is a land located in Wu'an Town, Changtai County, Zhangzhou City, Fujian Province, PRC, west of Renhe North Road with an aggregate site area of approximately 56,212 square metres.

Yudeyuan has been developing the land into a plaza complex, i.e. Wanhao Tianyue Plaza (萬豪天悅廣場) comprising shopping arcades, recreational facilities and residential units with a total gross floor area of approximately 232,204 square metres with the gross floor area of the phase I being approximately 129,780 square meters. Wanhao Tianyue Plaza will comprise of 1 block of 17-storey residential building, 2 blocks of 28-storey and 4 blocks of 17-storey composite building and 1 block of 4-storey commercial building.

During the year ended 31 December 2015, Yudeyuan has sold certain sale units of the residential and commercial properties in Wanhao Tianyue Plaza phase I to third parties. As at the Latest Practicable Date, such revenue has not yet been realised as the PRC regulatory approvals/licenses for transferring of legal titles have not been obtained.



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## LETTER FROM THE BOARD

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Set out below is the unaudited financial information of Yudeyuan for each of the two financial years ended 31 December 2014 and 31 December 2015:

	<b>For the year ended 31 December 2014 <i>RMB'000</i> (unaudited)</b>	<b>For the year ended 31 December 2015 <i>RMB'000</i> (unaudited)</b>
Loss before taxation	5,413	12,723
Loss after taxation	5,413	12,723

As of 31 December 2015, the audited net assets of Yudeyuan was approximately RMB188,853,000.

### INFORMATION ON THE GROUP

The Group is principally engaged in the manufacture and sale of sanitary ware products, and engaged in property development and leasing services.

Upon Completion, the Company will not have any interest in Yudeyuan and Yudeyuan will cease to be a non-wholly owned subsidiary of the Company. Accordingly, the profits and losses, and the assets and liabilities, of Yudeyuan will no longer be consolidated into the consolidated financial statements of the Company.

### INFORMATION ON THE PURCHASER

The Company understands that the Purchaser is a company incorporated in the PRC with limited liability. The Purchaser has a registered capital of RMB50,000,000 and is principally engaged in trading business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### FINANCIAL EFFECT OF THE DISPOSAL

The financial results of Yudeyuan are consolidated in the consolidated financial statements of the Company since March 2015. After Completion, the Company will cease to have any equity interest in Yudeyuan which will cease to be a non-wholly owned subsidiary of the Company, and the financial results of Yudeyuan will not be consolidated in the consolidated financial statements of the Company.

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## LETTER FROM THE BOARD

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For illustrative purposes, assuming that Completion took place on 31 December 2015, based on the audited financial information of Yudeyuan as at 31 December 2015, it is expected that the Group would recognise a gain of approximately RMB1,338,000 as calculated based on the Consideration of RMB285,000,000 less the carrying value attributable to 70% equity interest in Yudeyuan amounted to approximately RMB132,197,000, the carrying value of goodwill attributable to Yudeyuan amounted to approximately RMB35,915,000 and the Sale Loan which amounted to approximately RMB115,550,000 in the recent published audited consolidated financial statements of the Company for the year ended 31 December 2015.

The above financial effects are provided for illustrative purposes only. The actual gain or loss as a result of the Disposal to be eventually recorded by the Group is subject to audit of, among others, the carrying value of Yudeyuan and the Sale Loan as of the Completion Date which will be assessed after Completion, and therefore may be different from the illustrative amount mentioned above.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as set out in the Listing Rules for the Disposal exceeds 25% but does not exceed 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and shareholders' approval requirements.

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal, written Shareholders' approval has been obtained from Max Lucky Group Limited, the holder of 600,195,023 Shares representing approximately 60.31% of the total voting rights of the Company, in accordance with Rule 14.44 of the Listing Rules. After having obtained this written Shareholders' approval, a general meeting for the approval of the Disposal will not be convened.

