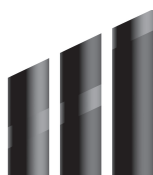

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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



昊天發展集團有限公司
Hao Tian Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

CONNECTED TRANSACTION
ACQUISITION OF MINORITY INTEREST IN A SUBSIDIARY
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE

**Independent Financial Advisor to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 12 to 13 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 38 of this circular.

8 August 2019

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the Sale and Purchase Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Hao Tian Development Group Limited 昊天發展集團有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 474)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	the ordinary shares in the capital of the Company proposed to be issued and allotted by the Company in accordance with the terms of the Sale and Purchase Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hao Tian Finance”	Hao Tian Finance Company Limited 昊天財務有限公司, a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company as at the Latest Practicable Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company whose members comprise all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder

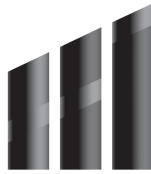
DEFINITIONS

“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the Vendor or its associates which are not required to abstain from voting at the extraordinary general meeting
“Issue Price”	the issue price of HK\$0.25 per Consideration Share
“Latest Practicable Date”	2 August 2019, being the latest practicable date for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Guo Guang Limited, a direct wholly-owned subsidiary of the Company and holding approximately 83.47% of the total issued share capital of Hao Tian Finance as at the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement in respect of the Sale Shares dated 8 July 2019 entered into between the Vendor, the Purchaser and the Company
“Sale Shares”	200,000,000 ordinary shares in Hao Tian Finance, representing approximately 16.53% of the total issued share capital of Hao Tian Finance
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Shares”	ordinary shares in the share capital of the Company
“Specific Mandate”	the specific mandate for the allotment and issue of the Consideration Shares, with the approval by the Independent Shareholders

DEFINITIONS

“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Substantial Shareholders”	has the meaning ascribed to it under the Listing Rules
“Vendor”	Century Golden Resources Investment Co., Ltd., holding approximately 16.53% of the total issued share capital of Hao Tian Finance as at the Latest Practicable Date
“%”	per cent

LETTER FROM THE BOARD



昊天發展集團有限公司

Hao Tian Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

Executive Directors:

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

Independent Non-executive Directors:

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

Registered office:

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

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

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

8 August 2019

To the Shareholders:

Dear Sir/Madam,

CONNECTED TRANSACTION ACQUISITION OF MINORITY INTEREST IN A SUBSIDIARY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

Reference is made to the announcement of the Company dated 8 July 2019 in relation to the Acquisition and issue of Consideration Shares.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things, (i) further details of the Acquisition and issue of Consideration Shares; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser in relation to the Acquisition and issue of Consideration Shares, and other information as required under the Listing Rules.

SALE AND PURCHASE AGREEMENT

On 8 July 2019, the Vendor, the Purchaser (a direct wholly-owned subsidiary of the Company) and the Company entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at a consideration of HK\$200,000,000, which shall be satisfied by way of issue and allotment of 800,000,000 Consideration Shares by the Company to the Vendor at the Issue Price of HK\$0.25 per Consideration Share under Specific Mandate upon completion.

Immediately before completion of the Acquisition, Hao Tian Finance is held by the Purchaser and the Vendor as to approximately 83.47% and 16.53% respectively. Upon completion, Hao Tian Finance will become an indirect wholly-owned subsidiary of the Company.

CONDITIONS PRECEDENT

Completion of the Sale and Purchase Agreement shall be subject to the following conditions precedent:

- (a) the Independent Shareholders having passed at the extraordinary general meeting the resolutions or written approval of the Independent Shareholders having been obtained (in lieu of holding a general meeting) approving the entering into, execution, delivery and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder, including without limitation the acquisition of the Sale Shares and authorisation to the Directors to allot and issue the Consideration Shares, credited as fully paid, to the Vendor (or its nominee);
- (b) the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange; and
- (c) the warranties set out in the Sale and Purchase Agreement remaining true and correct as at the completion date and as if repeated at all time between the date of the Sale and Purchase Agreement and the completion date.

The Vendor and the Purchaser shall use their best endeavour to procure the fulfilment of the conditions precedent. In the event that any of the conditions precedent is not fulfilled by 15 October 2019, the Sale and Purchase Agreement shall automatically lapse and none of the parties shall be liable to the other (save for any antecedent breach) unless both parties agree to defer the long-stop date.

LETTER FROM THE BOARD

As at the Latest Practicable Date, condition precedent (a) has been fulfilled. The Company has obtained written approval from Asia Link Capital Investment Holdings Limited, our controlling shareholder holding approximately 57.93% of the issued Shares as at Latest Practicable Date, approving the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares, in lieu of holding a general meeting. The Company has also obtained from the Stock Exchange the waiver from the requirement to convene a general meeting under Rule 14A.37 of the Listing Rules.

CONSIDERATION

The consideration payable by the Purchaser shall be HK\$200,000,000, which shall be satisfied by way of issue and allotment of 800,000,000 Consideration Shares by the Company to the Vendor at the Issue Price under Specific Mandate upon completion.

The Consideration Shares

As at the Latest Practicable Date, the Company has a total of 5,284,798,915 Shares in issue. The Consideration Shares represent: (i) approximately 15.1% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 13.1% of the total issued share capital of the Company as enlarged by the Consideration Shares, assuming that there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion date of the Acquisition (save for the allotment and issue of the Consideration Shares).

Pursuant to Rule 13.36(2) of the Listing Rules, the Consideration Shares will be allotted and issued pursuant to the Specific Mandate proposed to be approved by the Independent Shareholders.

The Consideration Shares will rank *pari passu* in all respects with each other and with the other Shares of the Company then in issue.

The Issue Price

The Issue Price of HK\$0.25 per Consideration Share was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account, among others, the net asset value of HK\$1,124,735,000 based on the audited financial information of Hao Tian Finance as of 31 March 2019, the prevailing market price of the Shares, the factors as stated in the paragraph headed "Reasons for and benefits of the Acquisition" and other market conditions.

The Issue Price represents:

- (a) a premium of approximately 11.6% over the closing price of HK\$0.224 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;

LETTER FROM THE BOARD

- (b) a premium of approximately 11.1% over the average of the closing price of HK\$0.225 per Share as quoted on the Stock Exchange for the last five consecutive trading days for the Shares immediately preceding the date of the Sale and Purchase Agreement;
- (c) a premium of approximately 0.8% to the closing price of HK\$0.248 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a discount of 52.5% to the net asset value per Share as at 31 March 2019 of HK\$0.53.

The Consideration Shares will be issued pursuant to the Specific Mandate.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

COMPLETION

Completion of the Acquisition shall take place within five business days after all the conditions precedent have been satisfied (or such other dates as the Vendor and the Purchaser may agree).

INFORMATION ON HAO TIAN FINANCE

Hao Tian Finance is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) and is principally engaged in money lending.

According to the audited financial statements prepared in accordance with the generally accepted accounting standards of Hong Kong, the net asset value of Hao Tian Finance as at 31 March 2019 is approximately HK\$1,124,735,000. The audited financial information of Hao Tian Finance for the year ended 31 March 2018 and 2019, which were prepared in accordance with the generally accepted accounting standards of Hong Kong is set out below:

	For the year ended 31 March 2018 HK\$'000	For the year ended 31 March 2019 HK\$'000
Net profit before tax	112,756	69,598
Net profit after tax	98,325	61,882

The original acquisition cost paid by the Vendor for the acquisition of 16.53% equity interest in Hao Tian Finance was HK\$200,000,000.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the Latest Practicable Date, the principal activities of the Group include: (i) money lending; (ii) securities investment; (iii) provision of commodities and securities brokerage service; (iv) rental and trading of construction machinery; (v) property leasing; and (vi) asset management. The Company expects that the recent tighter credit control imposed by commercial banks would increase the demand for money lending business. Hence, the Acquisition allows the Company to maximize the share of earnings in Hao Tian Finance. Furthermore, the consideration of the Acquisition to be satisfied by way of issue and allotment of the Consideration Shares would increase both the total assets and shareholders' equity of the Company, without actual cash outflow.

FINANCIAL EFFECT OF THE ACQUISITION

Hao Tian Finance is an indirect non wholly-owned subsidiary of the Company before the Acquisition of the Sale Shares. As at the Latest Practicable Date, the Company indirectly owns approximately 83.47% of the entire issued share capital of Hao Tian Finance.

