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**(Stock Code: 290)**

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**(I) VERY SUBSTANTIAL ACQUISITIONS AND  
CONNECTED TRANSACTIONS – ACQUISITIONS OF  
THE REMAINING 49% INTEREST IN EACH OF  
EXCALIBUR SECURITIES LIMITED  
AND  
EXCALIBUR FUTURES LIMITED**

**(II) VERY SUBSTANTIAL ACQUISITION –  
ACQUISITION OF THE ENTIRE INTEREST IN  
WEALTHY AIM GROUP LIMITED**

**(III) AND RESUMPTION OF TRADING**

**Financial adviser to the Company**

**VEDA | CAPITAL**  
**智略資本**

The Board is pleased to announce that on 6 March 2009 (after trading hours), the Purchaser entered into:

- (i) the ESL Agreement whereby the ESL Vendor agreed to sell and the Purchaser agreed to purchase the ESL Sale Shares, representing the remaining 49% interest in Excalibur Securities, at HK\$19.2 million. The consideration will be settled by way of issuing the ESL Convertible Bonds by the Company for a principal amount of HK\$19.2 million to the ESL Vendor on the ESL Completion Date. A refundable deposit in the sum of HK\$10 million shall be paid by the Purchaser to the ESL Vendor within one month after the execution of the ESL Agreement and will be refunded and returned in its entirety to the Purchaser upon ESL Completion;

- (ii) the EFL Agreement whereby the EFL Vendor agreed to sell and the Purchaser agreed to purchase the EFL Sale Shares, representing the remaining 49% interest in Excalibur Futures, at HK\$9.8 million. The consideration will be settled by way of issuing the EFL Convertible Bonds by the Company for a principal amount of HK\$9.8 million to the EFL Vendor on the EFL Completion Date. A refundable deposit in the sum of HK\$5 million has been paid by the Purchaser to the EFL Vendor upon the execution of the EFL Agreement and will be refunded and returned in its entirety to the Purchaser upon EFL Completion; and
- (iii) the AMS Agreement whereby the AMS Vendor agreed to sell and the Purchaser agreed to purchase the WA Sale Share, representing the entire interest in Wealthy Aim. The maximum consideration of HK\$58.5 million (subject to the AMS Adjustments) will be settled by way of the Company issuing the AMS Convertible Bonds for a maximum principal amount of HK\$58.4 million (subject to the AMS Adjustments) and a non-refundable deposit in the sum of HK\$100,000 to the AMS Vendor. The Maximum Amount will be reduced by 70% of the shortfall of the amount of cash repayment of the AMS Other Receivables. The cash deposit has been paid by the Purchaser to the AMS Vendor upon the execution of the AMS Agreement.

In accordance with Rule 14.22 and Rule 14.23 of the Listing Rules, the aggregation of the acquisitions of 51% and then the remaining 49% of Excalibur Securities; and the acquisitions of 51% and then the remaining 49% of Excalibur Futures constitute very substantial acquisitions for the Company and are subject to disclosure requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, (i) the ESL Vendor or the EFL Vendor (as the case may be) is interested in as to 49% of both the issued share capital of Excalibur Securities and Excalibur Futures which are both 51% subsidiaries of the Company; (ii) a substantial Shareholder, Mr. Lao Chio Kuan, is interested in as to approximately 50.92% of the ESL Vendor or the EFL Vendor (as the case may be), thus the ESL Vendor or the EFL Vendor (as the case may be) is an associate of the Company. The ESL Acquisition and the EFL Acquisition accordingly constitute connected transactions of the Company. The ESL Vendor or the EFL Vendor (as the case may be) and its associates are required to abstain from voting to approve the respective resolutions in relation to the ESL Agreement and EFL Agreement at the EGM.

The Company will seek the approval of the Independent Shareholders at the EGM to be convened and held by the Company to approve the ESL Acquisition, the EFL Acquisition and the transactions contemplated thereunder. An independent board committee will be established to advise the Independent Shareholders regarding the ESL Acquisition and the EFL Acquisition. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders on whether the ESL Acquisition and the EFL Acquisition are entered into under normal and commercial terms, in the ordinary course of business of the Group and is fair and reasonable to the Company and the Independent Shareholders taken as a whole.

The AMS Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is subject to the approval of Shareholders at the EGM. The Company will seek the approval of its Shareholders at the EGM to be convened and held by the Company to approve the AMS Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder have a material interest in the AMS Acquisition other than their shareholding interests in the Shares, and accordingly no Shareholder is required to abstain from voting on the AMS Acquisition at the EGM.

Circular(s) containing, among others, (i) further details of the acquisitions and information of Excalibur Securities, Excalibur Futures and the AMS Group; (ii) the accountants' report of Excalibur Securities, Excalibur Futures and the AMS Group; (iii) pro forma financial information of the enlarged Group after the ESL Acquisition, EFL Acquisition and the AMS Acquisition; and (iv) a notice of the EGM for the purpose of, among others, approving the ESL Acquisition, EFL Acquisition and AMS Acquisition, will be sent to Shareholders as soon as practicable and in accordance with the Listing Rules.

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 9 March 2009 pending the release of this announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 17 March 2009.

## **(I) ACQUISITION OF 49% INTEREST OF EXCALIBUR SECURITIES**

Reference in this section is made to the announcements of the Company dated 30 May 2008, 18 August 2008, 24 September 2008, 3 November 2008, 2 February 2009 and 19 February 2009, and the circular of the Company dated 30 June 2008 in relation to, among others, the acquisition of 51% of the issued share capital of Excalibur Securities.

### **The ESL Agreement**

Date: 6 March 2009

Parties: (1) The ESL Vendor

(2) The Purchaser

The ESL Vendor is an investment holding company and is interested in 49% of the issued share capital of Excalibur Securities and Excalibur Futures (of which the Purchaser is interested as to 51% respectively).

### **Assets to be acquired**

The ESL Sale Shares, representing 49% of the issued share capital of Excalibur Securities.

### **Consideration**

The consideration of HK\$19.2 million for the sale and purchase of the ESL Sale Shares was determined after arm's length negotiation between the ESL Vendor and the Purchaser and the basis of determining and arriving at the consideration was by making reference to the consideration of the acquisition of 51% interest in Excalibur Securities by the Group, which was completed in February 2009, the 2009 ESL Profit Guarantee as well as the 2010 ESL Profit Guarantee and by way of comparison with market comparables of price earnings ratios of companies listed on the Stock Exchange with principal business engaged in broking of securities and futures and margin financing. The Board has also considered the future prospects of Excalibur Securities to the

Company as a whole as set out in the section headed “Reasons for the ESL Acquisition, EFL Acquisition and AMS Acquisition”. Based on the average of the 2009 ESL Profit Guarantee and the 2010 ESL Profit Guarantee and the Acquisition of 49% of Excalibur Securities, the consideration represents a price earnings multiple of approximately 3.6 times. The price earnings ratios of the comparable companies ranged from approximately 1.08 times to 11.41 times with an average of approximately 4.22 times as at the date of the ESL Agreement.

The consideration of HK\$19.2 million shall be satisfied by the Purchaser in the following manner:

- (a) a refundable deposit in the sum of HK\$10 million shall be paid by the Purchaser to the ESL Vendor within one month after the execution of the ESL Agreement; and
- (b) the consideration of HK\$19.2 million shall be satisfied by the Purchaser by procuring the Company to issue the ESL Convertible Bonds upon ESL Completion, at which point the deposit shall be refunded and returned in its entirety to the Purchaser.

