
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 you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Goldjoy Group Limited, you should at once hand this circular accompanying with the form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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



中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1282)

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTIES AT HEFEI CITY, THE PRC
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



中投證券(香港)
CHINA INVESTMENT SECURITIES (HK)

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 30 of this circular. A notice convening the EGM to be held on Wednesday, 19 October 2016 at 11:00 a.m. at 2401-02, Admiralty Centre I, 18 Harcourt Road, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

3 October 2016

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	12
Letter from the Independent Financial Adviser	13
Appendix I — Property Valuation Report	I-1
Appendix II — General Information	II-1
Notice to Extraordinary General Meeting	EGM-1

DEFINITIONS

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

“Acquisition”	the acquisition of the Properties by the Purchaser from the Vendor in accordance with the terms of the Sale and Purchase Agreement;
“Actual Area Difference”	the difference between the Certificate Area and the Agreement Area;
“Agreement Area”	the gross floor area of the Properties as stated in the Sale and Purchase Agreement (i.e. 31,904.94 sqm);
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Certificate Area”	the actual total gross area of the Properties as stated in the Property Ownership Certificates;
“China Investment Securities” or “Independent Financial Adviser”	China Investment Securities International Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders as to the Sale and Purchase Agreement and the transactions contemplated thereunder;
“Company”	China Goldjoy Group Limited (中國金洋集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1282);
“Commodity Property Sale and Purchase Agreements”	the commodity property sale and purchase agreements in relation to the Properties to be entered into within 3 business days after the date of the Independent Shareholders passing the relevant resolution for approving the Sale and Purchase Agreement at the EGM, the terms of which will be substantially the same as the Sale and Purchase Agreement;
“connected person”	has the meanings ascribed to it under the Listing Rules;
“controlling shareholder”	has the meanings ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
“Expected Delivery Date”	30 December 2018, or such other late date as agreed between the Vendor and the Purchaser;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung, all of whom are independent non-executive Directors, formed to advise the Independent Shareholders as to the Sale and Purchase Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	with respect to the Sale and Purchase Agreement and the transactions contemplated thereunder, the Shareholders excluding Mr. Yao and his associates;
“Latest Practicable Date”	28 September 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Huang”	Mr. Huang Wei, the non-executive Director of the Company;
“Mr. Yao”	Mr. Yao Jianhui, the chairman and executive Director of the Company who is also the controlling shareholder of the Company;
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Properties”	residential units of Buildings No. 3 and No. 8 (excluding floors 1–2 which are intended for commercial use), Phase 2 of Baonengcheng, located at Binghu New District, Hefei City, Anhui Province, the PRC;

DEFINITIONS

“Property Ownership Certificates”	the property ownership certificates (房產權證) in relation to the Properties to be issued by the relevant PRC authority;
“Purchaser”	Heshan World Fair Electronics Technology Limited (鶴山市世逸電子科技有限公司), a company established in the PRC and is an indirect wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the agreement dated 13 September 2016 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Properties;
“SFO”	Securities and Futures Ordinance (Cap. 571, laws of Hong Kong);
“Shareholder(s)”	the holder(s) of the Shares;
“Shares”	the shares of HK\$0.10 each in the share capital of the Company;
“sqm”	square meter;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	He Fei Baoneng Real Estate Development Co., Ltd.* (合肥市寶能房地產開發有限公司), a company established in the PRC; and
“%”	per cent.

Note: For the purpose of illustration only, RMB is translated to HK\$ at the illustrative rate of RMB1.00 = HK\$1.1609.