Immediately following completion of the Acquisition, Hao Tian Finance will become an indirect wholly-owned subsidiary of the Company and the financial results of Hao Tian Finance will continue to be consolidated into the financial statements of the Group.

INFORMATION ABOUT THE VENDOR AND THE PURCHASER

The Vendor is a company incorporated under the laws of the British Virgin Islands and is principally engaged in investment holding. Based on the information available to the Company, the Vendor is owned by Wong Yu Fong, Huang Tao and Huang Shi Ying as to 10%, 50% and 40% respectively.

The Purchaser, a direct wholly-owned subsidiary of the Company, is a company incorporated under the laws of the British Virgin Islands and is principally engaged in investment holding.

VIEWS OF THE DIRECTORS

The Directors consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. As none of the Directors had a material interest in the Acquisition, no Director was required to abstain from voting on the relevant resolution of the Board approving the Acquisition and issue and allotment of Consideration Shares.

LETTER FROM THE BOARD

EFFECT ON THE ISSUE OF THE CONSIDERATION SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For reference and illustration purposes only, assuming 800,000,000 Consideration Shares will be allotted and issued pursuant to the Sale and Purchase Agreement and there is no other change in the shareholding structure of the Company, the following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the Consideration Shares:

Shareholders	As at the Latest Practicable Date		Immediately after the allotment and issue of the Consideration Shares (assuming that there is no other change in the existing shareholding of the Company)	
	<i>Approximate</i>		<i>Approximate</i>	
	<i>No. of Shares</i>	<i>% (note 2)</i>	<i>No. of Shares</i>	<i>% (note 3)</i>
Li Shao Yu (<i>note 1</i>)	3,067,161,815	58.04%	3,067,161,815	50.41%
Directors	57,452,022	1.09%	57,452,022	0.94%
Public:	2,160,185,078	40.87%	2,160,185,078	35.50%
— China Animation Holding (BVI) Limited	372,585,332	7.05%	372,585,332	6.12%
— Others	1,787,599,746	33.82%	1,787,599,746	29.38%
Vendor	—	—	800,000,000	13.15%
Total	<u>5,284,798,915</u>	<u>100%</u>	<u>6,084,798,915</u>	<u>100%</u>

Notes:

1. Among the Shares held by Ms. Li Shao Yu, 3,061,584,773 Shares were held directly by Asia Link Capital Investment Holdings Limited (a company beneficially wholly-owned by Ms. Li Shao Yu and 5,577,042 Shares were held directly by Ms. Li Shao Yu.
2. The percentage figures are based on the number of Shares in issue as at the Latest Practicable Date (i.e. 5,284,798,915 Shares) and is rounded to the nearest 2 decimal places. Numbers may not add up to 100% due to rounding.
3. The percentage figures are based on the enlarged number of Shares in issue as a result of the allotment and issue of the Consideration Shares (i.e. 6,084,798,915 Shares) and is rounded to the nearest 2 decimal places. Numbers may not add up to 100% due to rounding.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Vendor is a Substantial Shareholder of a subsidiary of the Company and thus a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition constitutes a connected transaction of the Company. As the highest applicable percentage ratio (as defined under the Listing Rules) of the Acquisition exceeds 5% but is less than 25%, the Acquisition is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules. The Acquisition as contemplated under the Sale and Purchase Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

So far as the Company is aware, none of the Shareholders is materially interested in the Sale and Purchase Agreement and the transactions contemplated thereunder, and as such, no Shareholder is required to abstain from voting if a general meeting of the Company is convened to approve the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares.

Written approval by Asia Link Capital Investment Holdings Limited ("**Asia Link**"), which holds 3,061,584,773 Shares (representing approximately 57.93% of the issued Shares) as at the Latest Practicable Date, has been obtained by the Company for the purposes of approving the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares, in lieu of an approval of the Shareholders at a general meeting. Pursuant to Rule 14A.37 of the Listing Rules, an application has been made by the Company to the Stock Exchange for a waiver from the requirements for the Company to convene a general meeting, on the basis that the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares has been approved by the written approval of a Shareholder (i.e. Asia Link). As the Stock Exchange has granted the waiver to the Company on 17 July 2019, no general meeting of the Company will be held to approve the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares.

Details of the connected transactions of the Company will be disclosed in the Company's published annual report and accounts in accordance with Rule 14A.49 of the Listing Rules.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on the Acquisition and the issue and allotment of the Consideration Shares.

Opus Capital, the Independent Financial Adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the issue and allotment of the Consideration Shares.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 12 to 13 of this circular which contains its recommendation to the Independent Shareholders in respect of the Sale and Purchase Agreement and the issue and allotment of the Consideration Shares after taking into account the advice from the Independent Financial Adviser, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the issue and allotment of the Consideration Shares set out on pages 14 to 38 of this circular.

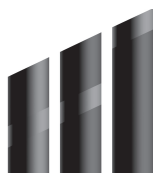
The Directors consider that the terms of the Sale and Purchase Agreement and the allotment and issue of Consideration Shares are fair and reasonable, and that the entering into of the Sale and Purchase Agreement and the allotment and issue of Consideration Shares are in the interests of the Company and the Shareholders as a whole. The Directors therefore would recommend the Independent Shareholders to vote in favour of the resolution to approve the Sale and Purchase Agreement and the allotment and issue of Consideration Shares if a general meeting of the Company were to be convened for such purpose. As disclosed above, Asia Link have given to the Company its written approval, and no general meeting of the Company will be convened in relation to the Acquisition.

ADDITIONAL INFORMATION

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



昊天發展集團有限公司

Hao Tian Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

8 August 2019

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
ACQUISITION OF MINORITY INTEREST IN A SUBSIDIARY
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE**

We refer to the circular (the “**Circular**”) dated 8 August 2019 issued by the Company of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless specified otherwise.

We have been formed to advise the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and issue of Consideration Shares. Opus Capital has been appointed by the Company as the Independent Financial Adviser to advise us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 14 to 38 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to the Circular.

We acknowledge that the Company has applied to the Stock Exchange, and the Stock Exchange has granted, a waiver from the requirement to hold a general meeting pursuant to Rule 14A.37 of the Listing Rules to approve the Sale and Purchase Agreement and the issue and allotment of Consideration Shares on the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Purchase Agreement and the issue and allotment of Consideration Shares; and (ii) Asia Link, which holds approximately 57.93% of the voting rights in the general meeting, has given its written approval approving the Sale and Purchase Agreement and the issue and allotment of Consideration Shares.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with its views and consider that although the Acquisition is not conducted in the ordinary and usual course of business of the Company, the terms of the Sale and Purchase Agreement and the allotment and issue of Consideration Shares are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution should a general meeting be convened by the Company to approve the Sale and Purchase Agreement and the allotment and issue of Consideration Shares.

Yours faithfully
For and on behalf of the
Independent Board Committee

Mr. Chan Ming Sun Jonathan

Mr. Lam Kwan Sing
*Independent non-executive
Directors*

Mr. Lee Chi Hwa, Joshua

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



18th Floor, Fung House
19–20 Connaught Road Central
Central, Hong Kong

8 August 2019

To: The Independent Board Committee and the Independent Shareholders of Hao Tian Development Group Limited

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF MINORITY INTEREST IN A SUBSIDIARY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Acquisition, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 8 August 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 8 July 2019, the Vendor, the Purchaser (a direct wholly-owned subsidiary of the Company) and the Company entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at a consideration of HK\$200,000,000, which shall be satisfied by way of issue and allotment of 800,000,000 Consideration Shares by the Company to the Vendor at the Issue Price of HK\$0.25 per Consideration Share under the Specific Mandate upon completion.

The Consideration Shares represent: (i) approximately 15.1% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 13.1% of the total issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion date of the Acquisition (save for the allotment and issue of the Consideration Shares).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Hao Tian Finance is held by the Purchaser and the Vendor as to approximately 83.47% and 16.53% respectively. Upon completion of the Acquisition, Hao Tian Finance will become an indirect wholly-owned subsidiary of the Company.

As the highest applicable percentage ratio (as defined under the Listing Rules) of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, the Vendor is a Substantial Shareholder of a subsidiary of the Company and hence is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors or Shareholders has a material interest in the transactions contemplated under the Acquisition.