The cash deposit will be financed by the internal resources of the Group and is a mechanism agreed at arms length between the Purchaser and the ESL Vendor to secure the performance of the Purchaser under the ESL Agreement before the ESL Completion. The ESL Vendor has undertaken to refund and return the cash deposit in the amount of HK\$10 million in its entirety to the Purchaser upon the ESL Completion and the Directors consider such arrangement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions**

ESL Completion is subject to satisfaction (or where appropriate, waiver) of the conditions set out below:

- (a) all necessary consents, confirmations, permits, approvals, licences and authorisations having been obtained from all relevant governmental, regulatory and other authorities, agencies and departments in Hong Kong (including but not limited to the SFC and the Stock Exchange) in connection with the transactions contemplated under the ESL Agreement, the implementation of and all other matters incidental to the ESL Agreement;

- (b) the passing by the Shareholders in general meeting of the necessary resolutions approving the ESL Agreement and other transactions contemplated in or incidental to the ESL Agreement (if any) in accordance with the Listing Rules;
- (c) all other necessary waivers, consents and approvals (if required) in relation to the Purchaser, its holding company(ies) and its (their) shareholders and directors from the relevant governmental or regulatory authorities in Hong Kong (including the Stock Exchange) and other applicable jurisdictions required for the ESL Agreement and the transactions contemplated herein being obtained;
- (d) all warranties remaining true and accurate as at ESL Completion and the ESL Vendor shall have performed or complied, in all material respects, with its covenants and agreements contained herein and required to be performed or complied with by the ESL Vendor at or prior to the ESL Completion Date; and
- (e) the completion of the unaudited balance sheet of Excalibur Securities as at ESL Completion Date (the “**ESL Completion Accounts**”), which shall be completed in full to the reasonable satisfaction of the Purchaser in its absolute discretion and written notice to that effect having been given by the Purchaser to the ESL Vendor. In the event that the Purchaser raises any queries or requisitions of in relation to the ESL Completion Accounts, the ESL Vendor shall promptly provide to the Purchaser in writing full and complete answers and explanations to such queries and requisitions and, where applicable, all relevant supporting documentation in respect thereof. (The Directors considered that the ESL Completion Accounts will assist to ascertain the attributable interests in the assets and liabilities of Excalibur Securities upon the ESL Completion, in particular, the payables and receivables of Excalibur Securities.)

The Purchaser shall have the discretion to waive all or any part of the conditions set out above except conditions (a), (b) and (c) and any waiver so granted may be subject to such conditions as the Purchaser may deem fit. Save as so waived, the parties shall use their respective best endeavours to ensure that the conditions set out above shall be fulfilled as soon as possible after execution of the ESL Agreement. Save as otherwise stated, if the above conditions (other than condition (e)) shall not have been fulfilled or waived by 5:00 p.m. on the ESL Long Stop Date (or such later date as the parties may agree in writing), the ESL Agreement shall automatically terminate and none of the parties to the ESL Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties under the ESL Agreement (save for any antecedent breaches of the terms thereof).

## **ESL Completion**

ESL Completion is expected to take place within 3 Business Days after the above conditions (other than condition (e)) being fulfilled or waived, or such later date as the parties may agree in writing. After the ESL Completion, Excalibur Securities will become a wholly owned subsidiary of the Company. The financial statements of Excalibur Securities will remain consolidated in the accounts of the Group after the ESL Completion.

## **ESL Profit Guarantees**

Pursuant to the ESL Agreement, the ESL Vendor has covenanted, warranted, undertaken and guaranteed to the Purchaser that the 2009 ESL Net Profit and 2010 ESL Net Profit shall not be less than the 2009 ESL Profit Guarantee of HK\$10 million and the 2010 ESL Profit Guarantee of HK\$12 million respectively.

The ESL Vendor has covenanted, warranted, undertaken and guaranteed to the Purchaser that in the event that the 2009 ESL Net Profit is not met (“**2009 ESL Shortfall**”) or the 2010 ESL Net Profit is not met (“**2010 ESL Shortfall**”), the ESL Vendor’s right to exercise the option to convert the ESL Convertible Bonds into ESL Conversion Shares shall be adjusted as follows:

The ESL Vendor has acknowledged and expressly agreed the ESL Convertible Bonds shall be exercised and converted into ESL Conversion Shares in the following manner:

- (a) Upon ESL Completion, the ESL Vendor shall be entitled to partially convert the ESL Convertible Bonds into ESL Conversion Shares in the value of HK\$8.42 million;
- (b) In the event that the 2009 ESL Profit Guarantee is successfully met, the ESL Vendor shall be entitled to further partially exercise and convert the outstanding ESL Convertible Bonds into ESL Conversion Shares in the value of HK\$4.9 million only (the “**2009 ESL Conversion Right**”);
- (c) In the event that the 2010 ESL Profit Guarantee is also successfully met, the ESL Vendor shall be entitled to exercise and convert the outstanding ESL Convertible Bonds into ESL Conversion Shares in the value of HK\$5.88 million only (the “**2010 ESL Conversion Right**”);

- (d) In the event of a 2009 ESL Shortfall, the ESL Vendor’s right and entitlement to exercise the 2009 ESL Conversion Right (to convert the ESL Convertible Bonds into ESL Conversion Shares) shall be reduced by an amount equivalent to 49% of the actual 2009 ESL Shortfall, up to a maximum of 100% of the 2009 ESL Conversion Right (the “**2009 ESL Conversion Right Reduction**”). In the event of a 2009 ESL Conversion Right Reduction, any remaining portion of the 2009 ESL Conversion Right shall be irrevocably forfeited and extinguished;
  
- (e) In the event of a 2010 ESL Shortfall, the ESL Vendor’s right and entitlement to exercise the 2010 ESL Conversion Right (to convert the ESL Convertible Bonds into ESL Conversion Shares) shall be reduced by an amount equivalent to 49% of the actual 2010 ESL Shortfall, up to a maximum of 100% of the 2010 ESL Conversion Right (the “**2010 ESL Conversion Right Reduction**”). In the event of a 2010 ESL Conversion Right Reduction, any remaining portion of the 2010 ESL Conversion Right shall be irrevocably forfeited and extinguished.

Each and every of the above obligation shall be treated as a separate obligation and shall be severally enforceable as such and, in the event of any obligation or obligations being or becoming unenforceable in whole or in part, such part or parts as are unenforceable shall be deleted and any such deletion shall not affect the enforceability of all such parts as remain not so deleted.

### **ESL Convertible Bonds**

The following is a summary of the key terms of the ESL Convertible Bonds:

Issuer:	the Company
Bondholder:	the ESL Vendor
Amount:	HK\$19,200,000
Issue price:	100% of the principal amount of the ESL Convertible Bonds
Interest rate:	0%



ESL Conversion  
Conditions:

The ESL Bondholder acknowledges and expressly agrees the ESL Convertible Bonds shall be exercised and converted into ESL Conversion Shares in the following manners:

- (a) Upon ESL Completion, the ESL Bondholder shall be entitled to partially convert the ESL Convertible Bonds into ESL Conversion Shares in the value of HK\$8.42 million;
- (b) In the event that the 2009 ESL Profit Guarantee is successfully met, the ESL Bondholder shall be entitled to further partially convert the outstanding ESL Convertible Bonds into ESL Conversion Shares in the value of HK\$4.9 million only;
- (c) In the event that the 2010 ESL Profit Guarantee is also successfully met, the ESL Bondholder shall be entitled to convert the outstanding ESL Convertible Bonds into ESL Conversion Shares in the value of HK\$5.88 million only;
- (d) In the event of a 2009 ESL Shortfall, the ESL Bondholder's right and entitlement to exercise the 2009 ESL Conversion Right (to convert the ESL Convertible Bonds into ESL Conversion Shares) shall be reduced by an amount equivalent to the 2009 ESL Conversion Right Reduction. In the event of a 2009 ESL Conversion Right Reduction, any remaining portion of the ESL Convertible Bonds subject to the 2009 ESL Conversion Right shall be irrevocably forfeited and extinguished;

- (e) In the event of a 2010 ESL Shortfall, the ESL Bondholder's right and entitlement to exercise the 2010 ESL Conversion Right (to convert the ESL Convertible Bonds into ESL Conversion Shares) shall be reduced by an amount equivalent to the 2010 ESL Conversion Right Reduction. In the event of a 2010 ESL Conversion Right Reduction, any remaining portion of the ESL Convertible Bonds subject to the 2010 ESL Conversion Right shall be irrevocably forfeited and extinguished.

No fraction of a Share shall be issued on conversion of the ESL Convertible Bonds. Fractional entitlements shall be ignored and any sum paid in respect thereof shall be retained by the Company for its own benefit.

Redemption: Unless previously converted, the ESL Convertible Bonds shall be redeemed by the Company at its principal amount outstanding on the maturity date of the ESL Convertible Bonds

Maturity date: The date falling the third anniversary of the date of issue of the ESL Convertible Bonds

Conversion Price: HK\$0.16 per ESL Conversion Share, subject to adjustments in each of the following cases (details provisions are set out in the terms and conditions of the ESL Convertible Bonds):

- (a) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
- (b) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);

- (c) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders in their capacity as such or rights being granted to Shareholders to acquire for cash assets of the Group;
- (d) an offer or grant being made by the Company to the Shareholders by way of rights or of options or warrants to subscribe for or purchase Shares at a price which is less than 90% of the market price;
- (e) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than the greater of either 90% of the market price or the Conversion Price in effect, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than the greater of either 90% of the market price or the Conversion Price in effect;
- (f) an issue being made by the Company wholly for cash of Shares (other than Shares issued pursuant to an employee share option scheme of the Company) at a price per Share less than the greater of either 90% of the market price or the Conversion Price in effect; and
- (g) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share less than the greater of either 90% of the market price or the Conversion Price in effect.