### RECOMMENDATION

The Directors are of the opinion that the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for the approval of the Disposal, the Board would recommend the Shareholders to vote in favor of the resolution to approve the Disposal at such general meeting.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
By order of the Board  
**Xiao Zhiyong**  
*Chairman*

## 1. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2016, being the latest practicable date prior to the printing of this circular for the purpose of this indebtedness statement, the bank borrowings, bills payables and corporate bonds of the Group representing:

	<b>As at 30 April 2016</b>			
	<b>Bank borrowings</b>	<b>Bills payables</b>	<b>Corporate bonds</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Secured	230,275	–	–	230,275
Guaranteed	115,210	36,650	–	151,860
Unsecured	15,000	–	248,564	263,564
	<u>360,485</u>	<u>36,650</u>	<u>248,564</u>	<u>645,699</u>

Save as aforesaid and apart from intra-group liabilities, at the close of business on 30 April 2016, the Group did not have any material debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing or acceptances or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

## 2. WORKING CAPITAL STATEMENT

As at the Latest Practicable Date, the Directors are of the opinion that, after taking into account the financial resources and banking facilities available to the Group and its internally generated funds, in absence of unforeseen circumstances, the Group has sufficient working capital for its present requirement for at least the next twelve months from the date of publication of this circular.

## 3. FINANCIAL AND TRADING PROSPECTS

The Group manufactures ceramic sanitary ware products at its production facilities in Zhangzhou, Fujian Province, the PRC. The Group's annual designed production capacity was 4.9 million units for the year ended 31 December 2015 with 5 production lines, which is one of the largest manufacturers of ceramic sanitary products in the PRC in terms of designed production capacity.

Notwithstanding that the global economies are full of uncertainties and are filled with pessimistic sentiment, management of the Company believes that the outlook of sanitary wares industry has already stabilised given the central government ratified the needs of implementing flexi-measures to stimulate housing demand in third-tier and fourth-tier cities during the annual meeting of two sessions. This measure will assist the industry to digest the excessive inventories. Also management of the Company believes that prices of sanitary ware products will become more stable in the years ahead as many small participants with no competitive advantage have been eliminated through competitions during the fiercely cold winter of the industry in 2015. As such the industry prospect will gradually improve and become more positive.

As one of the strongest players in the industry, the Group sells own branded products in China through 445 points of sales, as well as having a large scale of exporting ODM and OEM products to renowned international brands. Going forward, the Group will put in more effort to expand the own branded business in China and overseas markets, and strive to create sustainable revenue growth.

*The following is the text of a letter and a valuation certificate, prepared for the purpose of incorporation in this circular received from Sino-Infinite Appraisal Limited, an independent valuer, in connection with its valuation as at 30 April 2016 of the property interests of the Group.*

**Sino-Infinite Appraisal Limited**  
中源評估有限公司

Suite 1306 13/F.  
Kai Tak Commercial Building  
317-319 Des Voeux Road Central  
Hong Kong  
Tel: +852 3105-0606 Fax: +852 3586-2577  
Website: www.sial.com.hk

Date: 29 June 2016

The Board of Directors  
Bolina Holding Co., Ltd.  
Suite 2, 17th Floor, Sino Plaza  
255-257 Gloucester Road, Causeway Bay  
Hong Kong

Dear Sirs,

### INSTRUCTIONS

In accordance with your instructions for us to value various properties in which Bolina Holding Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) have interests in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 30 April 2016 (referred to as the “**Valuation Date**”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

### BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

**VALUATION METHODOLOGY**

In valuing the property interests of the property under development, we have valued the property on the basis that the property will be developed and completed in accordance with the Group's latest development proposals provided to us. We have adopted market-based valuation approach and the market value of the property interests will be formulated by the direct comparison approach by making reference to comparable sales as available in the market and have taken into account the cost expended and to be expended to complete the development.

**VALUATION CONSIDERATIONS**

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2012 Edition published by The Hong Kong Institute of Surveyors.

**VALUATION ASSUMPTIONS**

In valuing the property interests which are currently under construction, we have assumed that they will be developed and completed in accordance with the Company's latest development proposal provided to us. In arriving at our opinion of value, we have taken into account the construction costs and professional fees relevant to the stage of construction as at the valuation date and the remainder of the costs and fees to be expended to complete the developments.

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our report for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificates attached herewith.

**TITLE INVESTIGATION**

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, Grandall Law (Fuzhou) Firm (國浩律師(福州)事務所), concerning the validity of the Group's title to the property interests located in the PRC.

All legal documents provided by the Group have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

**LIMITING CONDITIONS**

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the properties was carried out by Mr Ian Ng, who is a registered surveyor, on 23 May 2016.

We have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We do not make any allowance for contamination or pollution of the land, if any, which may have been caused by past usage.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

**EXCHANGE RATE**

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuation certificate is herewith attached.