Written approval by Asia Link Capital Investment Holdings Limited ("**Asia Link**"), which holds 3,061,584,773 Shares (representing approximately 57.93% of the issued Shares) as at the Latest Practicable Date, has been obtained by the Company for the purposes of approving the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares, in lieu of an approval of the Shareholders at a general meeting. Pursuant to Rule 14A.37 of the Listing Rules, an application has been made by the Company to the Stock Exchange for a waiver from the requirements for the Company to convene a general meeting, on the basis that the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares has been approved by the written approval of a Shareholder (i.e. Asia Link). As the Stock Exchange has granted the waiver to the Company on 17 July 2019, no general meeting of the Company will be held to approve the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee of the Company comprising Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing and Mr. Lee Chi Hwa, Joshua, all being independent non-executive Directors, has been established to advise and make recommendation to the Independent Shareholders regarding the Acquisition and the transactions contemplated thereunder (including the issuance of Consideration Shares under Specific Mandate). Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the Acquisition and the transactions contemplated thereunder (including the issuance of Consideration Shares under Specific Mandate) are on normal commercial terms, fair and reasonable so far as the Independent

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; (ii) whether the Acquisition is in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect to the relevant resolution should a general meeting be convened by the Company to approve the Acquisition and the transactions contemplated thereunder (including the issuance of Consideration Shares under Specific Mandate).

OUR INDEPENDENCE

We were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of: (i) the Company in respect of discloseable and connected transactions in relation to the acquisition of notes from, and issue of bonds, to the controlling shareholder of the Company. Details are set out in the circular of the Company dated 6 September 2018; (ii) Hao Tian International Construction Investment Group Limited (“**Hao Tian International**”), a subsidiary of the Company, in respect of: (a) a major and connected transaction in relation to the acquisition of listed securities; and (b) a connected transaction involving allotment and issuance of new shares of Hao Tian International to its chief executive officer. Details are set out in the circulars of Hao Tian International dated 17 January 2019 and 21 March 2019, respectively (collectively, the “**Past Appointments**”).

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

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company’s annual report for the year ended 31 March (“**FY**”) 2019 (the “**2019 Annual Report**”);
- (ii) the financial information of Hao Tian Finance for FY2018 and FY2019;
- (iii) the Sale and Purchase Agreement; and
- (iv) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group

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

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

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition and the transactions contemplated thereunder (including the issuance of Consideration Shares under Specific Mandate), we have taken into consideration the following principal factors and reasons:

1. Overview of the Group

The Company was listed on the Main Board of the Stock Exchange (stock code: 474) on 6 June 2006. As stated in the 2019 Annual Report, the Group is principally engaged in: (i) money lending; (ii) provision of commodities, futures and securities brokerage service; (iii) construction machinery and sale of construction materials; (iv) retailing of men’s and women’s apparels; and (v) property leasing.

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The following is a summary of the financial results of the Group for each of FY2018 and FY2019 as extracted from the 2019 Annual Report:

Table 1: Highlight of the financial results of the Group

	FY2019		Audited FY2018	
	(HK\$'000)	%	(HK\$'000)	%
Revenue	319,513	100.0	330,017	100.0
— Money lending	73,459	23.0	118,006	35.7
— Provision of commodities, future and securities brokerage services	15,540	4.9	11,524	3.5
— Construction machinery and sales of construction materials	162,409	50.8	165,869	50.3
— Retailing of men's and women's apparels	1,835	0.6	34,618	10.5
— Property leasing	66,270	20.7	—	—
Loss before tax	(480,577)		(538,391)	
Loss attributable to the Shareholders	(380,871)		(444,906)	

Source: the 2019 Annual Report

The Group recorded a decrease in revenue of approximately 3.2% from approximately HK\$330.0 million for FY2018 to approximately HK\$319.5 million for FY2019. We further noted that a significant drop in revenue from retailing of men's and women's apparels by approximately 94.8% from approximately HK\$34.6 million for FY2018 to approximately HK\$1.8 million for FY2019 due to intense market competition in the apparel industry in the PRC. Interest income from money lending business also declined by approximately 37.8% to HK\$73.3 million from approximately HK\$118.0 million in FY2018. The decrease was mainly attributable to the drop in personal loan business, and was partially offset by continual increase in the number of customers for the property mortgaged loan business. The Group nevertheless generated a new income stream in investment properties leasing amounted to approximately HK\$66.3 million in FY2019, after its acquisition of a company holding a mixed-use property located in the United Kingdom for approximately HK\$1,429 million on 12 April 2018 (the "**UK Investment**").

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The loss attributable to the Shareholders was approximately HK\$380.9 million for FY2019 which was mainly attributable to significant fair value loss on financial assets at fair value through profit or loss or investment held for trading of approximately HK\$399.9 million. The improvement in the loss position was due to the new revenue stream and fair value gain from the UK Investment.

During FY2019, out of the Group's total revenue of approximately HK\$319.5 million, approximately 50.8% was attributable to the construction machinery and sale of construction materials segment, while the money lending segment, being the 2nd largest revenue component, contributed approximately 23.0%.

Table 2: Highlight of the financial position of the Group

	Audited	
	As at 31 March	
	2019	2018
	(HK\$'000)	(HK\$'000)
Non-current assets	2,899,837	2,146,939
Current assets	2,654,668	2,882,572
Non-current liabilities	1,878,504	711,266
Current liabilities	892,034	1,254,811
Net asset value (the "NAV")	2,783,967	3,063,434
NAV attributable to the Shareholders	2,630,804	2,791,630
Bank balances and cash	267,040	781,431

Source: the 2019 Annual Report

As at 31 March 2019, the total assets and liabilities were approximately HK\$5,554.5 million and HK\$2,770.5 million respectively. This represented an increase of approximately HK\$525.0 million or approximately 10.4% for total assets as compared to approximately HK\$5,029.5 million as at 31 March 2018; and an increase of approximately HK\$804.4 million or approximately 40.9% for total liabilities compared to approximately HK\$1,966.1 million as at 31 March 2018. The slight increase in assets was mainly attributable to the UK Investment for approximately HK\$1,429 million; which was offset by: (i) a decrease in financial assets at fair value through profit and loss and other comprehensive income of approximately HK\$322.1 million compared to the consolidated financial position as at 31 March 2018; (ii) a reduction in investments of approximately HK\$306.2 million; (iii) a drop in loan receivables of approximately HK\$189.4 million; and (iv) a decrease in bank balance and cash of approximately HK\$514.4 million. The significant increase in liabilities was mainly attributable to an increase in borrowings of approximately HK\$1,227.3 million taken to partially finance the UK Investment.

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As at 31 March 2019, the NAV was approximately HK\$2,784.0 million, representing a decline of approximately HK\$279.4 million or approximately 9.1% compared to HK\$3,063.4 million as at 31 March 2018. This was mainly due to an increase of liabilities of the Group as mentioned above. Accordingly, the NAV attributable to the Shareholders was approximately HK\$2,630.8 million as at 31 March 2019, representing a drop of approximately HK\$160.8 million or approximately 5.8% compared to HK\$2,791.6 million as at 31 March 2018.

The bank balances and cash of the Group reduced significantly to HK\$267.0 million as at 31 March 2019 from approximately HK\$781.4 million as at 31 March 2018, representing a decrease of approximately HK\$514.4 million or approximately 65.8%. This was mainly attributable to the repayment of certain borrowings of approximately HK\$497.5 million during FY2019. As the Consideration of HK\$200 million represents approximately 74.9% of the Group's bank balances and cash as at 31 March 2019, the settlement of the Consideration by way of allotment and issue of the Consideration Shares would effectively minimise any cash outlay, allowing the Group to have greater flexibility in its cash management and planning.

As we note that money lending business was the second largest revenue contributor of the Group in FY2019, it is only natural and beneficial for the Group to undertake the Acquisition to maximise the earnings from Hao Tian Finance.

2. Reasons for and benefits of the Acquisition

As stated in the Letter from the Board, the Company expects that the recent tightening of credit control imposed by commercial banks would increase the demand for money lending business. Hence, the Acquisition allows the Company to maximise the share of earnings in Hao Tian Finance. Furthermore, the Consideration to be satisfied by way of issue and allotment of the Consideration Shares would increase both the total assets and shareholders' equity of the Company, without actual cash outflow.