The Conversion Price shall not be adjusted to below the nominal value of a Share from time to time.

The Conversion Price of the ESL Convertible Bonds:

- (i) represents a discount of 36% to the closing price of HK\$0.25 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a discount of approximately 38.46% to the average of the closing prices of HK\$0.26 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day;
- (iii) represents a premium of approximately 0.63% over the Adjusted NAV per Share of approximately HK\$0.159;
- (iv) is equivalent to the Conversion Price of the EFL Convertible Bonds and the Conversion Price of the AMS Convertible Bonds.

Transferability:

Save with the fulfillment of the ESL Conversion Conditions and the prior written consent of the Company and prior written notice in relation to such transfer or assignment has been given to the Company, no assignment or transfer of the ESL Convertible Bonds may be made. The ESL Convertible Bonds may only be transferred, if and only if, the transfer is made in accordance with any applicable requirements of the Stock Exchange, the Listing Rules, applicable laws and regulations and the provisions of the ESL Convertible Bonds.

In the event of a transfer to a connected person of the Company, prior approval from the Company and the Stock Exchange should be obtained.

Any assignment or transfer of the ESL Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$1,000,000) of the outstanding principal amount of the ESL Convertible Bonds.

Voting: The ESL Bondholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the ESL Bondholder.

Ranking: The obligations of the Company arising under the ESL Convertible Bonds constitutes general unconditional, unsecured and unsubordinated obligations of the Company and rank and shall rank equally among themselves and *pari passu* with all other present and future unsecured and un-subordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.

The ESL Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the ESL Convertible Bonds will rank *pari passu* in all respects with all other Shares in issue at the date on which the conversion rights attached to the ESL Convertible Bonds are exercised.

Limitation on conversion: The ESL Bondholder shall not convert any ESL Convertible Bonds and the Company shall not issue any ESL Conversion Shares if, upon such issue, (1) the ESL Bondholder and parties acting in concert (as defined under the Takeovers Code) with it will be interested in 30% (or such amount as may from time to time specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company or will be under an obligation to make a general offer under the Takeovers Code; (2) each of (i) any of the Shareholders holding more than 20% or more of the voting rights of the Company; and (ii) the ESL Bondholder and its parties acting in concert (as defined under the Takeovers Code) will hold 20% or more of the voting rights of the Company respectively; or (3) the public float of the Company falls below 25% of the issued share capital of the Company.

Events of default: The ESL Convertible Bonds contain customary events of default provisions. Upon the happening of an event of default, the ESL Bondholder may give notice to the Company that the ESL Convertible Bonds, on the giving of such notice, are immediately due and payable at its principal amount then outstanding.

### **Application for listing**

No application will be made by the Company to the Listing Committee for the listing of the ESL Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the ESL Conversion Shares.

## **(II) ACQUISITION OF 49% INTEREST IN EXCALIBUR FUTURES**

Reference in this section is made to the announcements of the Company dated 18 August 2008, 24 September 2008 and 19 February 2009, and the circular of the Company dated 8 October 2008 in relation to, among others, the acquisition of 51% of the issued share capital of Excalibur Futures.

### **The EFL Agreement**

Date: 6 March 2009

Parties: (1) The EFL Vendor

(2) The Purchaser

The EFL Vendor is an investment holding company and is interested in 49% of the issued share capital of Excalibur Securities and Excalibur Futures (of which the Purchaser is interested as to 51% respectively).

### **Assets to be acquired**

The EFL Sale Shares, representing 49% of the issued share capital of Excalibur Futures.

## Consideration

The consideration of HK\$9.8 million for the sale and purchase of the EFL Sale Shares was determined after arm's length negotiation between the EFL Vendor and the Purchaser and the basis of determining and arriving at the consideration was by making reference to the consideration of the acquisition of 51% interest in Excalibur Futures by the Group, which was completed in February 2009, the 2009 EFL Profit Guarantee as well as the 2010 EFL Profit Guarantee and by way of comparison with market comparables of price earnings ratios of companies listed on the Stock Exchange with principal business engaged in broking of securities and futures and margin financing. The Board has also considered the future prospects of Excalibur Futures to the Company as a whole as set out in the section headed "Reasons for the ESL Acquisition, EFL Acquisition and AMS Acquisition". Based on the average of the 2009 EFL Profit Guarantee and the 2010 EFL Profit Guarantee and the Acquisition of 49% of Excalibur Futures, the consideration represents a price earnings multiple of approximately 4.21 times. The price earnings ratios of the comparable companies ranged from approximately 1.08 times to 11.41 times with an average of approximately 4.22 times as at the date of the EFL Agreement.

The consideration of HK\$9.8 million shall be satisfied by the Purchaser in the following manner:

- (a) a refundable deposit in the sum of HK\$5 million has been paid by the Purchaser to the EFL Vendor upon the execution of the EFL Agreement; and
- (b) the consideration of HK\$9.8 million shall be satisfied by the Purchaser by procuring the Company to issue the EFL Convertible Bonds upon EFL Completion, at which point the deposit shall be refunded and returned in its entirety to the Purchaser.

The cash deposit has been financed by the internal resources of the Group and is a mechanism agreed at arms length between the Purchaser and the EFL Vendor to secure the performance of the Purchaser under the EFL Agreement before the EFL Completion. The EFL Vendor has undertaken to refund and return the cash deposit in the amount of HK\$5 million in its entirety to the Purchaser upon the EFL Completion and the Directors consider such arrangement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Conditions

EFL Completion is subject to satisfaction (or where appropriate, waiver) of the conditions set out below:

- (a) all necessary consents, confirmations, permits, approvals, licences and authorisations having been obtained from all relevant governmental, regulatory and other authorities, agencies and departments in Hong Kong (including but not limited to the SFC and the Stock Exchange) in connection with the transactions contemplated under the EFL Agreement, the implementation of and all other matters incidental to the EFL Agreement;
- (b) the passing by the Shareholders in general meeting of the necessary resolutions approving the EFL Agreement and other transactions contemplated in or incidental to the EFL Agreement (if any) in accordance with the Listing Rules;
- (c) all other necessary waivers, consents and approvals (if required) in relation to the Purchaser, its holding company(ies) and its (their) shareholders and directors from the relevant governmental or regulatory authorities in Hong Kong (including the Stock Exchange) and other applicable jurisdictions required for the EFL Agreement and the transactions contemplated herein being obtained;
- (d) all warranties remaining true and accurate as at EFL Completion and the EFL Vendor shall have performed or complied, in all material respects, with its covenants and agreements contained herein and required to be performed or complied with by the EFL Vendor at or prior to the EFL Completion Date; and
- (e) the completion of the unaudited balance sheet of Excalibur Futures (“**EFL Completion Accounts**”) as at EFL Completion, which shall be completed in full to the reasonable satisfaction of the Purchaser in its absolute discretion and written notice to that effect having been given by the Purchaser to the EFL Vendor. In the event that the Purchaser raises any queries or requisitions of in relation to the EFL Completion Accounts, the EFL Vendor shall promptly provide to the Purchaser in writing full and complete answers and explanations to such queries and requisitions and, where applicable, all relevant supporting documentation in respect thereof. (The Directors considered that the EFL Completion Accounts will assist to ascertain the attributable interests in the assets and liabilities of Excalibur Futures upon the EFL Completion, in particular, the payables and receivables of Excalibur Futures.)



The Purchaser shall have the discretion to waive all or any part of the above conditions except conditions (a), (b) and (c) and any waiver so granted may be subject to such conditions as the Purchaser may deem fit. If the above conditions (other than condition (e)) have not been fulfilled or waived by 5:00 p.m. on the EFL Long Stop Date (or such later date as the parties may agree in writing), the EFL Agreement shall automatically terminate and none of the parties to the EFL Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties under the EFL Agreement (save for any antecedent breaches of the terms thereof).

### **EFL Completion**

EFL Completion is expected to take place within 3 Business Days after the above conditions (other than condition (e)) being fulfilled or waived, or such later date as the parties may agree in writing. After the EFL Completion, Excalibur Futures will become a wholly owned subsidiary of the Company. The financial statements of Excalibur Futures will remain consolidated in the accounts of the Group after the EFL Completion.