LETTER FROM THE BOARD



中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1282)

Executive Directors:

Mr. Yao Jianhui

(Chairman and Chief Executive Officer)

Mr. Feng Huiming

Mr. Li Minbin

Registered Office:

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman, KY1-1111

Cayman Islands

Non-Executive Director:

Mr. Huang Wei

Head office and principal place of

Business in Hong Kong:

Suites 2601–2, 26/F, Tower 2, Nina Tower

8 Yeung Uk Road, TWTL 353, Tsuen Wan

New Territories, Hong Kong

Independent Non-Executive Directors:

Mr. Wong Chun Bong

Professor Lee Kwok On, Matthew

Mr. Lee Kwan Hung

3 October 2016

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTIES AT HEFEI CITY, THE PRC**

Reference is made to the announcement of the Company dated 13 September 2016, in which the Company announced that the Purchaser, an indirect wholly-owned subsidiary of the Company, conditionally agreed to acquire and the Vendor conditionally agreed to sell the Properties for a total consideration of RMB315,054,000 (equivalent to approximately HK\$365,746,000) (subject to adjustment in accordance with the Certificate Area).

The purpose of this circular is to provide, among other things, (i) further details of the Sale and Purchase Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; (iv) the valuation report of the Properties; and (v) a notice of the EGM.

LETTER FROM THE BOARD

Principal terms of the Sale and Purchase Agreement are set out below:

PRINCIPAL TERMS OF SALE AND PURCHASE AGREEMENT

Date: 13 September 2016

Parties: (a) **Purchaser** Heshan World Fair Electronics Technology Limited (鶴山市世逸電子科技有限公司), an indirect wholly-owned subsidiary of the Company; and

(b) **Vendor** He Fei Baoneng Real Estate Development Co., Ltd (合肥市寶能房地產開發有限公司).

Sale and purchase:

Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Properties upon the terms contained therein.

The Properties:

The Properties are located at the intersection of Yungu Road and Huashan Road at Binghu New District, Hefei City, Anhui Province, the PRC and a portion of Phase 2 of the Baonengcheng (寶能城) project (the “**Land**”). Occupying an area of 83,829.17 sqm in total with the land use right until 20 June 2084, Phase 2 of the Baonengcheng project targets to develop and construct 10 buildings. The Properties are buildings no. 3 and no. 8 (excluding floors 1–2, which are intended for commercial use). Currently, construction of the Properties has not been completed, but the properties are qualified for pre-sale which is expected to be commenced within 1 month after passing the relevant Shareholders’ resolution for approving the Sale and Purchase Agreement. Such pre-sale of the Properties to the Purchaser will be completed after the Commodity Property Sale and Purchase Agreements are executed and all necessary filing procedures with the relevant government authorities are completed. The construction works of the Properties are expected to be completed in between the end of 2016 and early of 2017, while the entire Phase 2 of the Baonengcheng (寶能城) is expected to be completed in the end of 2018. Building no. 3 has a gross floor area of 14,288.04 sqm with 39 floors on the ground, and building no. 8 has a gross floor area of 17,616.90 sqm with 49 floors on the ground (floor 3–49 for residential use). The Properties comprise 344 units in total. The Land was acquired by the Vendor on 20 May 2014 at an acquisition cost of approximately RMB260,155,648. The remaining outstanding cost-to-incur of the Properties is about RMB64,866,500, which will be payable by the Vendor.

Immediately upon completion of the Acquisition, the Properties will be recorded as investment properties on the consolidated financial statements of the Group.

LETTER FROM THE BOARD

Consideration:

The initial consideration for the Properties is RMB315,054,000 (equivalent to approximately HK\$365,746,000) (the “**Initial Consideration**”) (subject to adjustment in accordance with the Certificate Area). The Initial Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor and by reference to the preliminary valuation of the Properties at RMB315,054,000 as at 9 September 2016, as assessed by American Appraisal China Limited, a firm of independent professional valuers, adopting the direct comparison method with reference to the registered sales price of the Properties in compliance with the Anhui Province Commodity Flat Presale Register Selling Price Provisions (安徽省商品房銷售明碼標價規定實施細則(試行)).

Terms of Payment:

The Initial Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit of RMB157,527,000 (the “**Deposit**”), being approximately 50% of the Consideration, will be paid by the Purchaser to the Vendor in cash within 20 business days after the execution of the Commodity Property Sale and Purchase Agreements; and
- (b) the balance payment of the Initial Consideration in the sum of RMB157,527,000 will be paid by the Purchaser to the Vendor within 60 calendar days after the execution of the Commodity Property Sale and Purchase Agreements.