As stated in the 2019 Annual Report, although the China-US trade frictions intensified the risk factors affecting the pace of global economic recovery and the financial markets has been experiencing huge volatilities, the Directors are of the view that the Hong Kong economy have some positive factors such as strong labour market, proactive fiscal policy implemented by the government and advantages of ever-deepening economic integration with the Mainland China that will continue to support the economic performance ahead. As such, the Directors are optimistic about the local property market and expects a stable growth in the Group's mortgage loan business. Considering that the Acquisition is in line with one of the Group's key business focus and the favourable industry outlook in which Hao Tian Finance is engaged in as mentioned in the section below, we concur with the Director's view on the rationale of the Acquisition.

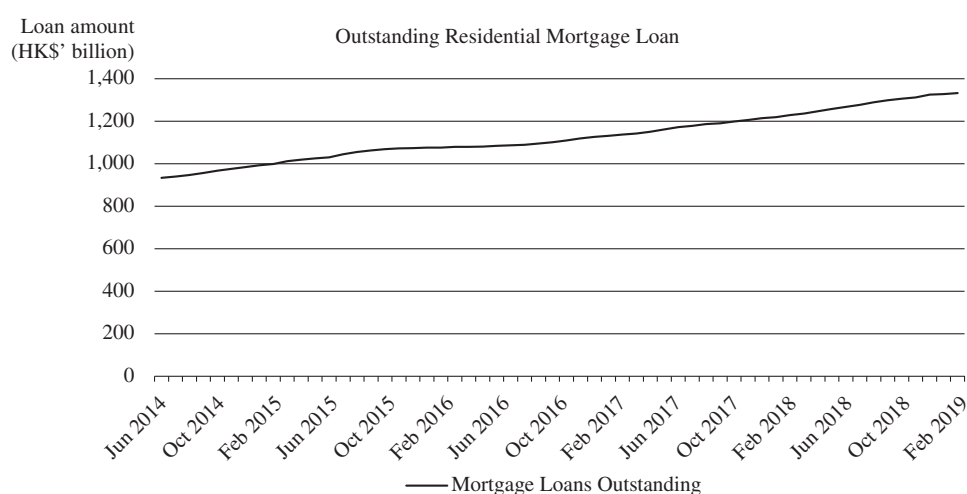
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3. Industry outlook

Hao Tian Finance is principally engaged in money lending business, including the provision of mortgage loans and personal loans in Hong Kong.

Centa-City Leading Index is a weekly index based on the current contract prices in Centaline Property Agency Limited transactions that monitors the up-to-date property price variations. For the past 10 years, the index has surged from 57.52 in January 2009 to 190.48 as at 11 July 2019, representing an increase of approximately 231.1%.

Diagram 1: 5-year Outstanding Residential Mortgage Loan



Source: the Hong Kong Monetary Authority (the "HKMA")

The robust growth in the property market also benefits the mortgage market. According to the monthly residential mortgage survey results published by the HKMA, the outstanding value of residential mortgage loans increased of a compounded annualised growth rate of approximately 7.7% from approximately HK\$934.1 billion in June 2014 to HK\$1,351.0 billion in May 2019.

On a monthly basis, as stated in the monthly statistical bulletin published by the HKMA, the total loans and advances also increased to approximately HK\$10,023.3 billion in May 2019 from approximately HK\$9,806.5 billion in June 2018, represented a growth of approximately 2.2%. Despite the relatively low growth rate in the total loans and advances last year, the total loans and advances had grown at a compound annual growth rate of approximately 11.3% since January 2010 to January 2019 which indicated a sustainable growth in the loans market.

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According to an article headed “Understanding Household Indebtedness in Hong Kong” published by the HKMA in a research memorandum in July 2018, under their developed framework for assessment of the risks led by rising household debt, they did not find strong evidence of a credit-led asset price boom at the current round of the property market upcycle. They further stated Hong Kong’s household sector was found to have high safe assets-to-liabilities ratio, suggesting that households have a strong buffer to withstand property price shocks. Albeit the significant growth in the outstanding value of mortgage loans, the households’ mortgage debt-servicing burden has remained stable since 2008 and stayed at its historical lows. They concluded that the rising household debt would not pose a major threat to Hong Kong’s financial and macroeconomic stability.

Having considered: (i) the promising property market throughout the past ten years; (ii) the increasing demand of mortgage and loans with an approximately 11.3% growth in outstanding value of mortgage loans in May 2019 compared to May 2018; and (iii) the current healthy household debt market with high safe assets-to-liabilities ratio and historical low households’ mortgage debt-servicing burden since 2008, it is reasonable to expect that the prospects of the mortgage and loans industry in Hong Kong is promising and the positive trend is likely to continue in the near future.

4. Principal terms of the Sale and Purchase Agreement

Date: 8 July 2019

Parties: (i) Guo Guang Limited, as the Purchaser

(ii) Century Golden Resources Investment Co., Ltd., as the Vendor

(iii) the Company, as the issuer of the Consideration Shares

Subject matter: the Sale Shares

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(A) Conditions precedent

Completion of the Sale and Purchase Agreement shall be subject to the conditions precedent:

- (i) the Independent Shareholders having passed at the extraordinary general meeting the resolution or written approval of the Independent Shareholders having been obtained (in lieu of holding a general meeting) approving the entering into, execution, delivery and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder, including without limitation the acquisition of the Sale Shares and authorisation to the Directors to allot and issue the Consideration Shares, credited as fully paid, to the Vendor (or its nominee);
- (ii) the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange; and
- (iii) the warranties set out in the Sale and Purchase Agreement remaining true and correct as at the completion date and as if repeated at all time between the date of the Sale and Purchase Agreement and the completion date.

The Vendor and the Purchaser shall use their best endeavour to procure the fulfilment of the conditions precedent. In the event that any of the conditions precedent is not fulfilled by 10 October 2019, the Sale and Purchase Agreement shall automatically lapse and none of the parties shall be liable to the other (save for any antecedent breach) unless both parties agree to defer the long-stop date.

As at the Latest Practicable Date, condition precedent (i) has been fulfilled. The Company has obtained written approval from Asia Link, its controlling shareholder holding approximately 57.93% of the issued Shares as at Latest Practicable Date approving the Sale and Purchase Agreement and allotment of the Consideration Shares, in lieu of holding a general meeting. The Company has also obtained from the Stock Exchange the waiver from the requirement to convene a general meeting under Rule 14A.37 of the Listing Rules.

(B) Consideration

The Consideration payable by the Purchaser shall be HK\$200,000,000, which shall be satisfied by way of issue and allotment of 800,000,000 Consideration Shares by the Company to the Vendor at the Issue Price of HK\$0.25 per Consideration Share under the Specific Mandate upon completion. The Consideration was determined after arm's length negotiations having regard to the factors stated in the section headed "Reasons for and benefits of the Acquisition" set out in the Letter from the Board and the NAV of Hao Tian Finance.

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(i) *The Consideration Shares*

The Consideration Shares represent: (i) approximately 15.1% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 13.1% of the total issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion date of the Acquisition (save for the allotment and issue of the Consideration Shares).

Pursuant to Rule 13.36(2) of the Listing Rules, the Consideration Shares will be allotted and issued pursuant to the Specific Mandate proposed to be approved from the Independent Shareholders.

The Consideration Shares will rank *pari passu* in all respects with each other and with the other Shares of the Company then in issue.

(ii) *The Issue Price*

The Issue Price of HK\$0.25 per Consideration Share was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account, among others, the NAV of approximately HK\$1,124,735,000 based on the audited financial statements of Hao Tian Finance as of 31 March 2019, the prevailing market price of the Shares and other market conditions.

The Issue Price represents:

- (a) a premium of approximately 11.6% over the closing price on of HK\$0.224 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement, being 8 July 2019 (the “**Last Trading Day**”);
- (b) a premium of approximately 11.1% over the average of the closing price of HK\$0.225 per Share as quoted on the Stock Exchange for the last five consecutive trading days for the Shares immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 0.8% over the closing price of HK\$0.248 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a discount of approximately 52.8% to the NAV per Share of approximately HK\$0.53 as at 31 March 2019.

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An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

(C) Completion

Completion of the Acquisition shall take place within five business days after all the conditions precedent have been satisfied (or such other date as the Vendor and the Purchaser may agree).

5. Information on Hao Tian Finance

(A) Background information

As stated in the Letter from the Board, Hao Tian Finance is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) and is principally engaged in money lending business including the provision of mortgage loans and personal loans in Hong Kong.