### **EFL Profit Guarantees**

Pursuant to the EFL Agreement, the EFL Vendor has covenanted, warranted, undertaken and guaranteed to the Purchaser that the 2009 EFL Net Profit and the 2010 EFL Net Profit shall not be less than the 2009 EFL Profit Guarantee of HK\$4.5 million and the 2010 EFL Profit Guarantee of HK\$5 million respectively.

The EFL Vendor has covenanted, warranted, undertaken and guaranteed to the Purchaser that in the event that the 2009 EFL Net Profit is not met (“**2009 EFL Shortfall**”) or the 2010 EFL Net Profit is not met (“**2010 EFL Shortfall**”), the EFL Vendor’s right to exercise the option to convert the EFL Convertible Bonds into EFL Conversion Shares shall be adjusted as follows:

The EFL Vendor has acknowledged and expressly agreed the EFL Convertible Bonds shall be exercised and converted into EFL Conversion Shares in the following manner:

- (a) Upon EFL Completion, the EFL Vendor shall be entitled to partially convert the EFL Convertible Bonds into EFL Conversion Shares in the value of HK\$5.14 million;
- (b) In the event that the 2009 EFL Profit Guarantee is successfully met, the EFL Vendor shall be entitled to further partially exercise and convert the outstanding EFL Convertible Bonds into EFL Conversion Shares in the value of HK\$2.21 million only (the “**2009 EFL Conversion Right**”);
- (c) In the event that the 2010 EFL Profit Guarantee is also successfully met, the EFL Vendor shall be entitled to exercise and convert the outstanding EFL Convertible Bonds into EFL Conversion Shares in the value of HK\$2.45 million only (the “**2010 EFL Conversion Right**”);
- (d) In the event of a 2009 EFL Shortfall, the EFL Vendor’s right and entitlement to exercise the 2009 EFL Conversion Right (to convert the EFL Convertible Bonds into EFL Conversion Shares) shall be reduced by an amount equivalent to 49% of the actual 2009 EFL Shortfall, up to a maximum of 100% of the 2009 EFL Conversion Right (the “**2009 EFL Conversion Right Reduction**”). In the event of a 2009 EFL Conversion Right Reduction, any remaining portion of the 2009 EFL Conversion Right shall be irrevocably forfeited and extinguished;
- (e) In the event of a 2010 EFL Shortfall, the EFL Vendor’s right and entitlement to exercise the 2010 EFL Conversion Right (to convert the EFL Convertible Bonds into EFL Conversion Shares) shall be reduced by an amount equivalent to 49% of the actual 2010 EFL Shortfall, up to a maximum of 100% of the 2010 EFL Conversion Right (the “**2010 EFL Conversion Right Reduction**”). In the event of a 2010 EFL Conversion Right Reduction, any remaining portion of the 2010 EFL Conversion Right shall be irrevocably forfeited and extinguished.

Each and every of the above obligation shall be treated as a separate obligation and shall be severally enforceable as such and, in the event of any obligation or obligations being or becoming unenforceable in whole or in part, such part or parts as are unenforceable shall be deleted and any such deletion shall not affect the enforceability of all such parts as remain not so deleted.

## **EFL Convertible Bonds**

The following is a summary of the key terms of the EFL Convertible Bonds:

Issuer: the Company

Bondholder: the EFL Vendor

Amount: HK\$9,800,000

Issue price: 100% of the principal amount of the EFL Convertible Bonds

Interest rate: 0%

EFL Conversion Conditions: The EFL Bondholder acknowledges and expressly agrees the EFL Convertible Bonds shall be exercised and converted into EFL Conversion Shares in the following manners:

- (a) Upon EFL Completion, the EFL Bondholder shall be entitled to partially convert the EFL Convertible Bonds into Conversion Shares in the value of HK\$5.14 million;
- (b) In the event that the 2009 EFL Profit Guarantee is successfully met, the EFL Bondholder shall be entitled to further partially convert the outstanding EFL Convertible Bonds into EFL Conversion Shares in the value of HK\$2.21 million only;
- (c) In the event that the 2010 EFL Profit Guarantee is also successfully met, the EFL Bondholder shall be entitled to convert the outstanding EFL Convertible Bonds into EFL Conversion Shares in the value of HK\$2.45 million only;

- (d) In the event of a 2009 EFL Shortfall, the EFL Bondholder's right and entitlement to exercise the 2009 EFL Conversion Right (to convert the EFL Convertible Bonds into EFL Conversion Shares) shall be reduced by an amount equivalent to the 2009 EFL Conversion Right Reduction. In the event of a 2009 EFL Conversion Right Reduction, any remaining portion of the EFL Convertible Bonds subject to the 2009 EFL Conversion Right shall be irrevocably forfeited and extinguished;
  
- (e) In the event of a 2010 EFL Shortfall, the EFL Bondholder's right and entitlement to exercise the 2010 EFL Conversion Right (to convert the EFL Convertible Bonds into EFL Conversion Shares) shall be reduced by an amount equivalent the 2010 EFL Conversion Right Reduction. In the event of a 2010 EFL Conversion Right Reduction, any remaining portion of the EFL Convertible Bonds subject to the 2010 EFL Conversion Right shall be irrevocably forfeited and extinguished.

No fraction of a Share shall be issued on conversion of the EFL Convertible Bonds. Fractional entitlements shall be ignored and any sum paid in respect thereof shall be retained by the Company for its own benefit.

Redemption: Unless previously converted, the EFL Convertible Bonds shall be redeemed by the Company at its principal amount outstanding on the maturity date of the EFL Convertible Bonds

Maturity date: The date falling the third anniversary of the date of issue of the EFL Convertible Bonds

Conversion Price: HK\$0.16 per EFL Conversion Share, subject to adjustments in each of the following cases (details provisions are set out in the terms and conditions of the EFL Convertible Bonds):

- (a) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
- (b) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);
- (c) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders in their capacity as such or rights being granted to Shareholders to acquire for cash assets of the Group;
- (d) an offer or grant being made by the Company to the Shareholders by way of rights or of options or warrants to subscribe for or purchase Shares at a price which is less than 90% of the market price;
- (e) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than the greater of either 90% of the market price or the Conversion Price in effect, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than the greater of either 90% of the market price or the Conversion Price in effect;

- (f) an issue being made by the Company wholly for cash of Shares (other than Shares issued pursuant to an employee share option scheme of the Company) at a price per Share less than the greater of either 90% of the market price or the Conversion Price in effect; and
- (g) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share less than the greater of either 90% of the market price or the Conversion Price in effect.

The Conversion Price shall not be adjusted to below the nominal value of a Share from time to time.

The Conversion Price of the EFL Convertible Bonds of HK\$0.16 per EFL Conversion Share is equivalent to the Conversion Price of the ESL Convertible Bonds and the AMS Convertible Bonds respectively (please refer to the section headed “ESL Convertible Bonds” above for the other details of the Conversion Price).

Transferability:

Save with the fulfillment of the EFL Conversion Conditions and the prior written consent of the Company and prior written notice in relation to such transfer or assignment has been given to the Company, no assignment or transfer of the EFL Convertible Bonds may be made. The EFL Convertible Bonds may only be transferred, if and only if, the transfer is made in accordance with any applicable requirements of the Stock Exchange, the Listing Rules, applicable laws and regulations and the provisions of the EFL Convertible Bonds.

In the event of a transfer to a connected person of the Company, prior approval from the Company and the Stock Exchange should be obtained.

Any assignment or transfer of the EFL Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$1,000,000) of the outstanding principal amount of the EFL Convertible Bonds.

- Voting: The EFL Bondholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the EFL Bondholder.
- Ranking: The obligations of the Company arising under the EFL Convertible Bonds constitutes general unconditional, unsecured and unsubordinated obligations of the Company and rank and shall rank equally among themselves and *pari passu* with all other present and future unsecured and un-subordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.
- The EFL Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the EFL Convertible Bonds will rank *pari passu* in all respects with all other Shares in issue at the date on which the conversion rights attached to the EFL Convertible Bonds are exercised.
- Limitation on conversion: The EFL Bondholder shall not convert any EFL Convertible Bonds and the Company shall not issue any EFL Conversion Shares if, upon such issue, (1) the EFL Bondholder and parties acting in concert (as defined under the Takeovers Code) with it will be interested in 30% (or such amount as may from time to time specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company or will be under an obligation to make a general offer under the Takeovers Code; (2) each of (i) any of the Shareholders holding more than 20% or more of the voting rights of the Company; and (ii) the EFL Bondholder and its parties acting in concert (as defined under the Takeovers Code) will hold 20% or more of the voting rights of the Company respectively; or (3) the public float of the Company falls below 25% of the issued share capital of the Company.