The Deposit will be settled by internal resources of the Group, and the remaining balance of the Initial Consideration will be settled by way of mortgage from a bank and/or internal resources if failing to obtain such mortgage.

Conditions

Payment of the Deposit is conditional upon the satisfaction (or waiver by the Purchaser (except Condition (d)) of all the following conditions:

- (a) the Purchaser having been satisfied with the results of the due diligence on the Properties;
- (b) all statements and warranties made in the Sale and Purchase Agreement and the information provided to the Purchaser by the Vendor in connection with the Properties being true, accurate and not misleading;
- (c) the board of directors or shareholders of the Vendor (if applicable) having approved the transactions contemplated under the Sale and Purchase Agreement;

LETTER FROM THE BOARD

- (d) the independent shareholders of the Company having approved the Sale and Purchase Agreement at an extraordinary general meeting to be convened to approve the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (e) the Vendor having obtained the pre-sale permit from the relevant government authority and all necessary consent or approval in respect of the Acquisition.

Adjustment to the Initial Consideration

Since the actual gross floor area of the Properties as stated in the Property Ownership Certificates will be determined by the relevant PRC authority upon completion of its full plan inspection of the Properties, the Vendor and the Purchaser have agreed that the Initial Consideration will be subject to the following adjustment upon issue of the Property Ownership Certificates:

- (a) if the area discrepancy is 3% or below, the Initial Consideration will remain unchanged;
- (b) if the area discrepancy is over 3% and the Certificate Area is larger than the Agreement Area, the Purchaser shall pay the Vendor an additional amount up to a maximum of 3% of the Initial Consideration, being the consideration for the Actual Area Difference at an average price of approximately RMB9,874.77 per sqm within 5 business days after the date of issue of the relevant Property Ownership Certificates; and
- (c) if the area discrepancy is a negative figure and the Certificate Area is smaller than the Agreement Area, the Vendor shall pay back the Purchaser an amount being the consideration for the Actual Area Difference at an average price of approximately RMB9,874.77 per sqm within 5 business days after the date of issue of the relevant Property Ownership Certificates.

The area discrepancy is calculated as follow:

$$\text{Area discrepancy} = \frac{(\text{Certificate Area} - \text{Agreement Area})}{\text{Agreement Area}} \times 100\%$$

Delivery of the Properties

The Properties shall be delivered before the Expected Delivery Date. In case of a force majeure event or any reason not caused by the Vendor which constitutes an expected delay of the delivery of the Properties, the Vendor is entitled to postpone such delivery date to a later date by providing a written notice to the Purchaser within 15 days from the date of such event.

LETTER FROM THE BOARD

Default

If either the Vendor or the Purchaser is not able to perform any of its obligations and/or is in breach of any warranty under the Sale and Purchase Agreement, the non-defaulting party is entitled to request the defaulting party to rectify within 3 business days of such default, failure of which the non-defaulting party is entitled to request the defaulting party to continue to perform its obligations, or choose to request the defaulting party to pay a daily penalty charge of RMB100,000 calculating from the date of the relevant default until the default is rectified.

The Purchaser has the right to terminate the Sale and Purchase Agreement if (i) the delivery of the Properties is more than 90 days after the Expected Delivery Date, or (ii) the Vendor fails to complete all necessary registration procedures in respect of the Properties within 90 days after the actual date of delivery of the Properties, causing the Purchaser fails to receive the relevant property registration certificate within the prescribed timeframe; and notify the Vendor to return the total consideration amount paid as at the relevant date thereof, plus a penalty charge of an amount equal to 12% of the consideration paid to the Vendor within 15 days from such notice. No daily penalty charge of RMB100,000 will be required from the Vendor in the above two circumstances.

