



24 August 2015

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
KINGSTON SECURITIES LIMITED  
FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE  
ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY  
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) IN  
SINO GOLF HOLDINGS LIMITED**

**INTRODUCTION**

The Company and the Offeror jointly announced on 10 July 2015, among other things, that on 30 June 2015, the Vendors, the Offeror, Mr. Chu (as the warrantor to the Vendors) and Mr. Jiang (as the warrantor to the Offeror) entered into the Sale and Purchase Agreement, pursuant to which the Offeror has agreed to acquire from the Vendors an aggregate of 287,074,657 Shares, representing approximately 61.33% of the entire issued share capital of the Company as at the Latest Practicable Date. Immediately following Completion which took place on 30 June 2015, the Offeror and parties acting in concert with it are interested in 287,074,657 Shares, representing approximately 61.33% of the entire issued share capital of the Company as at the Latest Practicable Date. The total consideration of HK\$306,681,856.08 at which the Sale Shares were acquired from the Vendors, representing approximately HK\$1.0683 per Sale Share, was fully settled in cash upon Completion.

The 61.33% interests sold to the Offeror was determined based on commercial negotiation after taking into account, among other things, the Offeror's preference on having over 50% control in the Company and becoming the single largest shareholder in the Company. It is the current intention of Mr. Chu to remain as director of certain subsidiaries of the Group and have his family to retain the 2.22% direct interest in the Company so as to show his commitment to continue to manage the existing businesses of the Group following Completion and to maintain staff stability for the normal daily operations of the Group in view of the change in control.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for 180,975,343 Shares, representing all the issued Shares which are not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it. Kingston Securities, on behalf of the Offeror, is making the Offer.

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details of the terms of the Offer and procedures of acceptance are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the letter from the Board as well as the letter from Independent Board Committee and the letter from First Shanghai in respect of the Offer, as contained in this Composite Document.

## **MANDATORY UNCONDITIONAL CASH OFFER**

### **Principal terms of the Offer**

Kingston Securities, on behalf of the Offeror, is making the Offer to acquire all the issued Shares other than those already owned by the Offeror and parties acting in concert with it in accordance with the Takeovers Code on the following basis:

**For each Offer Share . . . . . HK\$1.0684 in cash**

The Offer Price of HK\$1.0684 per Offer Share is referenced to the purchase price per Sale Share paid by the Offeror under the Share Transfer pursuant to the Sale and Purchase Agreement and was arrived at after arm's length negotiations between the Offeror and the Vendors. The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

The Offer will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

### **Comparison of value**

The Offer Price of HK\$1.0684 per Share represents:

- (i) a discount of approximately 27.32% to the closing price of HK\$1.47 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 29.06% to the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of HK\$1.506 per Share;
- (iii) a discount of approximately 27.32% to the average closing price of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of HK\$1.47 per Share;
- (iv) a discount of approximately 20.61% to the average closing price of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of HK\$1.3457 per Share;



- (v) a premium of approximately 60.90% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.6642 per Share (based on the number of issued Shares as at the Latest Practicable Date) as at 31 December 2014, the date to which the latest audited financial results of the Group were made up; and
- (vi) a discount of approximately 5.45% to the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

#### **Highest and lowest Share price**

During the six-month period preceding 6 July 2015, being the date of the commencement of the Offer Period and up to the Latest Practicable Date:

- (i) The highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.85 per Share on 22 July 2015; and
- (ii) The lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.81 per Share on 11 March 2015 and 12 March 2015 respectively.

#### **Total value of the Offer**

As at the Latest Practicable Date, the Company has 468,050,000 Shares in issue (of which the Offeror and parties acting in concert with it are interested in 287,074,657 Shares). The Company does not have any outstanding options, derivatives or warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such options, derivatives or warrants or other securities of the Company. Assuming there is no change in the issued share capital of the company prior to the close of the Offer, 180,975,343 Shares will be subject to the Offer.

Based on the Offer Price of HK\$1.0684 per Offer Share and on the basis of full acceptance of the Offer, the cash consideration payable by the Offeror under the Offer will amount to approximately HK\$193,354,056.46.

#### **Financial resources available to the Offeror**

The Offeror will finance the cash consideration payable for the Offer (i.e. HK\$193,354,056.46) by the facilities granted by Kingston Securities (as lender) to the Offeror (as borrower) for the purpose of financing the Offer. Pursuant to the terms and conditions of the facilities granted by Kingston Securities for the purpose of the Sale and Purchase Agreement and the Offer, the Sale Shares and the Offer Shares to be acquired by the Offeror under the Offer shall be deposited with Kingston Securities as collateral for the facilities. The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, such facilities will not depend on any significant extent on the business of the Group.