Events of default: The EFL Convertible Bonds contain customary events of default provisions. Upon the happening of an event of default, the EFL Bondholder may give notice to the Company that the EFL Convertible Bonds, on the giving of such notice, are immediately due and payable at its principal amount then outstanding.

### **Application for listing**

No application will be made by the Company to the Listing Committee for the listing of the EFL Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the EFL Conversion Shares.

## **(III) ACQUISITION OF 100% INTEREST IN WEALTHY AIM**

### **The AMS Agreement**

Date: 6 March 2009

Parties: (1) The AMS Vendor  
(2) The Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the AMS Vendor and its ultimate beneficial owner is an Independent Third Party. The AMS Vendor is an investment holding company.

### **Assets to be acquired**

The WA Sale Share, representing the entire issued share capital of Wealthy Aim which, subject to the completion of the AMS Reorganisation, will own the AMS Sale Shares, representing 70% of the issued share capital of AMS Capital.



## **Consideration**

The consideration of HK\$58.5 million (subject to the AMS Adjustments) for the sale and purchase of WA Sale Share was determined after arm's length negotiation between the AMS Vendor and the Purchaser and the basis of determining and arriving at the consideration was by making reference to the net asset value of AMS Capital as at 28 February 2009. The Board has also considered the future prospects of AMS Capital to the Company as a whole.

The consideration of HK\$58.5 million (subject to the AMS Adjustments) shall be satisfied by the Purchaser in the following manner:

- (a) an initial non-refundable deposit in the sum of HK\$100,000 which has been paid by the Purchaser to the AMS Vendor in cash upon the execution of the AMS Agreement; and
- (b) the remaining balance of HK\$58.4 million (subject to the AMS Adjustments) shall be satisfied by the Purchaser by procuring the Company to issue the AMS Convertible Bonds. The Maximum Amount will be reduced by 70% of the shortfall of the amount of cash repayment of the AMS Other Receivables.

The cash deposit has been financed by the internal resources of the Group.

## **Conditions**

AMS Completion is subject to satisfaction (or where appropriate, waiver) of the conditions set out below:

- (a) all necessary consents, confirmations, permits, approvals, licences and authorisations having been obtained from all relevant governmental, regulatory and other authorities, agencies and departments in Hong Kong (including but not limited to the SFC and the Stock Exchange) in connection with the transactions contemplated under the AMS Agreement, the implementation of and all other matters incidental to the AMS Agreement;

- (b) approval from SFC with respect to the change in substantial shareholder of AMS Capital/Wealthy Aim and not to withhold AMS Capital from carrying out regulated activities type 4, 6 and 9 pursuant to the SFO;
- (c) the passing by the Shareholders in general meeting of the necessary resolutions approving the AMS Agreement and other transactions contemplated in or incidental to the AMS Agreement (if any) in accordance with the Listing Rules;
- (d) all other necessary waivers, consents and approvals (if required) in relation to the Purchaser, its holding company(ies) and its (their) shareholders and directors from the relevant governmental or regulatory authorities in Hong Kong (including the Stock Exchange) and other applicable jurisdictions required for the AMS Agreement and the transactions contemplated herein being obtained; and
- (e) all warranties remaining true and accurate as at AMS Completion and the AMS Vendor shall have performed or complied, in all material respects, with its covenants and agreements contained herein and required to be performed or complied with by the AMS Vendor at or prior to the AMS Completion Date.

The Purchaser shall have the discretion to waive condition (e) and any waiver so granted may be subject to such condition as the Purchaser may deem fit. If the above conditions have not been fulfilled or waived by 5:00 p.m. on the AMS Long Stop Date (or such later date as the parties may agree in writing), the AMS Agreement shall automatically terminate and none of the parties to the AMS Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties under the AMS Agreement (save for any antecedent breaches of the terms thereof).

### **AMS Completion**

AMS Completion is expected to take place within 7 Business Days after the above conditions being fulfilled or waived, or such later date as the parties may agree in writing. After the AMS Completion, Wealthy Aim will become a wholly owned subsidiary of the Company. The financial statements of the AMS Group will be consolidated in the accounts of the Group after the AMS Completion.

## AMS Convertible Bonds

The following is a summary of the key terms of the AMS Convertible Bonds:

Issuer: the Company

Bondholder: the AMS Vendor (or its nominee(s))

Amount: HK\$58,400,000, subject to the following adjustments (the “**AMS Adjustments**”):

The AMS Vendor acknowledges and expressly agrees while the maximum principal amount of the AMS Convertible Bonds to be issued as part of the consideration pursuant to the AMS Agreement is HK\$58,400,000.00 (the “**Maximum Amount**”), the AMS Vendor hereby expressly agrees and acknowledges that the principal sum (“**Each Issue**”) of the AMS Convertible Bonds shall be issued to the AMS Vendor or (its nominee(s)) only after:

- (1) the AMS Vendor provides evidence/proof to the satisfaction of the Company that repayment of the AMS Other Receivables since the date of the AMS Agreement have been made in cash;
- (2) for the avoidance of doubt, the amount of Each Issue shall be 70% of the actual AMS Other Receivables recovered by the AMS Vendor;
- (3) the minimum amount of Each Issue shall not be less than HK\$560,000;
- (4) the obligation for the issuance of the AMS Convertible Bonds shall expire 24 months after the AMS Completion.

The Maximum Amount will be reduced by 70% of the shortfall of the amount of cash repayment of the AMS Other Receivables.

Issue price:	100% of the principal amount of the AMS Convertible Bonds
Interest rate:	0%
Conversion:	<p>The AMS Convertible Bonds can be converted from time-to-time after the issuance of the AMS Convertible Bonds and prior to the expiry of the maturity date.</p> <p>No fraction of a Share shall be issued on conversion of the AMS Convertible Bonds. Fractional entitlements shall be ignored and any sum paid in respect thereof shall be retained by the Company for its own benefit.</p>
Redemption:	Unless previously converted, the AMS Convertible Bonds shall be redeemed by the Company at its principal amount outstanding on the maturity date of the AMS Convertible Bonds
Maturity date:	The date falling the third anniversary of the date of issue of the AMS Convertible Bonds
Conversion Price:	<p>HK\$0.16 per AMS Conversion Share, subject to adjustments in each of the following cases (details provisions are set out in the terms and conditions of the AMS Convertible Bonds):</p> <ul style="list-style-type: none"> <li>(a) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;</li> <li>(b) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);</li> <li>(c) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders in their capacity as such or rights being granted to Shareholders to acquire for cash assets of the Group;</li> </ul>

- (d) an offer or grant being made by the Company to the Shareholders by way of rights or of options or warrants to subscribe for or purchase Shares at a price which is less than 90% of the market price;
- (e) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than the greater of either 90% of the market price or the Conversion Price in effect, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than the greater of either 90% of the market price or the Conversion Price in effect;
- (f) an issue being made by the Company wholly for cash of Shares (other than Shares issued pursuant to an employee share option scheme of the Company) at a price per Share less than the greater of either 90% of the market price or the Conversion Price in effect; and
- (g) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share less than the greater of either 90% of the market price or the Conversion Price in effect.

The Conversion Price shall not be adjusted to below the nominal value of a Share from time to time.

The Conversion Price of the AMS Convertible Bonds of HK\$0.16 per AMS Conversion Share is equivalent to the Conversion Price of the ESL Convertible Bonds and the EFL Convertible Bonds respectively (please refer to the section headed “ESL Convertible Bonds” above for the other details of the Conversion Price).

Transferability: Save with the prior written consent of the Company and prior written notice in relation to such transfer or assignment has been given to the Company, no assignment or transfer of the AMS Convertible Bonds may be made. The AMS Convertible Bonds may only be transferred, if and only if, the transfer is made in accordance with any applicable requirements of the Stock Exchange, the Listing Rules, applicable laws and regulations and the provisions of the AMS Convertible Bonds.

In the event of a transfer to a connected person of the Company, prior approval from the Company and the Stock Exchange should be obtained.

Any assignment or transfer of the AMS Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$560,000) of the outstanding principal amount of the AMS Convertible Bonds.

Voting: The AMS Bondholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the AMS Bondholder.