Yours faithfully,  
For and on behalf of  
**Sino-Infinite Appraisal Limited**  
**Ian Ng**  
*MHKIS RPS(GP)*  
*General Manager – Real Estate*

*Mr. Ian Ng is a Registered Professional Surveyor with over 10 years' experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors.*



## VALUATION CERTIFICATE

## Property interests held by the Group under Development in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 30 April 2016																
<p>Wanhao Tianyue Plaza located at Northern side of Renmin Road West, Changtai County, Zhangzhou City, Fujian Province, the PRC</p> <p>(中國福建省漳州市長泰縣人民西路北側萬豪天悅廣場)</p>	<p>Wanhao Tianyue Plaza is a residential/commercial project to be developed into two phases.</p> <p>Phase 1 of the property is under construction with planned total gross floor area of approximately 129,779.67 sq.m. erected upon a land parcel with an area of approximately 30,985.30 sq.m. The area breakdown is listed as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Gross Floor Area</th> </tr> <tr> <td></td> <td style="text-align: right;"><i>Approx (sq.m.)</i></td> </tr> </thead> <tbody> <tr> <td>Above Ground</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Residential</td> <td style="text-align: right;">58,982.68</td> </tr> <tr> <td style="padding-left: 20px;">Commercial</td> <td style="text-align: right;">43,268.82</td> </tr> <tr> <td style="padding-left: 20px;">Ancillary</td> <td style="text-align: right;">1,303.90</td> </tr> <tr> <td>Below Ground</td> <td style="text-align: right; border-top: 1px solid black;">26,224.27</td> </tr> <tr> <td>Total:</td> <td style="text-align: right; border-top: 3px double black;">129,779.67</td> </tr> </tbody> </table>	Use	Gross Floor Area		<i>Approx (sq.m.)</i>	Above Ground		Residential	58,982.68	Commercial	43,268.82	Ancillary	1,303.90	Below Ground	26,224.27	Total:	129,779.67	<p>The property is currently under construction.</p>	<p>RMB740,000,000</p> <p>(Renminbi Seven Hundred Forty Million)</p>
Use	Gross Floor Area																		
	<i>Approx (sq.m.)</i>																		
Above Ground																			
Residential	58,982.68																		
Commercial	43,268.82																		
Ancillary	1,303.90																		
Below Ground	26,224.27																		
Total:	129,779.67																		
	<p>Upon completion, Phase 1 of the property comprises eight 16- to 27-storey residential blocks, namely (i.e. Blocks 1 to 8); and a 4-storey shopping mall (i.e. Block 9) built on a basement.</p> <p>There are 705 carparking spaces to be provided within Phase 1 of the property. Phase 1 of the property is scheduled to be completed in various stage between end of 2016 and 2017.</p> <p>Phase 2 of the property comprises a parcel of vacant land with an area of approximately 25,226.90 sq.m.</p> <p>The property is located at Renmin Road West at its junction with Renhe Road North in the Changtai County in Zhangzhou City. Developments in the vicinity are mainly residential development.</p> <p>The land use rights of the property were granted for terms expiring on 14 September 2082 and 14 September 2052 for residential and commercial uses respectively.</p>																		

*Notes:*

- (1) Pursuant to a State-owned Land Use Rights Grant Contract dated 9 November 2012 entered into between Fujian Province Changtai County Bureau of Land and Resources (福建省長泰縣國土資源局) and Fujian Yudeyuan Property Co., Ltd (福建裕德源置業有限公司), the land use rights of a land parcel (Lot No. 030903002) were contracted to be transferred to Fujian Yudeyuan Property Co., Ltd at a land premium of RMB167,500,000. The development conditions of the property are set out as follows:–

Site Area	:	Approximate 56,212 sq.m.
Plot Ratio	:	Not greater than 3.3
Land Use	:	Portion of the land with an area of approximately 36,540 sq.m. for commercial use; remaining portion of the land for residential use
Term of Land Use Rights	:	70 years for residential use; and 40 years for commercial use

- (2) Pursuant to four State-owned Land Use Rights Certificates issued by Fujian Province Changtai County Bureau of Land and Resources all dated 17 March 2016, the land use rights of land parcels with a total site area of approximately 56,212.20 sq.m. were granted to Fujian Yudeyuan Property Co., Ltd expiring on 14 September 2082 and 14 September 2052 for residential and commercial uses respectively. Details of the certificates are set out as follows:–

<b>Certificate No.</b>	<b>Site Area</b>
	<i>(Approx.) (sq.m.)</i>
Tai Guo Yong (2016) Di No. 00379 (泰國用(2016) 第00379號)	18,766.50
Tai Guo Yong (2016) Di No. 00380 (泰國用(2016) 第00380號)	14,546.70
Tai Guo Yong (2016) Di No. 00381 (泰國用(2016) 第00381號)	9,758.80
Tai Guo Yong (2016) Di No. 00382 (泰國用(2016) 第00382號)	13,140.20
Total:	<u>56,212.20</u>