Kingston Corporate Finance, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer as described above and confirms that there have been no material changes to the availability of the financial resources since the date of the Joint Announcement.

**Effect of accepting the Offer**

By validly accepting the Offer, the Shareholders will sell their tendered Shares to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

The Offer is unconditional in all respects and will open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code.

**Hong Kong stamp duty**

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer (or part thereof) at a rate of 0.1% of the consideration payable in respect of the relevant acceptances by the Independent Shareholders or if higher, the market value of the Offer Shares, will be deducted from the amount payable to the Independent Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

**Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

**Taxation advice**

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Kingston Securities, Kingston Corporate Finance, Somerley Capital Limited and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

**Overseas Shareholders**

As the Offer to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and



observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). Any acceptance by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

### **Acceptance and Settlement**

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offers as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

### **Other arrangements**

For the six months immediately prior to 6 July 2015 (being the date of commencement of the Offer Period pursuant to Rule 3.7 of the Takeovers Code), save for the Share Transfer, the Offeror and parties acting in concert with it had not dealt in nor did they have any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

The Offeror confirms that as at the Latest Practicable Date:

- (i) save for the Offeror's interest in the Sale Shares under the Share Transfer, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives, of the Company;
- (ii) the Offeror, its ultimate beneficial owners, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (iii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and/or any person acting in concert with any of them;
- (iv) save for the Share Transfer and the deposit of the Sale Shares and the Offer Shares to be acquired by the Offeror through the Offer in favour of Kingston Securities as security for the loan facilities granted by Kingston Securities, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (v) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and

- (vi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owners, and/or any party acting in concert with any of them has borrowed or lent.

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares during the Offer Period. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

#### **INFORMATION ON THE OFFEROR**

The Offeror is an investment holding company incorporated on 1 May 2015 in BVI with limited liability. As at the Latest Practicable Date, the Offeror is owned as to 80% by Mr. Jiang and as to 20% by Mr. Yan and the sole director of the Offeror is Mr. Jiang. Mr. Jiang and Mr. Yan are business acquaintances.

Mr. Jiang, aged 40, has extensive experience in the financial services and investment industry in the PRC. Mr. Jiang has been engaged in equity investment, trust investment and pawnshop business in Beijing. Mr. Jiang used to be the general manager of a major non-banking financial institution in the PRC which is principally engaged in, among others, money-lending, guarantee and pawning businesses.

Mr. Yan, aged 53. Mr. Yan is an experienced entrepreneur and has extensive experience in the marine transportation industry and in the investment, development, production, processing, operation and trading of the mining and steel industry. Mr. Yan was appointed as Justice of Peace and was granted a Doctor of Philosophy *Honoris Causa* from Lansbridge University, Canada. He was also honoured as World Outstanding Chinese in 2010. He is currently the chairman, an executive director and the cofounder of Great Harvest Maeta Group Holdings Limited (Stock code: 3683), the shares of which are listed on the Main Board of the Stock Exchange and a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada. He is also a fellow of the Hong Kong Institute of Directors and the chairman of the Hong Kong Energy and Minerals United Associations (International) Limited. He is also active in social affairs and was appointed as the Honorary Chairman of Hong Kong Association of Youth Development, the Honorary President of Sha Tin District Junior Police Call, the Honorary President of the Fire Safety Ambassador Club and Shatin Sports Association.

#### **INFORMATION ON THE GROUP**

The Company is incorporated in Bermuda as an exempted company with limited liability and was listed on the Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in the manufacturing and trading of golf equipment, golf bags and other accessories.

The following table is a summary of certain consolidated audited financial information of the Group for the two financial years ended 31 December 2013 and 31 December 2014, respectively.

	<b>Year ended 31 December 2013</b>	<b>Year ended 31 December 2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	434,087	400,962
Gross profit	75,634	72,416
Profit before taxation	16,001	8,719
Profit for the year	13,653	8,295
	<b>As at</b>	<b>As at</b>
	<b>31 December 2013</b>	<b>31 December 2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Consolidated net asset value attributable to owners of the Company	302,452	310,884

#### Shareholding structure of the Company

Set out below is the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately following Completion and as at the Latest Practicable Date:

	<b>Immediately prior to Completion</b>		<b>Immediately following Completion and as at the Latest Practicable Date</b>	
	<i>Number of Shares</i>	<i>Approximate % of Shares in issue</i>	<i>Number of Shares</i>	<i>Approximate % of Shares in issue</i>
CM Investment	257,315,662	54.98	—	—
Fortune Belt	29,758,995	6.35	—	—
Mr. Chu	9,292,104	1.99	9,292,104	1.99
Ms. Hung Tze Nga, Cathy (Note 1)	150,000	0.03	150,000	0.03
Mr. Chu Yuk Man, Simon (Note 2)	954,355	0.20	954,355	0.20
Mr. Chu and parties acting in concert with him (Note 3)	297,471,116	63.55	10,396,459	2.22
The Offeror and parties acting in concert with it	—	—	287,074,657	61.33
Other Shareholders	170,578,884	36.45	170,578,884	36.45
Total	<u>468,050,000</u>	<u>100.00</u>	<u>468,050,000</u>	<u>100.00</u>