Ranking: The obligations of the Company arising under the AMS Convertible Bonds constitutes general unconditional, unsecured and unsubordinated obligations of the Company and rank and shall rank equally among themselves and *pari passu* with all other present and future unsecured and un-subordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.

The AMS Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the AMS Convertible Bonds will rank *pari passu* in all respects with all other Shares in issue at the date on which the conversion rights attached to the AMS Convertible Bonds are exercised.

Limitation on  
conversion:

The AMS Bondholder shall not convert any AMS Convertible Bonds and the Company shall not issue any AMS Conversion Shares if, upon such issue, (1) the AMS Bondholder and parties acting in concert (as defined under the Takeovers Code) with it will be interested in 30% (or such amount as may from time to time specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company or will be under an obligation to make a general offer under the Takeovers Code; (2) each of (i) any of the Shareholders holding more than 20% or more of the voting rights of the Company; and (ii) the AMS Bondholder and its parties acting in concert (as defined under the Takeover Code) will hold 20% or more of the voting rights of the Company respectively; or (3) the public float of the Company falls below 25% of the issued share capital of the Company.

Events of default:

The AMS Convertible Bonds contain customary events of default provisions. Upon the happening of an event of default, the AMS Bondholder may give notice to the Company that the AMS Convertible Bonds, on the giving of such notice, are immediately due and payable at its principal amount then outstanding.

### **Application for listing**

No application will be made by the Company to the Listing Committee for the listing of the AMS Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the AMS Conversion Shares.

## **(IV) INFORMATION OF EXCALIBUR SECURITIES, EXCALIBUR FUTURES, WEALTHY AIM AND AMS CAPITAL**

### **Excalibur Securities**

Excalibur Securities is principally engaged in securities brokerage and margin financing. Excalibur Securities is an Exchange Participant and a licensed corporation under the SFO permitted to engage in type 1 regulated activity (dealing in securities).

As at 31 December 2008, Excalibur Securities had an unaudited net asset value of approximately HK\$34.46 million. The following table shows certain financial information of Excalibur Securities for the two years ended 31 December 2008:

	<b>Year ended 31 December 2007 (audited) HK\$'000</b>	<b>Year ended 31 December 2008 (unaudited) HK\$'000</b>
Net profit before taxation and extraordinary items	6,834	4,411
Net profit after taxation and extraordinary items	5,675	4,411
		<i>(Note)</i>

*Note:* Profit tax rate at 16.5% may apply.

Upon ESL Completion, Excalibur Securities will become a wholly owned subsidiary of the Company. The financial statements of Excalibur Securities will remain consolidated in the accounts of the Group after ESL Completion.

### **Excalibur Futures**

Excalibur Futures provides brokerage services for futures and options traded on the Futures Exchange, including Hang Seng Index Futures and Hang Seng Index Options. Excalibur Futures is a licensed corporation under the SFO permitted to engage in type 2 regulated activity (dealing in futures contracts).



As at 31 December 2008, Excalibur Futures had an unaudited net asset value of approximately HK\$28.19 million. The following table shows certain financial information of Excalibur Futures for the two years ended 31 December 2008:

	<b>Year ended 31 December 2007 (audited) HK\$'000</b>	<b>Year ended 31 December 2008 (unaudited) HK\$'000</b>
Net profit before taxation and extraordinary items	1,840	4,025
Net profit after taxation and extraordinary items	1,840	4,025
		<i>(Note)</i>

*Note:* Profit tax rate at 16.5% may apply.

Upon EFL Completion, Excalibur Futures will become a wholly owned subsidiary of the Company. The financial statements of Excalibur Futures will remain consolidated in the accounts of the Group after EFL Completion.

### **AMS Group**

Wealthy Aim is an investment holding company and, subject to the completion of the AMS Reorganisation, will be interested in the AMS Sale Shares, representing 70% of the issued share capital of AMS Capital.

As at 28 February 2009, Wealthy Aim had unaudited net liabilities of approximately HK\$131,000. The following table shows the latest unaudited financial information of Wealthy Aim for the period since incorporation on 2 August 2007 to 28 February 2009:

	<b>Period from 2 August 2007 to 28 February 2009 (unaudited) <i>HK\$'000</i></b>
Net profit/(loss) before taxation and extraordinary items	(131)
Net profit/(loss) after taxation and extraordinary items	(131)

AMS Capital is principally engaged in investment and corporate finance advisory, trading of securities and money lending. AMS Capital is a licensed corporate under the SFO permitted to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) activities. AMS Capital also has a money lender licence. AMS Capital is currently wholly-owned by the AMS Other Shareholder and will be owned as to 70% and as to 30% by Wealthy Aim and the AMS Other Shareholder respectively upon completion of the AMS Reorganisation. The AMS Other Shareholder has a prior binding contractual relationship with Wealthy Aim on the disposal of 70% interest in AMS Capital before the date of the AMS Agreement. As advised by Wealthy Aim, the only outstanding condition of the AMS Reorganisation is the approval by the SFC on Wealthy Aim becoming a substantial shareholder of AMS Capital. In light of the AMS Reorganisation, the Directors still consider that the AMS Agreement is in the interests of the Company and the Shareholders as a whole.

As at 28 February 2009, AMS Capital had an unaudited net asset value of approximately HK\$85.18 million. The following table shows certain financial information of AMS Capital for the two years ended 30 June 2008:

	<b>Year ended</b> <b>30 June</b> <b>2007</b> <b>(audited)</b> <i>HK\$'000</i>	<b>Year ended</b> <b>30 June</b> <b>2008</b> <b>(audited)</b> <i>HK\$'000</i>
Net profit/(loss) before taxation and extraordinary items	946	(621)
Net profit/(loss) after taxation and extraordinary items	768	(646)

Upon AMS Completion, Wealthy Aim will become a wholly owned subsidiary of the Company. The financial statements of the AMS Group will be consolidated in the accounts of the Group after AMS Completion.

## **REASONS FOR THE ESL ACQUISITION, EFL ACQUISITION AND AMS ACQUISITION**

The Group is principally engaged in the provision of brokerage services for securities, futures and options and margin financing; electrical engineering contracting; and sale of electrical goods.

As mentioned in the announcement of the Company dated 19 February 2009, one of the then options of acquisition of the Group included the acquisition of a certain percentage of the balance of 49% shareholdings in Excalibur Securities and/or Excalibur Futures when and where appropriate. Since the completion of the acquisitions of 51% interest in Excalibur Securities and Excalibur Futures in February 2009, the business of Excalibur Securities and Excalibur Futures and the Group have been carrying out smoothly and generating cost and operating efficiencies and other synergic effects to the Group, Excalibur Securities and Excalibur Futures as a whole.

The Group is cautious about its business outlook. Financial markets have been adversely affected in recent months on fears of a global slowdown and inflationary pressure. Volatility in financial markets across the world is expected to persist, while the global investment sentiment is likely to remain negative. Nonetheless, with the availability of sufficient financial resources to the Group and additional financial services platforms as availed by both Excalibur Securities and Excalibur Futures upon resumption of trading of the Shares from the previous prolonged suspension on 20 February 2009, the Directors are confident that the Group is in an advantageous position to recruit quality and skilled account executives to expand and diversify client base. In addition, given the recent fluctuation in the global investment market, the Directors believe that the futures brokerage business conducted through Excalibur Futures could provide an additional service platform to its clients for investment and hedging purposes. The Group stresses the importance of integrity, quality service, teamwork and expertise.

Amidst the recent turmoil experienced in the global financial market, the Directors are optimistic about the development of the brokerage business in the greater China region in the long run. The PRC government had recently announced that it would relax credit conditions, cut taxes and embark on a massive infrastructure spending program in a wide-ranging effort to offset adverse global economic conditions by boosting domestic demand with a stimulus package estimated at RMB4 trillion to be spent over the next two years on financial programmes. Investment value has emerged for investors but the outlook of the stock market in short to medium term remains challenging.

The Group would manage its cost structure and conduct its business prudently. Excalibur Securities and Excalibur Futures have experienced numerous challenges over the past decade and the management believes that it is a key to survival. The Group will continue to review and improve its credit control. On 9 December 2008 and 4 March 2009, the Purchaser entered into memorandums of understanding with an independent third party for the possible acquisition of not less than 40% interest in a company which provides brokerage services for dealing in futures contracts in the PRC. Should such acquisition opportunity be realized, the Group can further extend the scope of its securities business to futures brokerage services in the PRC.