(B) Financial information of Hao Tian Finance

The NAV of Hao Tian Finance as at 31 March 2019 and 2018 are approximately HK\$1,124.7 million and HK\$1,125.3 million respectively. A summary of the audited financial information of Hao Tian Finance for FY2018 and FY2019 prepared in accordance with the generally accepted accounting standards of Hong Kong is set out below:

Table 3: Financial information of Hao Tian Finance

	FY2019	FY2018
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Revenue	58,999	107,624
Profit before tax	69,598	112,756
Net profit	61,882	98,325

The original acquisition cost paid by the Vendor for the acquisition of 16.53% equity interest in Hao Tian Finance was HK\$200 million.

6. Assessment of the Consideration

The Management represented that the Consideration was agreed between the Purchaser and the Vendor after arm's length negotiations having regard to the factors stated in the section headed "Reasons for and benefits of the Acquisition" set out in the Letter from the Board and the NAV of Hao Tian Finance. To assess the fairness and reasonableness of the Consideration, we have conducted our own independent analysis by comparing the relevant

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listed peer companies, which are engaged in similar principal business activities, against Hao Tian Finance, which is principally engaged in money lending business including the provision of mortgage loans and personal loans in Hong Kong, and the revenue is primarily derived from interest income.

Among the valuation multiples which are used for our own independent analysis of the Consideration, we have identified that the trailing 12-month price-to-earnings multiple (the “**P/E Multiple**”) and the price-to-book multiple (the “**P/B Multiple**”) to be the most appropriate method on the basis that: (i) Hao Tian Finance has a stable stream of income and will likely to continue to grow in the foreseeable future; and (ii) Hao Tian Finance heavily relies on shareholders’ equity to fund its operation, since approximately 65.0% of the asset is funded by shareholders’ equity.

We have identified and reviewed, based on information extracted from Bloomberg and the website of the Stock Exchange and selected the comparable companies (the “**Finance Comparable Companies**”) where: (i) the shares of which are listed on the Stock Exchange; (ii) they fall under the sectors of commercial finance, consumer finance, mortgage finance and other financial services as categorised by Bloomberg; (iii) at least 50% of the latest audited revenue was derived from the provision of loans, financial leasing or loan related business in Hong Kong or in PRC; and (iv) they have positive P/E Multiples.

Based on the above criteria, set out below are 11 Finance Comparable Companies together with the relevant P/E Multiples and P/B Multiples, the information of which we consider, to the best of our knowledge and ability, to be an exhaustive, fair and representative sample for the purpose of arriving at a meaningful comparison to the Consideration.

Table 4: Summary of the Finance Comparable Companies

Name	Stock code	Principal business activities	P/E Multiple (Note 1)	P/B Multiple (Note 2)
Far East Horizon Ltd	3360	The company is a financial services provider specialising in providing financing solutions through equipment-based financial leasing. The company currently targets industries that include healthcare, education, infrastructure construction, shipping, printing and machinery industries.	6.8	1.0
China Shandong Hi-Speed Financial Group Ltd	412	The company offers internet financial platforms, securities investments, money lending, financial leasing, integrated assets management, and other services. The company provides its services throughout Hong Kong.	16.1	1.4

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Name	Stock code	Principal business activities	P/E Multiple <i>(Note 1)</i>	P/B Multiple <i>(Note 2)</i>
Sun Hung Kai & Co. Limited	86	The company, through its subsidiaries, focuses on providing tailor-made financing solutions to corporations, small businesses, and individuals.	6.2	0.4
Guangdong Join-Share Financing Guarantee Investment Co Ltd	1543	The company is a financing guarantee services provider in Guangdong province, the PRC, which focuses on providing credit-base financing solutions to small and medium enterprises.	17.8	1.1
Wealthy Way Group Ltd	3848	The company offers commercial financing services and provides equipment financing, leasing, financial consulting, and sales and leaseback services. The company offers services to airlines, health care providers, energy saving equipment suppliers, and other customers in China and Hong Kong.	37.2	1.8
Oi Wah Pawnshop Credit Holdings Limited	1319	The company provides financing services, short-term secured financing, including pawn loans and mortgage loans.	5.4	0.7
FY Financial Shenzhen Co Ltd	8452	The company offers financial leasing services and provides new goods direct renting, old goods renting, and other services. The company serves electronics, medical, alternative energy, and transportation industries in China.	3.1	0.3
Ziyuanyuan Holdings Group Ltd	8223	The company provides financial leasing services and offers equipment-based financing lease services in printing, logistics, transportation, and other related industries. The company provides services in China.	23.7	1.5
Metropolis Capital Holdings Ltd	8621	The company offers finance leasing services and leases vehicles, machinery, equipment, and other products. The company provides its services throughout China.	470.8	1.0

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Name	Stock code	Principal business activities	P/E Multiple <i>(Note 1)</i>	P/B Multiple <i>(Note 2)</i>
Global International Credit Group Limited	1669	The company is a licensed money lender. The company provides mortgage loan financing to corporations and individuals, which are secured against real estate assets. It also provides unsecured personal loans.	4.3	0.4
Hong Kong Finance Group Limited	1273	The company provides mortgage loans. The company engages in the money lending business, offering property mortgage loans to corporate and individual customers. It focuses on residential, commercial, and industrial properties located within Hong Kong.	3.9	0.4
		Average	13.4 <i>(Note 3)</i>	0.9
		Maximum	470.8	1.8
		Minimum	3.1	0.3
		Hao Tian Finance	19.6 <i>(Note 4)</i>	1.1 <i>(Note 5)</i>

Source: the Stock Exchange

Notes:

1. Save for Hao Tian Finance, the P/E Multiples of the Finance Comparable Companies are respectively calculated based on the market capitalisation as at the Last Trading Day divided by the trailing 12-month net profit attributable to the shareholders of the Finance Comparable Companies as shown in their respective latest published annual/interim reports.
2. Save for Hao Tian Finance, the P/B Multiples of the Finance Comparable Companies are respectively calculated based on the market capitalisation as at the Last Trading Day divided by the equity attributable to the shareholders of the Finance Comparable Companies as shown in their respective latest published annual/interim reports.
3. The maximum and minimum of the P/E Multiples of the Finance Comparable Companies are excluded in the calculation of the respective averages.
4. The implied P/E Multiple of Hao Tian Finance is calculated by first dividing the Consideration of HK\$200 million by 16.53% and then divided by the unaudited net profit attributable to the shareholders of Hao Tian Finance for the year ended 31 March 2019 of approximately HK\$61.9 million.
5. The implied P/B Multiple of Hao Tian Finance is calculated by first dividing the Consideration of HK\$200 million by 16.53% and then divided by the unaudited NAV attributable to the shareholders of Hao Tian Finance as at 31 March 2019 of approximately HK\$1,124.7 million.

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The P/E Multiples of the Finance Comparable Companies ranged from approximately 3.1 times to approximately 470.8 times with an average of approximately 13.4 times (without taking account of the extremities). The implied P/E Multiple of Hao Tian Finance is approximately 19.6 times. Although the implied P/E Multiple is higher than the average of the Finance Comparable Companies' P/E Multiples (excluding extremities), it nevertheless lies within the range and is also far below the second highest P/E Multiple of the Finance Comparable Companies, being 37.2 times.

The P/B Multiples of the Finance Comparable Companies ranged from approximately 0.3 times to approximately 1.8 times with an average of approximately 0.9 times. The implied P/B Multiple of Hao Tian Finance is approximately 1.1 times, which is slightly higher than the average of the Finance Comparable Companies' P/B Multiples. It nevertheless lies within the range of the Finance Comparable Companies' P/E Multiples.