Reasons for and Benefits of the Acquisition

The Baonengcheng (寶能城) project is adjacent to the heart of provincial capital and the offices of the back-office operations of the international financial services providers. The Land contains clusters of offices premises, five-star hotels, internationalized residential area, commercial streets along the river and business centres. In view of the physical location and the price of the Properties, the Directors consider that the Acquisition is a good investment opportunity and believe that the Group will benefit from the anticipated growth in value of the Properties. The Properties will be held by the Group for investment purposes. Having considered that the outlook of the property market in Hefei and the PRC would likely to be positive, the Board is of the view that the Acquisition will contribute positively to the Group by bringing in additional source of income from such investment. Subject to the economy and the prospect of the property market in Hefei, the Board may then decide to sell the Properties to another buyer or retain the Properties for leasing out to others.

Given that the Sale and Purchase Agreement was entered into on normal commercial terms with the Initial Consideration being determined based on the market value of the Properties, the Directors (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) consider that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Given the Vendor is indirectly controlled by Mr. Yao and Mr. Yao Zhenhua (姚振華), the elder brother of Mr. Yao, the Vendor is an associate of a connected person of the Company and the Acquisition contemplated under the Sale and Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition has constituted a discloseable and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE GROUP

The Company is an investment holding company. The Group is principally engaged in the manufacturing of a range of high-technology products, the trading of and provision of services with respect to automation-related equipment, securities investment and financial services. The Purchaser is principally engaged in manufacturing of printed circuit boards and touch pads.

INFORMATION ABOUT THE VENDOR

The Vendor is principally engaged in property development mainly on the development of the Baonengcheng (寶能城) project in the PRC.

THE EGM

The EGM will be held at 2401-02, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Wednesday, 19 October 2016 at 11:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Given Mr. Yao is a controlling shareholder of the Company and Mr. Huang is the senior vice president of 深圳寶能投資集團有限公司 (Shenzhen Baoneng Investment Group Co., Ltd*), a company which Mr. Yao Zhenhua (姚振華) (elder brother of Mr. Yao) is its ultimate controlling shareholder, each of them is considered to be materially interested in the Sale and Purchase Agreement. Accordingly, Mr. Yao and Mr. Huang have abstained from voting for the Board resolution to approve the Sale and Purchase Agreement. Save as disclosed above, none of the other Directors has a material interest in the Sale and Purchase Agreement and was required to abstain from voting at the meeting of the Board approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, Mr. Yao and his associates hold together, directly or indirectly, approximately 69.64% of the entire issued share capital of the Company. Mr. Yao and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Sale and Purchase Agreement and the transactions

LETTER FROM THE BOARD

contemplated thereunder. Save for Mr. Yao and his associates, no Shareholder has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, should you so wish.

RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page 12 of this circular and the letter from the Independent Financial Adviser set out on pages 13 to 30 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder and the principal factors considered by it in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of Independent Financial Adviser, is of the opinion that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
China Goldjoy Group Limited
Kwok Ling Yee, Pearl Elizabeth
Company Secretary



中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1282)

3 October 2016

To the Independent Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTIES AT HEFEI CITY, THE PRC

We refer to the circular of the Company dated 3 October 2016 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and whether entering into of the Acquisition is in the interests of the Company and its Shareholders as a whole. China Investment Securities International Capital Limited has been appointed as the independent financial adviser to advise us and you in this respect.

We have considered the various details of the Acquisition, in particular, the reasons for the Acquisition and the effect thereof. We have also reviewed the advice given by the Independent Financial Adviser on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in their letter reproduced on pages 13 to 30 of the Circular.

Having considered the information set out in the letter from the Board and taking into account the advice from the Independent Financial Adviser, we consider the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
Mr. Wong Chun Bong
Professor Lee Kwok On, Matthew
Mr. Lee Kwan Hung
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



63/F., Bank of China Tower
1 Garden Road
Central
Hong Kong

3 October 2016

China Goldjoy Group Limited

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:
Suites 2601–2, 26/F, Tower 2, Nina Tower
8 Yeung Uk Road, TWTL 353
Tsuen Wan, New Territories
Hong Kong

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF PROPERTIES AT HEFEI, THE PRC

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the discloseable and connected transaction regarding the acquisition of residential properties located at Hefei, the PRC by the Purchaser from the Vendor, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 3 October 2016 (the “**Circular**”) issued by the Company to its shareholders, of which this letter forms apart. The terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 13 September 2016, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Properties for a total consideration of RMB315,054,000 (equivalent to approximately HK\$365,746,000) (subject to adjustment in accordance with the Certificate Area). Details of the terms of the Sale and Purchase Agreement and the Properties are set out in the Letter from the Board.