The Directors believe that the ESL Acquisition and EFL Acquisition of the balance of 49% of Excalibur Securities and Excalibur Futures will allow the Group to fully integrate the operations of Excalibur Securities and Excalibur Futures within the Group and also provide the Group with an income source with promising business potential while further enjoying the cost benefits, operating efficiency and other synergy effect. In addition, the ESL Acquisition and the EFL Acquisition could better position the Group for further expansion of its brokerage business for securities, futures and options and margin financing and to grasp business opportunities in the future. The ESL Acquisition and the EFL Acquisition enable the Group to have full control and capture 100% of the profit in Excalibur Securities and Excalibur Futures.

The Group is envisioned to become a recognised total financial services provider as part of its long term development plan. With the AMS Acquisition, the Group will be able to expand into the businesses of advising on securities through securities research, corporate finance, asset management as well as money lending, which are expected to enhance the income portfolio of the Group with asset management commission income, interest income from loans extended and income from corporate advisory activities such as mergers and acquisitions, and corporate restructurings. It is also believed that by introducing the new divisions of financial services of securities and corporate finance advisories and asset management, synergic positive impact will be introduced to the securities and futures broking business of the Group by having access to more corporate listed clients.

The Directors considered that the ESL Acquisition, the EFL Acquisition and the AMS Acquisition are in the interests of the Shareholders and the Company as a whole.

## EFFECTS ON SHAREHOLDING STRUCTURE

To the best knowledge of the Directors, the existing shareholding structure of the Company and the shareholding structure of the Company upon the allotment and issue of the ESL Conversion Shares, the EFL Conversion Shares and the AMS Conversion Shares under different scenarios are as follows:

Shareholders	As at the date of this announcement		Upon full conversion of the ESL Convertible Bonds and the EFL Convertible Bonds by ESL Vendor or EFL Vendor (as the case may be) only (Note 1)		Upon full conversion of the AMS Convertible Bonds by the AMS Vendor only (Note 2)		Upon full conversion of all outstanding convertible bonds, full exercise of outstanding warrants and options (Note 3)	
	Shares	%	Shares	%	Shares	%	Shares	%
Good Treasure Holdings Limited (Note 4)	108,000,000	14.29	108,000,000	11.52	N/A	N/A	N/A	N/A
Lao Chio Kuan (Note 5)	200,000,000	26.45	200,000,000	21.34	200,000,000	17.84	200,000,000	10.95
ESL Vendor or EFL Vendor (as the case may be)	-	-	181,250,000	19.34	-	-	181,250,000	9.93
AMS Vendor	-	-	-	-	365,000,000	32.56	365,000,000	19.99
Public Shareholders:								
- Existing public Shareholders	448,070,000	59.26	448,070,000	47.80	448,070,000	39.97	448,070,000	24.54
- Holders of other convertible bonds (Note 6 and 7)	-	-	-	-	-	-	500,000,000	27.39
- Holders of outstanding options (Note 7)	-	-	-	-	-	-	11,400,000	0.62
- Holders of outstanding warrants (Note 7)	-	-	-	-	-	-	12,000,000	0.66
- Good Treasure Holdings Limited (Note 1)	N/A	N/A	N/A	N/A	108,000,000	9.63	108,000,000	5.92
<b>Total</b>	<b>756,070,000</b>	<b>100.00</b>	<b>937,320,000</b>	<b>100.00</b>	<b>1,121,070,000</b>	<b>100.00</b>	<b>1,825,720,000</b>	<b>100.00</b>

### Notes:

1. This column is for illustration only and shows the case of maximum shareholding of the ESL Vendor or the EFL Vendor (as the case may be) upon full conversions of the ESL Convertible Bonds and the EFL Convertible Bonds without any conversion restriction stipulated under the ESL Agreement and the EFL Agreement.
2. This column is for illustration only and shows the case of maximum shareholding of the AMS Vendor upon full conversion of the AMS Convertible Bonds without any conversion restriction stipulated under the AMS Agreement.
3. This column is for illustration only and shows the case of maximum shareholdings of the ESL Vendor or the EFL Vendor (as the case may be) and the AMS Vendor upon full conversions of the ESL Convertible Bonds, the EFL Convertible Bonds and the AMS Convertible Bonds without any conversion restriction stipulated under the ESL Agreement, the EFL Agreement and the AMS Agreement.

4. Good Treasure Holdings Limited is a company incorporated in the British Virgin Islands and whose entire equity is beneficially wholly-owned by Mr. Li Chun Sing, Andrew, who does not hold any role/position in the Company save for being a Shareholder.
5. The ESL Vendor or the EFL Vendor (as the case may be) is owned as to approximately 50.92% by Mr. Lao Chio Kuan, who does not hold any role/position in the Company save for being a Shareholder.
6. The other convertible bonds is in the principal amount of HK\$50 million with zero coupon rate and conversion price of HK\$0.10 and due in February 2012 and were placed to Independent Third Parties in February 2009, details of which are set out in the circular of the Company dated 30 June 2008.
7. All holders of other convertible bonds, outstanding options and outstanding warrants are Independent Third Parties.

## **LISTING RULES IMPLICATION**

In accordance to Rule 14.22 and 14.23 of the Listing Rules, the aggregation of the acquisitions of 51% and then the remaining 49% of Excalibur Securities; and (ii) the acquisition of 51% and then the remaining 49% of Excalibur Futures constitute very substantial acquisitions for the Company and are subject to disclosure requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, (i) the ESL Vendor or the EFL Vendor (as the case may be) is interested in as to 49% of both of the issued share capital of Excalibur Securities and Excalibur Futures which are both 51% subsidiaries of the Company; and (ii) a substantial Shareholder, Mr. Lao Chio Kuan, is interested in as to approximately 50.92% of the ESL Vendor or the EFL Vendor (as the case may be), and thus the ESL Vendor or the EFL Vendor (as the case may be) is an associate of the Company. The ESL Acquisition and the EFL Acquisition accordingly constitute connected transactions of the Company. The ESL Vendor or the EFL Vendor (as the case may be) and its associates are required to abstain from voting to approve the respective resolutions in relation to the ESL Agreement and EFL Agreement at the EGM.

The Company will seek the approval of the Independent Shareholders at the EGM to be convened and held by the Company to approve the ESL Acquisition, the EFL Acquisition and the transactions contemplated thereunder. An independent board committee will be established to advise the Independent Shareholders regarding the ESL Acquisition and the EFL Acquisition. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders whether the ESL Acquisition and the EFL Acquisition are entered into under normal and commercial terms, in the ordinary course of business of the Group and is fair and reasonable to the Company and the Independent Shareholders taken as a whole.

The AMS Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is subject to the approval of Shareholders at the EGM. There is no current intention to change the composition of the Board as a result of, or related to, the AMS Acquisition. The Company will seek the approval of its Shareholders at the EGM to be convened and held by the Company to approve the AMS Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, no Shareholder have a material interest in the AMS Acquisition other than their shareholding interests in the Shares, and accordingly no Shareholder is required to abstain from voting on the AMS Acquisition at the EGM.

Completion of each of the ESL Agreement, the EFL Agreement and the AMS Agreement is not dependent upon the completions of each of the other agreements.

Circular(s) containing, among others, (i) further details of the acquisition and information of Excalibur Securities, Excalibur Futures and the AMS Group; (ii) the accountants' report of Excalibur Securities, Excalibur Futures and the AMS Group; (iii) pro forma financial information of the enlarged Group after the ESL Acquisition, EFL Acquisition and the AMS Acquisition; and (iv) a notice of the EGM for the purpose of, among others, approving the ESL Acquisition, EFL Acquisition and AMS Acquisition, will be sent to Shareholders as soon as practicable and in accordance with the Listing Rules.

## **RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 9 March 2009 pending the release of this announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 17 March 2009.



## DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“2009 EFL Net Profit”	net profit after tax of Excalibur Futures attributable to the shareholders of Excalibur Futures as reflected in the audited financial statements of Excalibur Futures prepared in accordance with Hong Kong Financial Reporting Standards and disclosure requirements of the Companies Ordinance for the financial year ending on 31 December 2009
“2009 EFL Profit Guarantee”	the guarantee given by the EFL Vendor in favour of the Purchaser that the 2009 EFL Net Profit shall not be less than HK\$4.5 million
“2009 ESL Net Profit”	net profit after tax of Excalibur Securities attributable to the shareholders of Excalibur Securities as reflected in the audited financial statements of Excalibur Securities prepared in accordance with Hong Kong Financial Reporting Standards and disclosure requirements of the Companies Ordinance for the financial year ending on 31 December 2009
“2009 ESL Profit Guarantee”	the guarantee given by the ESL Vendor in favour of the Purchaser that the 2009 ESL Net Profit shall not be less than HK\$10 million
“2010 EFL Net Profit”	net profit after tax of Excalibur Futures attributable to the shareholders of Excalibur Futures as reflected in the audited financial statements of Excalibur Futures prepared in accordance with Hong Kong Financial Reporting Standards and disclosure requirements of the Companies Ordinance for the financial year ending on 31 December 2010
“2010 EFL Profit Guarantee”	the guarantee given by the EFL Vendor in favour of the Purchaser that the 2010 EFL Net Profit shall not be less than HK\$5 million

“2010 ESL Net Profit”	net profit after tax of Excalibur Securities attributable to the shareholders of Excalibur Securities as reflected in the audited financial statements of Excalibur Securities prepared in accordance with Hong Kong Financial Reporting Standards and disclosure requirements of the Companies Ordinance for the financial year ending on 31 December 2010
“2010 ESL Profit Guarantee”	the guarantee given by the ESL Vendor in favour of the Purchaser that the 2010 ESL Net Profit shall not be less than HK\$12 million
“Adjusted NAV”	the unaudited consolidated net asset value of the Company as at 30 September 2008 with adjustments from (a) the acquisition of 51% of Excalibur Securities; (b) the acquisition of 51% of Excalibur Futures; (c) the issue of 80 million new Shares at the issue price of HK\$0.25 per Share; and (d) the issue of HK\$50 million zero interest convertible notes due in 2012, all of which were completed in February 2009 and subsequent to the date of the interim accounts of the Group for the six months ended 30 September 2008
“AMS Acquisition”	the sale and purchase of the WA Sale Share pursuant to the AMS Agreement
“AMS Adjustments”	adjustment to the maximum principal amount of the AMS Convertible Bonds as set out in the section headed “AMS Convertible Bonds”
“AMS Agreement”	the conditional sale and purchase agreement dated 6 March 2009 entered into between the AMS Vendor and the Purchaser in relation to the AMS Acquisition
“AMS Bondholder(s)”	holder(s) of the AMS Convertible Bonds

“AMS Capital”	AMS Capital Limited, a company incorporated in Hong Kong with limited liability and is currently wholly owned by the AMS Other Shareholder and will be owned as to 70% and as to 30% by Wealthy Aim and the AMS Other Shareholder respectively upon completion of the AMS Reorganisation
“AMS Completion”	completion of the AMS Agreement
“AMS Completion Date”	date of completion of the AMS Agreement
“AMS Conversion Shares”	new Shares falling to be allotted and issued upon exercise of the conversion rights attached to the AMS Convertible Bonds
“AMS Convertible Bonds”	the zero coupon convertible bonds due three years from the date of issue for a principal amount of HK\$58.3 million
“AMS Debtors”	related companies of AMS Capital, which in aggregate owe other payables to AMS Capital in the form of current account amounting to HK\$83,415,348 as at 28 February 2009
“AMS Group”	Wealthy Aim and its subsidiaries
“AMS Long Stop Date”	the day falling 6 months of the date of the AMS Agreement, i.e. 5 September 2009
“AMS Other Receivables”	other receivables of AMS Capital in the form of current account amounting to HK\$83,415,348 due and owing from the AMS Debtors as at 28 February 2009
“AMS Other Shareholder”	the current sole shareholder of AMS Capital, which will become interested in as to 30% of AMS Capital upon completion of the AMS Reorganisation. Each of the AMS Other Shareholder and its ultimate beneficial owner is an Independent Third Party

“AMS Reorganisation”	the reorganisation of the shareholdings of the AMS Capital as a result of which Wealthy Aim will become the beneficial owner of the AMS Sale Shares for sale to Wealthy Aim
“AMS Sale Shares”	7,350,000 ordinary shares of AMS Capital, representing 70% of the issued share capital of AMS Capital
“AMS Vendor”	Ample Wealth Group Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Ms. Chan Wan Ying, Debby
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
“Company”	China Fortune Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Conversion Price”	HK\$0.16 per Share
“Directors”	the directors of the Company
“EFL Acquisition”	the sale and purchase of the EFL Sale Shares pursuant to the EFL Agreement

“EFL Agreement”	the conditional sale and purchase agreement dated 6 March 2009 entered into between the EFL Vendor and the Purchaser in relation to the EFL Acquisition
“EFL Bondholder(s)”	holder(s) of the EFL Convertible Bonds
“EFL Completion”	completion of the EFL Agreement
“EFL Completion Date”	date of completion of the EFL Agreement
“EFL Conversion Conditions”	conditions for the conversion of the EFL Convertible Bonds as set out in the section headed “EFL Convertible Bonds”
“EFL Conversion Shares”	new Shares falling to be allotted and issued upon exercise of the conversion rights attached to the EFL Convertible Bonds
“EFL Convertible Bonds”	the zero coupon convertible bonds due three years from the date of issue for a principal amount of HK\$9.8 million
“EFL Long Stop Date”	the day falling 6 months of the date of the EFL Agreement, i.e. 5 September 2009
“EFL Sale Shares”	a total of 9,800,000 ordinary shares of EFL, which represents 49% of the issued share capital of Excalibur Futures
“EFL Vendor” or “ESL Vendor” (as the case may be)	Pioneer (China) Limited, a company incorporated in Hong Kong and is interested in the EFL Sale Shares and the ESL Sale Shares
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve the ESL Acquisition, the EFL Acquisition, the AMS Acquisition and the transactions contemplated thereunder

“ESL Acquisition”	the sale and purchase of the ESL Sale Shares pursuant to the ESL Agreement
“ESL Agreement”	the conditional sale and purchase agreement dated 6 March 2009 entered into between the ESL Vendor and the Purchaser in relation to the ESL Acquisition
“ESL Bondholder(s)”	holder(s) of the ESL Convertible Bonds
“ESL Completion”	completion of the ESL Agreement
“ESL Completion Date”	date of completion of the ESL Agreement
“ESL Conversion Conditions”	conditions for the conversion of the ESL Convertible Bonds as set out in the section headed “ESL Convertible Bonds”
“ESL Conversion Shares”	new Shares falling to be allotted and issued upon exercise of the conversion rights attached to the ESL Convertible Bonds
“ESL Convertible Bonds”	the zero coupon convertible bonds due three years from the date of issue for a principal amount of HK\$19.2 million
“ESL Long Stop Date”	the day falling 6 months of the date of the ESL Agreement, i.e. 5 September 2009
“ESL Sale Shares”	a total of 9,800,000 ordinary shares of ESL, which represents 49% of the issued share capital of Excalibur Securities
“Excalibur Futures”	Excalibur Futures Limited, a company incorporated in Hong Kong with limited liability and is owned as to 49% and as to 51% by the EFL Vendor and the Purchaser respectively
“Excalibur Securities”	Excalibur Securities Limited, a company incorporated in Hong Kong with limited liability and is owned as to 49% and as to 51% by the ESL Vendor and the Purchaser respectively

“Exchange Participant”	has the meaning given to it under the rules of the Stock Exchange and “Exchange Participants” shall be construed accordingly
“Futures Exchange”	Hong Kong Futures Exchange Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than the ESL Vendor and the EFL Vendor and its associates
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company and are not connected persons (as defined under the Listing Rules) of the Company
“Last Trading Day”	6 March 2009, being the last trading day before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Amount”	the maximum principal amount of the AMS Convertible Bonds of HK\$58,400,000
“Purchaser”	Fortune Financial (Holdings) Limited, a company incorporated in British Virgin Islands, a wholly-owned subsidiary of the Company and is interested in 51% of each of Excalibur Securities and Excalibur Futures
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Right”	the exchange trading right of the Stock Exchange legally and beneficially owned by Excalibur Securities
“WA Sale Share”	one ordinary share of Wealthy Aim, representing 100% of the issued share capital of Wealthy Aim
“Wealthy Aim”	Wealthy Aim Group Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the AMS Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of Directors of  
**China Fortune Group Limited**  
**Ng Cheuk Fan, Keith**  
*Managing Director*

Hong Kong, 16 March 2009

*As at the date of this announcement, the Board consists of three Executive Directors, namely Mr. Sun Tak Yan, Desmond (Chairman), Mr. Ng Cheuk Fan, Keith (Managing Director) and Mr. Yeung Kwok Leung; and three Independent Non-executive Directors, namely Mr. Tam B Ray Billy, Mr. Ng Kay Kwok and Mr. Lam Ka Wai, Graham.*