- (3) Pursuant to a Construction Land Use Planning Permits – Di Zi Di No. 350625201300027 (地字第350625201300027號) issued by Changtai County Bureau of Urban-Rural Planning Development (長泰縣城鄉規劃建設局) dated 27 August 2013, Fujian Yudeyuan Property Co., Ltd was approved to develop land parcels with a total area of approximately 56,212.916 sq.m. for residential/commercial uses.
- (4) Pursuant to a Construction Project Planning Permit – Jian Zi Di No. 350625201300063 (建字第350625201300063號) issued by Changtai County Bureau of Urban-Rural Planning Development dated 11 September 2013, Fujian Yudeyuan Property Co., Ltd were approved the construction works of Phase 1 of the property with a total gross floor area of approximately 129,779.67 sq.m.
- (5) Pursuant to a Construction Works Commencement Permit – No. 350625201309300101 (編號350625201309300101) issued by Changtai County Bureau of Urban-Rural Planning Development dated 30 September 2013, Fujian Yudeyuan Property Co., Ltd was approved to commence construction works of Phase 1 of the property with a total gross floor area of approximately 130,197.88 sq.m.

- (6) Pursuant to five Commodity House Pre-sale Permits issued by Changtai County Housing Security and Administration Bureau of Housing (長泰縣住房保障與房地產管理局), portions of Phase 1 of the property with a total gross floor area of approximately 80,958.76 sq.m. were permitted to be pre-sold. Details of the permits are set out as follows:-

<u>Permit No.</u>	<u>Use</u>	<u>Date of Issue</u>	<u>Gross Floor Area</u> (Approx.) (sq.m.)
(2014Tai) Fang Yu Shou Zheng Di No. 008 ((2014泰)房預售證第008號)	Residential/ Commercial	4 April 2014	16,462.50
(2014Tai) Fang Yu Shou Zheng Di No. 015 ((2014泰)房預售證第015號)	Residential/ Commercial	18 July 2014	13,528.85
(2015Tai) Fang Yu Shou Zheng Di No. 006 ((2015泰)房預售證第006號)	Residential	2 April 2015	8,180.62
(2015Tai) Fang Yu Shou Zheng Di No. 016 ((2015泰)房預售證第016號)	Residential/ Commercial	15 September 2015	26,491.13
(2015Tai) Fang Yu Shou Zheng Di No. 015 ((2015泰)房預售證第015號)	Carparking Space	15 September 2015	16,295.66
Total:			<u>80,958.76</u>

- (7) As advised, as at the Valuation Date, portions of Phase 1 of the property with a total gross floor area of approximately 45,344.64 sq.m. and 55 carparking spaces have been pre-sold at a total consideration of approximately RMB294,000,000. We have taken the consideration into account in the course of our valuation.
- (8) As advised, among the total gross floor area of Block 9 (i.e. the shopping mall) of approximately 36,427.73 sq.m., various portions with a total gross floor area of approximately 21,607.53 sq.m. were contracted to be leased to various tenants with details listed as follows:

<u>Tenant</u>	<u>Level</u>	<u>Term</u>	<u>Lettable Area</u> (sq.m.)	<u>Monthly Rental</u>
Tenant A	Portions of Levels 1 & 2	20 Years	10,895	<ul style="list-style-type: none"> <li>- RMB26/sq.m. for the first 3 years with 4 months' rent free period and 15 months with favourable rent of RMB3/sq.m.;</li> <li>- RMB27.3/sq.m. for 4th to 6th year;</li> <li>- RMB28.67/sq.m. for 7th to 9th year;</li> <li>- RMB30.1/sq.m. for 10th to 12th year;</li> <li>- RMB31.6/sq.m. for 13th to 15th year;</li> <li>- RMB33.18/sq.m. for 16th to 18th year;</li> <li>and</li> <li>- RMB34.84/sq.m. for 19th to 20th year.</li> </ul>
Tenant B	Portions of Levels 1 & 2	10 Years	401.2	<ul style="list-style-type: none"> <li>- RMB86/sq.m. for the first 2 years with 8 months' rent free period;</li> <li>- RMB91/sq.m. for 3rd to 4th year;</li> <li>- RMB96/sq.m. for 5th to 6th year;</li> <li>- RMB102/sq.m. for 7th to 8th year; and</li> <li>- RMB108/sq.m. for 9th to 10th year.</li> </ul>