Taking account into the following factors: (i) the implied P/E Multiple of Hao Tian Finance is within the range of Finance Comparable Companies' P/E Multiples; and (ii) the implied P/B Multiple of Hao Tian Finance is slightly higher than the mean of the Finance Comparable Companies' P/B Multiples, we concur with the Directors' view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. Assessment of the Issue Price of the Consideration Shares

(A) Comparison with market price of the Shares

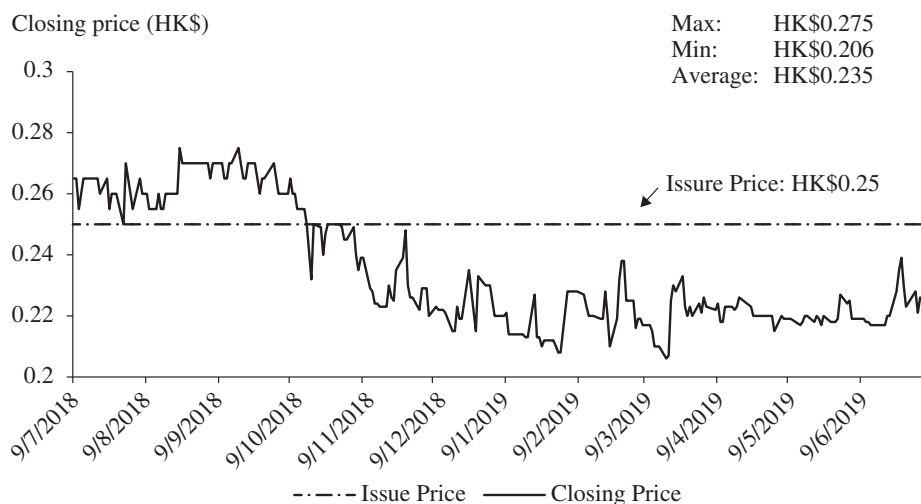
As stated in the Letter from the Board, the Issue Price of HK\$0.25 was determined after arm's length negotiation between the Purchaser and the Vendor, with reference to, among other things, the prevailing market price of the Shares. The Issue Price represents:

- (i) a premium of approximately 11.6% over the closing price of HK\$0.224 per Share as quoted on the Stock Exchange as at the Last Trading Day;
- (ii) a premium of approximately 11.1% over the average of the closing prices of HK\$0.225 per Share as quoted on the Stock Exchange for the last five consecutive trading days for the Shares immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 0.8% over the closing price of HK\$0.248 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a discount of approximately 52.8% to the NAV per Share of approximately HK\$0.53 as at 31 March 2019.

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Set out below is the movement of the closing prices of the Shares from 9 July 2018, being one year prior to the Last Trading Day, to the Last Trading Day (the “Share Price Review Period”).

Diagram 2: Movement of the Share Price during the Share Price Review Period



Source: the Stock Exchange

As illustrated by the diagram above, during the Share Price Review Period, the closing Share price traded at an average of approximately HK\$0.235 per Share with a maximum at HK\$0.275 per Share in late August 2018 and a minimum at HK\$0.206 per Share on 18 March 2019, demonstrating a general downward trend of the Share price. The Issue Price of HK\$0.25 per Share represents a premium of approximately 6.4% over the average of the closing prices of the Shares of approximately HK\$0.235.

The Company has announced seven notifiable transactions throughout the Share Price Review Period, three of which were disposals while the remaining were acquisitions and subscriptions. Nevertheless, the closing Share price did not show significant stimulations and continued a downward trend. It is worth noting that the Company has been recording net loss positions for the past two years as described in the section headed “Financial information of the Group” above.

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(B) Comparison with the NAV per Share

In view of the Issue Price representing a discount of approximately 52.8% to the NAV per Share of approximately HK\$0.53 as at 31 March 2019, we have conducted our own independent analysis by comparing the trailing 12-month P/B Multiples of the relevant listed peer companies which are engaged in similar principal business activities against the Company to assess the fairness and reasonableness of the Issue Price. For FY2019, revenue generated from machinery leasing and sale of construction materials represents approximately 50.8% of the Group's total revenue.

We have selected the comparable companies (the “**Machinery Comparable Companies**”) with the following selection criteria:

- (i) listed on the Main Board;
- (ii) falls under the machinery or construction material categories according to Bloomberg and money18.on.cc, a financial media website in Hong Kong owned and operated by Oriental Press Group Limited (stock code: 18). As stated in its website, Oriental Press Group is the largest press group in Hong Kong and is the owner of “Oriental Daily News” and other related online portals;
- (iii) with over 50% of its latest reported annual revenue generated from the provision of equipment leasing or sale of construction material; and
- (iv) with over 50% of its latest reported annual revenue generated in Hong Kong.

Based on the above criteria, set out below are 7 Machinery Comparable Companies together with the relevant P/B Multiples, the information of which we consider, to the best of our knowledge and ability, to be an exhaustive, fair and representative sample for the purpose of arriving at a meaningful comparison to the Issue Price.

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Table 5: Summary of the Machinery Comparable Companies

Name	Stock code	Principal business activities	P/B Multiple <i>(Note 1)</i>
Zhaobangji Properties Holdings Ltd	1660	The company operates as a construction machinery trading company. It markets construction machinery products, drilling accessories and other products.	34.1
Hao Tian International Construction Investment Group Ltd	1341	The company provides machinery leasing services and leases construction machinery to customers in Hong Kong.	1.8
Hong Kong Shanghai Alliance Holdings Ltd	1001	The company, through its subsidiaries, trades steel, sanitary ware, and kitchen cabinets, installs kitchen cabinets, manufactures and trades rolled steel flat products, enclosure systems, engineering plastic resins and injection moulding machines.	0.3
Softpower International Ltd	380	The company trades and distributes a comprehensive range of water pipes, fittings and other related construction materials.	0.5
AP Rentals Holdings Ltd	1496	The company is engaged in rental services and mainly rents construction equipment to customers.	1.0
MOS House Group Ltd	1653	The company manufactures ceramic products. It produces porcelains, ceramic and mosaic tiles, and other products.	2.1
Yuk Wing Group Holdings Ltd	1536	The company, through its subsidiaries, manufactures and sells piling and drilling machineries and rock drilling equipment globally.	0.8
		Average <i>(Note 2)</i>	1.2
		Maximum	34.1
		Minimum	0.3
		Issue Price	0.5
			<i>(Note 3)</i>

Source: the Stock Exchange

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Notes:

1. Save for the Issue Price, the P/B Multiples of the Machinery Comparable Companies are respectively calculated based on the market capitalisation as at the Last Trading Day divided by the NAV of the Machinery Comparable Companies as shown in their respective latest published annual reports/results.
2. The maximum and minimum of the P/B Multiples of the Machinery Comparable Companies are excluded in the calculation of the respective average.
3. The implied P/B Multiple of the Issue Price is calculated by dividing the Issue Price of HK\$0.25 by the NAV per Share of approximately HK\$0.53 as at 31 March 2019.

The P/B Multiples of the Machinery Comparable Companies ranged from approximately 0.3 times to approximately 34.1 times with an average of approximately 1.2 times (without taking account of the extremities). The implied P/B Multiple of the Issue Price is approximately 0.5 times. Although it is lower than the average of the Machinery Comparable Companies' P/B Multiples (excluding extremities), it nevertheless lies within the range of the Machinery Comparable Companies' P/B Multiples.

Furthermore, it was noted that the Shares have been trading at significant discount to the NAV per Share of approximately HK\$0.53 as at 31 March 2019 during the Share Price Review Period as shown in diagram 2 above. The maximum closing price of the Shares of HK\$0.275 and the average closing price of the Shares of approximately HK\$0.235 during the Share Price Review Period are at discounts of approximately 48.1% and 55.7% to the NAV per Share as at 31 March 2019, respectively. As such, the Management considered that determining the Issue Price with reference to the NAV per Share would not be attractive to the Vendor as the closing prices of the Shares have shown a general downward trend during the Share Price Review Period and the NAV per Share as at 31 March 2019 was significantly higher than the maximum closing price of the Shares during the Share Price Review Period.

Having taken into account: (i) the Issue Price represents premiums of approximately 11.6% and 11.1% over the closing Share price as at the Last Trading Day and the average of the closing prices of the Shares for the last five consecutive trading days for the Shares immediately prior to and including the Last Trading Day; (ii) the implied P/B Multiple of the Issue Price is within the range of the Machinery Comparable Companies' P/B Multiples; (iii) the NAV per Share as at 31 March 2019 was significantly higher than the maximum closing price of the Shares during the Share Price Review Period; and (iv) the general downward trend of the closing prices of the Shares during the Share Price Review Period, therefore despite the Issue Price represented a discount to the NAV per Share as at 31 March 2019, we consider the Issue Price to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

8. Evaluation of the payment method

The Consideration shall be fully satisfied by the Consideration Shares with no material cash outlay for the Acquisition. The overall arrangement shall provide the Company with greater flexibility in its cash management and planning.

Based on the above, we consider the payment method for the Acquisition to be fair and reasonable.

9. Financial effects of the Acquisition

(A) *Earnings*

Upon completion, Hao Tian Finance will become an indirect wholly-owned subsidiary of the Company. As such, no allocation to the non-controlling interests is required upon consolidating Hao Tian Finance's financial results into the consolidated financial statements of the Group using consolidation accounting.