*Notes:*

1. Spouse of Mr. Chu.
2. Elder brother of Mr. Chu and one of the executive Directors.
3. Immediately prior to Completion, Mr. Chu was interested in 296,516,761 Shares by way of the followings: (i) 9,292,104 Shares were held directly by Mr. Chu; (ii) 150,000 Shares were held by Ms. Hung Tze Nga Cathy, the spouse of Mr. Chu; (iii) 257,315,662 Shares are held by CM Investment, of which, (a) approximately 78.31% of its issued share capital are owned by A & S Company Limited, (b) approximately 9.13% of its issued share capital are owned by Mr. Chu, (c) approximately 0.81% of its issued share capital is owned by Mr. Chu Yuk Man, Simon, (d) approximately 0.55% of its issued share capital is owned by the estate of another family member of Mr. Chu; and (e) approximately 11.20% of its issued share capital are held by the administratrix of the estate of Mr. Takanori Matsuura, a cofounder of the Company. A & S Company Limited is a company incorporated in BVI with limited liability and is owned as to approximately 64% by Mr. Chu, approximately 21.71% by Mr. Chu Yuk Man, Simon and 14.29% by the estate of another family member of Mr. Chu; and (iv) the remaining 29,758,995 Shares were held by Fortune Belt, which is beneficially owned as to 62.5% by Mr. Chu, as to 22.5% by Mr. Chu Yuk Man, Simon and as to 15% by Ms. Chu Irene Ching Yee, the sister of Mr. Chu and Mr. Chu Yuk Man, Simon.

As at the Latest Practicable Date, the Company does not have any outstanding options, derivatives or warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such options, derivatives or warrants or other securities of the Company.

#### **OFFEROR'S INTENTION ON THE COMPANY**

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror will conduct a review on the financial position and the operations of the Company and will formulate long-term business plans and strategies of the Company, explore other business opportunities and consider whether any asset disposal, asset acquisition, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. The Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

#### **Proposed change of Board composition**

The Board is currently made up of six Directors, comprising (i) Mr. Chu, Mr. Chu Yuk Man Simon and Mr. Chang Hua Jung as executive Directors; and (ii) Mr. Choy Tak Ho, Ms. Chiu Lai Kuen Susanna and Mr. Zhu Shengli as independent non-executive Directors. Pursuant to the terms of the Sale and Purchase Agreement, the Vendors shall cause such Directors as may be notified by the Offeror to the Vendors to give notice to resign as Directors with effect from the earliest time permitted under the Takeovers Code. Such resignation will not take effect earlier than the date of the close of the Offer.

In addition, pursuant to the terms of the Sale and Purchase Agreement, the Vendors shall cause such persons as the Offeror may nominate to be validly appointed as Directors with effect from the earliest time permitted under the Takeovers Code. The Offeror currently intends to nominate five new members to the Board, namely Mr. WONG Hin Shek and Mr. ZHANG Yi as executive Directors and Ms. CHU Yin Yin,



Georgiana, Mr. YIP Tai Him and Mr. CHAN Kai Wing as independent non-executive Directors. Such appointments will only take effect after the date of despatch of this Composite Document in accordance with the requirements of the Takeovers Code.

The Offeror may nominate additional Directors to the Board on or after the Closing Date, but such persons have not been determined as at the Latest Practicable Date. Details of any such further changes to the composition of the Board will be announced in accordance with the Listing Rules.

Set out below are the proposed candidates to be nominated by the Offeror as the executive Directors and independent non-executive Directors:

#### **Proposed executive Directors**

**Mr. WONG Hin Shek ("Mr. Wong")**, aged 45, has over 20 years of experience in the investment banking industry. Mr. Wong obtained a bachelor of commerce degree from University of Toronto in Canada and a Master of Science (Financial Management) degree from University of London in United Kingdom. Mr. Wong is also a responsible officer of Veda Capital Limited, a licensed corporation which carries out Type 6 (advising on corporate finance) regulated activity under the SFO. He has been involved in the management, business development and strategic investment of listed companies in Hong Kong. Mr. Wong is currently the chairman and an executive director of Guocang Group Limited (stock code: 559) and Excel Development (Holdings) Limited (stock code: 1372), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Wong was an executive director of KuangChi Science Limited (formerly known as "Climax International Company Limited") (stock code: 439) from June 2007 to August 2014. The shares of these companies are listed on the Main Board of the Stock Exchange.