Tenant	Level	Term	Lettable Area (sq.m.)	Monthly Rental
Tenant C	Portion of Level 1	5 Years	135.59	RMB85/sq.m., RMB120/sq.m., RMB126/sq.m. and RMB132.2/sq.m. for 1st to 2nd, 3rd, 4th and 5th year respectively with 12 months' rent free period.
Tenant D	Portion of Level 1	5 Years	80.66	RMB84/sq.m., RMB96/sq.m., RMB120/sq.m., RMB126/sq.m. and RMB132.3/sq.m. for 1st, 2nd, 3rd, 4th and 5th year respectively with 8 months' rent free period.
Tenant E	Portion of Level 2	4 Years	112.76	– RMB53.5/sq.m. for 1st year with 8 months' rent free period; – RMB59/sq.m. for 2nd year with 4 months' rent free period; – RMB70/sq.m. for 3rd year; and – RMB73.5/sq.m. for 4th year.
Tenant F	Portion of Level 2	3 Years	112.76	RMB45/sq.m., RMB50/sq.m. and RMB60/sq.m. for 1st, 2nd and 3rd year respectively with 6 months' rent free period.
Tenant G	Portion of Level 3	8 Years	383.04	RMB38/sq.m., RMB50.7/sq.m., RMB63.4/sq.m., RMB66.3/sq.m., RMB69.3/sq.m., RMB72.5/sq.m., RMB75.9/sq.m. and RMB79.5/sq.m. for 1st, 2nd, 3rd, 4th, 5th, 6th, 7th and 8th year respectively.
Tenant H	Portion of Level 3	8 Years	1,970	RMB25/sq.m., RMB35/sq.m., RMB45/sq.m., RMB47.7/sq.m. and RMB50.56/sq.m., RMB53.6/sq.m. for 1st, 2nd, 3rd, 4th to 5th, 6th to 7th and 8th year respectively with 8 months' rent free period.
Tenant I	Portion of Level 3	8 Years	438.95	RMB35.8/sq.m., RMB47.7/sq.m., RMB59.7/sq.m., RMB62.3/sq.m., RMB65.1/sq.m., RMB68.1/sq.m., RMB71.2/sq.m. and RMB75.5/sq.m. for 1st, 2nd, 3rd, 4th, 5th, 6th, 7th and 8th year respectively.
Tenant J	Portion of Level 4	6 Years	637.69	RMB29/sq.m., RMB35/sq.m., RMB40/sq.m., RMB42/sq.m., RMB44.1/sq.m. and RMB46.3/sq.m., for 1st, 2nd, 3rd, 4th, 5th and 6th year respectively with 7 months' rent free period.

Tenant	Level	Term	Lettable Area (sq.m.)	Monthly Rental
Tenant K	Potion of Level 4	10 Years	3,257.78	– RMB15.4/sq.m. for the first year with 4 months' rent free period; – RMB19.8/sq.m. for 2nd year; – RMB22/sq.m. for 3rd year; and – Increase of 5% per annum thereafter.
Tenant L	Potion of Level 4	15 Years	3,182.1	– RMB30/sq.m. for the first 3 years with 12 month's rent free period; – RMB31.8/sq.m. for 4th year to 6th year; – RMB33.7/sq.m. for 7th year to 9th year; – RMB35.7/sq.m. for 10th year to 12th year; and – RMB37.8/sq.m. for 13th year to 15th year.

We have taken the tenancies into account in the course of our valuation.