As shown in the Letter from the Board, the net profit attributable to the shareholders of Hao Tian Finance for FY2019 were approximately HK\$61.9 million. The Management expects that the Acquisition may contribute positively to the financial performance of the Group.

(B) *Assets and liabilities*

Upon completion, all assets and liabilities of Hao Tian Finance will be consolidated into the Group without any allocation to the non-controlling interests. Assuming Completion takes place on 31 March 2019, the NAV attributable to the Shareholders as at 31 March 2019 would increase by approximately 5.3% from approximately HK\$2,630.8 million to approximately HK\$2,771.4 million.

The NAV attributable to the Shareholders per Share as at 31 March 2019 would reduce from approximately HK\$0.50 to HK\$0.43, representing a reduction of approximately HK\$0.07 or 14.0%. Such decrease was due to the slight improvement in NAV attributable to the Shareholders and the material increase in the number of Shares through the issuance of the Consideration Shares upon completion. Although the NAV attributable to the Shareholders per Share would be reduced post Acquisition, having taking into account, among others, (i) the optimistic prospects of the money lending industry in Hong Kong; (ii) the benefits which are expected to be brought forth by the Acquisition; (iii) the fairness and reasonableness of the Consideration; (iv) the fairness and reasonableness of the Issue Price; and (v) the potential positive contribution to the financial performance of the Group as discussed in the previous section, we consider the reduction in the NAV attributable to the Shareholders per Share is acceptable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the avoidance of doubt, the above stated unaudited pro forma financial information of the Group is for illustrative purpose only. The actual impact on the NAV of the Group will be subject to change, as such amount will be calculated based on the fair values of the identifiable assets and liabilities of Hao Tian Finance and the Consideration at completion.

(C) Gearing and liquidity

Since all assets and liabilities of Hao Tian Finance have already been consolidated into the Group prior to the Acquisition, there is no further impact resulting from the Acquisition. Therefore, the gearing ratio of the Group would remain unchanged upon Completion.

10. Specific Mandate

The Consideration Shares represent approximately:

- (i) 15.1% of the total issued share capital of the Company as at the Latest Practicable Date; and
- (ii) 13.1% of the total issued share capital of the Company as enlarged by the Consideration Shares, assuming that there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion date of the Acquisition (save for the allotment and issue of the Consideration Shares).

The Consideration Shares of 800,000,000 Shares will be allotted and issued pursuant to the Specific Mandate proposed to be approved by the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

11. Effects on shareholding structure of the Company

Assuming 800,000,000 Consideration Shares will be allotted and issued pursuant to the Sale and Purchase Agreement and there is no other change in the shareholding structure of the Company, the following table illustrates the shareholding structure of the Company: (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the Consideration Shares:

Table 6: Shareholding structure of the Company

	As at the Latest Practicable Date		Immediately after the allotment and issue of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approx. %⁽²⁾</i>	<i>Number of Shares</i>	<i>Approx. %⁽³⁾</i>
Li Shao Yu ⁽¹⁾	3,067,161,815	58.04	3,067,161,815	50.41
Directors	57,452,022	1.09	57,452,022	0.94
Public:				
— China Animation Holding (BVI) Limited	372,585,332	7.05	372,585,332	6.12
— Others	1,787,599,746	33.82	1,787,599,746	29.38
Vendor	—	—	<u>800,000,000</u>	<u>13.15</u>
	<u>5,284,798,915</u>	<u>100</u>	<u>6,084,798,915</u>	<u>100</u>

Notes:

- Among the Shares held by Ms. Li Shao Yu, 3,061,584,773 Shares were held directly by Asia Link (a company beneficially wholly-owned by Ms. Li Shao Yu) and 5,577,042 Shares were held directly by Ms. Li Shao Yu.
- The percentage figures are based on the number of Shares in issue as at the Latest Practicable Date (i.e. 5,284,798,915 Shares) and is rounded to the nearest 2 decimal places. Numbers may not add up to 100% due to rounding.
- The percentage figures are based on the enlarged number of Shares in issue as a result of the allotment and issue of the Consideration Shares (i.e. 6,084,798,915 Shares) and is rounded to the nearest 2 decimal places. Numbers may not add up to 100% due to rounding.

As shown in the table above, the shareholding of the existing public Shareholders will decrease from approximately 40.9% to approximately 35.5% immediately after the allotment and issue of the Consideration Shares, representing a dilution by approximately 5.4%. Although the shareholding interest of the existing public Shareholders will be diluted, having taking into account, among others, (i) the optimistic prospects of the money lending industry in Hong Kong; (ii) the benefits which are expected to be brought forth by the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Acquisition; (iii) the fairness and reasonableness of the Consideration; (iv) the fairness and reasonableness of the Issue Price; and (v) the generally positive financial effects to the Group as discussed in the previous sections, we are of the opinion that the dilution effect on shareholding of the existing public Shareholders is acceptable.

RECOMMENDATION

In view of the above and having considered in particular that:

- (a) the benefits to be derived by the Group from the Acquisition as described in the section headed “Reasons for and benefits of the Acquisition” in the Letter from the Board;
- (b) the prospects of the money lending industry in Hong Kong is promising and the positive trend is likely to continue in the near future;
- (c) the stellar financial performance of Hao Tian Finance of revenue and net profits attributable to shareholders of Hao Tian Finance for FY2019 of approximately HK\$59.0 million and approximately HK\$61.9 million, respectively;
- (d) the implied P/E Multiple of Hao Tian Finance is approximately 19.6 times, which is within the range of the Finance Comparable Companies’ P/E Multiples;
- (e) the Issue Price represents premiums of approximately 11.6% and 11.1% over the closing Share price as at the Last Trading Day and the average of the closing prices for the last five consecutive trading days for the Shares immediately prior to and including the Last Trading Day;
- (f) the implied P/B Multiple of the Issue Price is within the range of the Machinery Comparable Companies’ P/B Multiples;
- (g) the general downward trend of the closing price of the Shares during the Share Price Review Period; and
- (h) the payment method of the Consideration through the Consideration Shares enables the Group to minimise cash outlay which in turn allows the Group to have greater flexibility in its cash management and planning,

we are of the view that although the Acquisition and the transactions contemplated thereunder (including the issuance of Consideration Shares under Specific Mandate) are not in the ordinary and usual course of the Company’s business, they are nevertheless conducted on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Stock Exchange has granted a waiver to the Company from the requirement to hold a general meeting to approve the Sale and Purchase Agreement and the issue and allotment of Consideration Shares on the basis that: (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Purchase Agreement and the issue and allotment of Consideration Shares; and (ii) Asia Link, which holds approximately 57.93% of the voting rights in the general meeting has given written approval approving the Sale and Purchase Agreement and the issue and allotment of Consideration Shares. Therefore, the Sale and Purchase Agreement and the issue and allotment of Consideration Shares are not required to be approved at a general meeting of the Company. However, should a general meeting be convened by the Company to approve the Sale and Purchase Agreement and the allotment and issue of Consideration Shares, we would have advised the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution.

Yours faithfully,

For and on behalf of

Opus Capital Limited

Koh Kwai Yim	Zhang Wenwen
<i>Executive Director</i>	<i>Director</i>

Ms. Koh Kwai Yim is the Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Koh has over 18 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.

Ms. Zhang Wenwen is a Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Zhang has participated in and completed various financial advisory and independent financial advisory transactions.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

As at the Latest Practicable Date

Authorised: HK\$

<u>50,000,000,000</u>	Shares of HK\$0.01 each	<u>500,000,000</u>
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Issued and fully paid:

<u>5,284,798,915</u>	Shares of HK\$0.01 each	<u>52,847,989</u>
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All the issued Shares rank pari passu with each other in all respects including the rights in respect of capital, dividends and voting.

3. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

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 and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Director	Capacity	Number of Shares and underlying Shares held (Long position)	Percentage of total issued share capital as at Latest Practicable Date
Fok Chi Tak	Beneficial owner	53,783,262	1.02%
Xu Hai Ying	Beneficial owner	733,752	0.01%
Ou Zhiliang	Beneficial owner	733,752	0.01%
Chan Ming Sun, Jonathan	Beneficial owner	733,752	0.01%
Lam Kwan Sing	Beneficial owner	733,752	0.01%
Lee Chi Hwa, Joshua	Beneficial owner	733,752	0.01%

Note:

- The percentage of shareholding is calculated on the basis of 5,284,798,915 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

Since 31 March 2019, being the date to which the latest published audited financial statements of the Group were made up, none of the Directors or proposed Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to, any member of the Group as at the Latest Practicable Date.