**Mr. ZHANG Yi ("Mr. Zhang")**, aged 36, obtained a bachelor of electrical engineering degree from Shanghai Jiaotong University in China. Mr. Zhang's last job was General Manager in Asia of Cooper Lighting Asia under the Eaton Group, one of the biggest lighting and fixture manufacturers of the world. Eaton Group is one of Fortune 500 companies. Prior to joining the Company, Mr. Zhang has more than 14 years' sales and management experience by working in multinational companies.

#### **Proposed independent non-executive Directors**

**Ms. CHU Yin Yin, Georgiana ("Ms. Chu")**, aged 45, obtained a bachelor of business administration degree in accountancy from The University of Hong Kong and a master of corporate governance degree from The Hong Kong Polytechnic University. She is a fellow member of both the Hong Kong Institute of Certified Public Accountants, the Association of the Chartered Certified Accountants and a member of the Institute of Chartered Accountants in England and Wales. Ms. Chu is also a fellow member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries. Prior to joining the Company, she has over 16 years' extensive experience by working in an international audit firm and other listed companies. Ms. Chu is currently an executive director of China Water Industry Group Limited (Stock Code: 1129) and an independent non-executive director of Excel Development (Holdings) Limited (stock code: 1372), the shares of which are listed on the Main Board of the Stock Exchange.

**Mr. YIP Tai Him ("Mr. Yip")**, aged 45, has been a practising accountant in Hong Kong since 1999. Mr. Yip is a member of the Association of Chartered Certified Accountants in the United Kingdom and the Institute of Chartered Accountants in England and Wales. He has over 20 years of experience in accounting, auditing and financial management.

Mr. Yip is currently an independent non-executive director of each of China Communication Telecom Service Company Limited (stock code: 8206), Vinco Financial Group Limited (stock code: 8340), GCL-Poly Energy Holdings Limited (stock code: 3800), Redco Properties Group Limited (stock code: 1622) and Excel Development (Holdings) Limited (stock code: 1372). The shares of these companies are listed on the Main Board or the Growth Enterprise Market (the "GEM") of the Stock Exchange. Mr. Yip was an independent non-executive director of each of China Media and Films Holdings Limited (stock code: 8172) from December 2008 to April 2015, iOne Holdings Limited (stock code: 982) from April 2009 to July 2014, Mega Medical Technology Limited (stock code: 876) from February 2001 to June 2014 and Larry Jewelry International Company Limited (stock code: 8351) from May 2014 to October 2014 and a non-executive director of Larry Jewelry International Company Limited (stock code: 8351) from April 2014 to May 2014. The shares of these companies are listed on the Main Board or GEM of the Stock Exchange.

**Mr. CHAN Kai Wing ("Mr. Chan")**, aged 54, obtained a bachelor degree in economics from Macquarie University in Sydney, Australia in April 1986. He is a fellow member of CPA Australia. Mr. Chan is currently the managing director and founder of Mandarin Capital Enterprise Limited, a company specialised in the provision of financial advisory services in the area of accounting, merger and acquisition and corporate restructuring for both listed and private companies in Hong Kong and the PRC, whose clients include companies in the real estate development industry and dairy industry etc. He is currently an independent non-executive director of each of China Conch Venture Holdings Limited (stock code: 586), China Assurance Finance Group Limited (stock code: 8090) and Excel Development (Holdings) Limited (stock code: 1372), the shares of which are listed on the Main Board or GEM of the Stock Exchange. Mr. Chan worked in the audit department of Ernst & Young in Hong Kong from 1988 to 1991. He was also a director and the financial controller of Shenzhen China Bicycle Company (Holdings) Limited, a listed company in the PRC from 1991 to 1999.

Details of the changes to the composition of the Board and the company secretary of the Company and the appointment of new Directors will be further announced as and when appropriate in compliance with the Takeovers Code and the Listing Rules.

#### **Maintaining the listing status of the Company**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. The sole director of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange in the event that after the close of the Offer, the public float of the Company falls below 25%, they would take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible, to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares;



or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

#### **Compulsory acquisition**

The Offeror does not intend to exercise any right which may be available to it to acquire compulsorily any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

#### **GENERAL**

All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, the Company, Kingston Securities, Kingston Corporate Finance, Somerley Capital Limited and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Form of Acceptance.

#### **ADDITIONAL INFORMATION**

Your attention is drawn to the letter from the Board, the letter from the Independent Board Committee and the letter from First Shanghai as set out in this Composite Document, the accompanying Form of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document.

Yours faithfully,  
For and on behalf of  
**Kingston Securities Limited**



**Chu, Nicholas Yuk-yui**  
*Director*