- (9) We are instructed by the Company to value the shopping mall for accounting purpose as at the Valuation Date. The market value of the shopping mall as at the Valuation Date was RMB245,000,000.
- (10) As advised by the Company, the construction cost incurred in relation to the development of Phase 1 of the property was approximately RMB342,000,000 as at the Valuation Date. The estimated outstanding construction cost to complete it was approximately RMB34,000,000. In the course of our valuation, we have taken into account such construction cost.
- (11) The market value of Phase 1 of the property as if completed as at the Valuation Date was RMB751,000,000.
- (12) Fujian Yudeyuan Property Co., Ltd is 70% interest-owned by the Group.
- (13) The major certificates and permits of the property are summarized as follows:
- |       |  |               |
|-------|--|---------------|
| (i)   | State-owned Land Use Rights Grant Contract | Yes           |
| (ii)  | State-owned Land Use Rights Certificate    | Yes           |
| (iii) | Construction Land Use Planning Permit      | Yes           |
| (iv)  | Construction Project Planning Permit       | Yes (Phase 1) |
| (v)   | Construction Works Commencement Permit     | Yes (Phase 1) |
- (14) In the course of our valuation, we have assumed that Fujian Yudeyuan Property Co., Ltd is entitled to freely lease, use, transfer, mortgage and dispose of the property.
- (15) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:
- (i) Fujian Yudeyuan Property Co., Ltd legally owns the land use rights of the property;
  - (ii) Fujian Yudeyuan Property Co., Ltd is entitled to transfer, lease or mortgage the land use rights of the property provided that the development of the property has been invested over 25% of the total amount of investment;
  - (iii) Fujian Yudeyuan Property Co., Ltd has obtained the construction land use planning permit, construction project planning permit and construction works commencement permit of Phase 1 of the property and its development complies with relevant laws;
  - (iv) The land premium has been paid in full; and
  - (v) Portions of the property in connection with the Land Use Rights Certificates – Tai Guo Yong(2016)Di No. 00381 and Tai Guo Yong(2016)Di No. 00382 with a total site area of approximately 22,899 sq.m. are subject to a mortgage in favour of Bank of Quanzhou Co., Ltd Changtai Branch (泉州銀行股份有限公司長泰支行).

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

Directors' interests and short positions in the securities of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company 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 were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name	Long/Short position	Type of interest	Number of Shares	Percentage of shareholding in the Company
Mr. Xiao	Long position	Interest in a controlled corporation <sup>(1)</sup>	400,195,023	40.21%
	Short position	Interest in a controlled corporation <sup>(1)</sup>	200,000,000	20.10%
Ms. Ye	Long position	Interest of spouse <sup>(2)</sup>	400,195,023	40.21%
	Short position	Interest of spouse <sup>(2)</sup>	200,000,000	20.10%
Max Lucky Group Limited (“Max Lucky”)	Long position	Beneficial Owner	400,195,023	40.21%
	Short position	Beneficial Owner	200,000,000	20.10%

*Notes:*

1. Mr. Xiao is deemed to be interested in the shares held by Max Lucky by virtue of Max Lucky being controlled by Mr. Xiao directly. Meanwhile, Mr. Xiao is a director of Max Lucky which has an interest in the shares of the Company which falls to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO.
2. Ms. Ye, being the wife of Mr. Xiao, is deemed (by virtue of the SFO) to be interested in 600,195,023 shares in the Company which are held by Max Lucky. Max Lucky is wholly-owned by Mr. Xiao.

Save as disclosed in this paragraph 2, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

### **3. MATERIAL ADVERSE CHANGE**

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

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

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

### **5. COMPETING INTEREST**

As at the Latest Practicable Date, the Directors were not aware that any of them had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

### **6. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 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 are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

## 7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claim of material importance, and no litigation or claim of material importance was known to the Directors to be pending or threatened, against any member of the Group.

## 8. MATERIAL CONTRACTS

Save for and except for the Sale and Purchase Agreement, of which a summary of the principal terms, and particulars of any consideration passing to or from any member of the Group, are set out in this circular, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the issue of this circular.

## 9. EXPERTS AND CONSENTS

The following is the qualifications of the experts who have given opinion or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualifications</b>
Elite Partners CPA Limited	Certified Public Accountants
Sino-Infinite Appraisal Limited	Independent property valuer
Grandall Law (Fuzhou) Firm	PRC Legal adviser

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, none of the experts 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 securities in any member of the Group.

## 10. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Wong Wai Ming. Mr. Wong is a member of the Hong Kong Institution of Certified Public Accountants and certified as a qualified Financial Risk Manager (“FRM<sup>®</sup>”) by the Global Association of Risk Professionals.



- (b) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.
- (c) The head office of the Company is located at Caikeng Industrial Park, Changtai Economic Development Zone, Changtai County, Fujian Province, PRC. The transfer office of the Company is located at Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

#### **11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours on Mondays through Fridays at the principal place of business of the Company in Hong Kong at Suite 2, 17th Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong, for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2013, 31 December 2014 and 31 December 2015;
- (c) the material contract referred to in the paragraph headed “Material Contracts” in this Appendix;
- (d) the written consents referred to in the paragraph headed “Experts and Consents” in this appendix;
- (e) the property valuation report prepared by Sino-Infinite Appraisal Limited as set out in Appendix II to this circular; and
- (f) this circular.