In addition, none of the Directors is materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) were continuous contracts with a notice period of 12 months or more; or (b) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far is known to the Directors, none of the Directors or their close associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date which is or may be material:

- (a) on 6 November 2017, Fujian Nuoqi Co. Ltd. (“**Fujian Nuoqi**”), as purchaser, Zhong Hong Holdings Group Limited, as vendor and Mr. Hu Yulin, as the vendor’s warrantor, entered into a sale and purchase agreement, pursuant to which Fujian Nuoqi has conditionally agreed to acquire, and the vendor has conditionally agreed to sell, the entire issued share capital of Zhong Hong International Limited (中宏國際有限公司)

at a consideration of HK\$1,053,024,128. The consideration payable by Fujian Nuoqi shall be satisfied by way of allotment and issue of new H shares of Fujian Nuoqi at an issue price of HK\$0.6829 per share upon completion;

- (b) on 20 January 2018 (London Time), Hao Tian Asia Investment Company Limited, an indirectly wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement with Reignwood Europe Holdings S.À.R.L., as vendor in respect of the sale and purchase of the entire issued share capital of 55 Mark Lane S.À.R.L. (“**55 Mark Lane**”) at a consideration up to £130,000,000. Upon completion of the sale and purchase agreement on 12 April 2018, 55 Mark Lane has become an indirect wholly-owned subsidiary of the Company;
- (c) on 28 March 2018, the Company entered into a sale and purchase agreement in respect of the disposal of its entire interests in Hao Tian International Financial Holdings Limited to Hao Tian International Construction Investment Group Limited (“**HTICI**”), a non-wholly owned subsidiary of the Company, at a consideration of HK\$200 million, which shall be satisfied as to (i) HK\$150 million by cash and (ii) HK\$50 million by issue of shares of HTICI, a non-wholly owned subsidiary of the Company, to the Company as part of corporate restructuring. Completion of the disposal took place on 13 December 2018;
- (d) on 14 April 2018, the Company entered into a conditional sale and purchase agreement with Mr. Simon Pizey, Ms. Gae Stewart, Mr. Hamish Hamilton and Ms. Melanie Fletcher in respect of the acquisition of 100% of the issued share capital of Done and Dusted Productions Limited, a private company limited by shares and incorporated in England and Wales for a total consideration of US\$89.6 million (equivalent to approximately HK\$703.4 million) (subject to adjustment), and the sale and purchase agreement lapsed on 20 December 2018 since some of the conditions precedent were not fulfilled;
- (e) on 25 June 2018, HTICI proposed to implement a rights issue on the basis of one right share for every share held on 16 July 2018 at the subscription price of HK\$0.15 per rights share (the “**Rights Issue**”). Hao Tian Management (China) Limited (“**HTM China**”), an indirect wholly-owned subsidiary of the Company, (i) granted an irrevocable undertaking in favour of HTICI in relation to, among others, to take up a total of 750,000,000 right shares, representing its full entitlement to the new shares under the Rights Issue (the “**Irrevocable Undertaking**”); (ii) entered into an underwriting agreement with HTICI, pursuant to which HTM China has conditionally agreed to fully underwrite all the rights shares (other than those agreed to be taken up by HTM (China) pursuant to the Irrevocable Undertaking). The Rights Issue became unconditional on 2 August 2018;

- (f) on 25 June 2018, a supplemental agreement to the sale and purchase agreement dated 28 March 2018 (as set out in paragraph (c) above) was entered into, pursuant to which, among other things, the parties have amended the payment terms;
- (g) on 28 June 2018, the Company entered into a sale and purchase agreement with Asia Link Capital Investment Holdings Limited in respect of the acquisition of the US\$30,000,000 8.5% notes due 2020 issued by Imperial Pacific International Holdings Limited at the consideration of US\$27,800,000, which was settled by way of issue of US\$27,800,000 4.0% bonds due 2019 issued by the Company in favour of Asia Link Capital Investment Holdings Limited. Completion of the acquisition took place on 11 October 2018;
- (h) on 24 July 2018, a second supplemental agreement to the sale and purchase agreement dated 28 March 2018 (as set out in paragraph (c) above), pursuant to which, among other things, the parties have adjusted the consideration from HK\$200,000,000 to HK\$180,000,000;
- (i) on 9 November 2018, Shan Dian Technology (HK) Company Limited, Tenfield Investments Limited (a direct wholly-owned subsidiary of the Company) and Access Profit Global Enterprises Group Limited (“**Access Profit**”) entered into a sale and purchase agreement in relation to the entire issued share capital of Access Profit at the consideration of HK\$180 million. Completion of the disposal took place on 22 November 2018;
- (j) on 13 February 2019, Hao Tian Media & Culture Company Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with China Animation Holding (BVI) Limited in relation to the acquisition of 10,290,000 shares of Grand Peaceful Global Limited (“**Grand Peaceful**”), representing 49% of the entire issued share capital of Grand Peaceful at the consideration of HK\$80,776,500 which would be satisfied by the Company issuing consideration shares. Completion of the acquisition took place on 22 February 2019 and 372,585,332 shares were issued by the Company;
- (k) on 1 March 2019, Crawler Crane Business Limited (a non wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Bravo Rich Limited in relation to the disposal of all issued shares in Chim Kee Crane Company Limited (“**Chim Kee**”) at the cash consideration of HK\$100,000,000. Completion of the disposal took place on 29 April 2019;
- (l) on 5 March 2019, Glory Century Limited (“**Glory Century**”), an indirect wholly-owned subsidiary of HTICI, placed an order with Millennium Fund Services (Asia) Limited, pursuant to which Glory Century subscribes for the 319,325.73 participating shares at the subscription amount of approximately US\$20,000,000, which was

satisfied by way of transferring the 588,680,000 shares in China Shandong Hi-Speed Financial Group Limited to the Riverwood China Growth Fund. Completion of the subscription took place on 6 March 2019;

- (m) on 10 May 2019, Fortune Jumbo Limited (“**Fortune Jumbo**”), an indirect wholly-owned subsidiary of the Company, placed an order with Haitong International Securities Company Limited, in respect of the subscription by Fortune Jumbo for the participating shares in the Riverwood China Growth Fund at the subscription amount of US\$16,000,000;
- (n) the Sale and Purchase Agreement; and
- (o) on 12 July 2019, HTICI (an indirect non-wholly owned subsidiary of the Company) entered into a sale and purchase agreement with Opulent Elite Investments Limited and Chen Tingjia in relation to the acquisition of a collection of 6 sets of canvas and paper painting art piece at the consideration of HK\$80,000,000 which would be satisfied by way of allotment and issue of 275,862,069 shares to be issued by HTICI.

8. QUALIFICATION

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

Name	Qualification
Opus Capital	a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the expert named above was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any interest, either directly or indirectly, in any assets which have been, since 31 March 2019 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Opus Capital issued a letter dated 8 August 2019 for the purpose of incorporation in this circular in connection with its recommendation to the Independent Board Committee and the Independent Shareholders.

9. CONSENT

Opus Capital has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and references to its name in the form and context in which they appear herein.

10. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2019 (the date to which the latest published audited accounts of the Group were made up).

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Rooms 4917–4932, 49/F., Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) from the date of this circular up to and including 23 August 2019:

- (a) the Sale and Purchase Agreement;
- (b) the memorandum and articles of association of the Company;
- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (d) the letter from the Board, the text of which is set out on pages 4 to 11 of this circular;
- (e) the letter from the Independent Board Committee dated 8 August 2019, the text of which is set out on pages 12 to 13 of this circular;
- (f) the letter of advice issued by Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders dated 8 August 2019, the text of which is set out on pages 14 to 38 of this circular;
- (g) the written consent as set out in the section headed “Consent” in this appendix;
- (h) the annual reports of the Company for each of the two financial years ended 31 March 2018 and 31 March 2019 respectively; and
- (i) this circular.

12. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Rooms 4917–4932, 49/F., Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong.
- (c) The share registrar and transfer office in the Cayman Islands of the Company is SMP Partners (Cayman) Limited at Royal Bank House — 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands and the Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Ms. Chan Lai Ping, who is a qualified lawyer in Hong Kong.
- (e) In the event of any inconsistencies, the English text of this circular and form of proxy shall prevail over the Chinese text.