With reference to the Letter from the Board, given the Vendor is indirectly controlled by Mr. Yao and Mr. Yao Zhenhua (姚振華), the elder brother of Mr. Yao, the Vendor is an associate of a connected person of the Company and the Acquisition contemplated under the Sale and Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given Mr. Yao is a controlling shareholder of the Company and Mr. Huang is the senior vice president of 深圳寶能投資集團有限公司 (Shenzhen Baoneng Investment Group Co., Ltd*), a company which Mr. Yao Zhenhua (姚振華) (elder brother of Mr. Yao) is its ultimate controlling shareholder, each of them is considered to be materially interested in the Sale and Purchase Agreement. Accordingly, Mr. Yao and Mr. Huang have abstained from voting for the Board resolution to approve the Sale and Purchase Agreement. Save as disclosed above, none of the other Directors has a material interest in the Sale and Purchase Agreement and was required to abstain from voting at the meeting of the Board approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, Mr. Yao and his associates hold together, directly or indirectly, approximately 69.64% of the entire issued share capital of the Company. Mr. Yao and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Save for Mr. Yao and his associates, no Shareholder has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to (i) whether the Acquisition is in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

As at the Latest Practicable Date, we, China Investment Securities, did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to the independence of us. In addition, for the last two years up to the Latest Practicable Date, we have not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to other transactions. Apart from normal professional fee payable to us in connection with this appointment, no arrangements existed or remained in existence whereby we had received or will receive any fees or benefits from the Company or any other party related to the aforesaid transactions. Therefore, we consider we are independent pursuant to Rule 13.84 of the Listing Rules and are accordingly eligible to give independent advice in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the accuracy of the information and facts supplied, and the opinions expressed by the Company, its Directors and its management to us. We have assumed that all statements of belief and intention made by the Directors and the management of the Company in the Circular were made after due enquiry. We have also assumed that all information, representations and opinion made or referred to in the Circular are true, accurate, and complete at the time they were made and continued to be so at the Latest Practicable Date. Should there be any material changes to our opinion after the dispatch of the Circular, the Shareholders would be notified as soon as possible. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, its Directors and its management, and have been advised by the Directors and the management of the Company that no material facts have been omitted from the information provided and referred to in the Circular.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that 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 in this Circular or this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group and the Vendor, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Any subsequent developments may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

We have not made any independent evaluation or appraisal of the Properties, we have not been furnished with any such evaluation or appraisal, save and except for the valuation report dated 3 October 2016 on the Properties (the “**Valuation Report**”) prepared by American Appraisal China Limited (the “**Independent Valuer**”), a firm of independent professional valuers, as set out in Appendix I to this Circular. Since we are not experts in the valuation of land and properties, we have relied solely upon the Valuation Report for the market value of the Properties as at 9 September 2016 (the “**Valuation**”). Such relevant information provides us with a basis on which we have been able to formulate our independent opinion.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have taken into consideration the following principal factors and reasons:

I. Background information of the Group

As set out in the Letter from the Board, the Company is an investment holding company. The Group is principally engaged in the manufacturing of a range of high-technology products, the trading and provision of services with respect to automation related equipment, securities investment and financial services. The Purchaser is an indirectly wholly owned subsidiary of the Company and is principally engaged in manufacturing of printed circuit boards and touch pads.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is a summary of the key audited consolidated financial information of the Group for each of the two financial years ended 31 December 2014 and 2015 (“FY2015”) as extracted from the annual report of the Company for the year ended 31 December 2015 (the “2015 Annual Report”) prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the key unaudited financial information of the Group for the six months ended 30 June 2016 as extracted from the interim report of the Company for the six months ended 30 June 2016 (the “2016 Interim Report”), which are prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by HKICPA:

	For the six months ended 30 June 2016	For the year ended 31 December	
	2016	2015	2014
	<i>(Approximate HK\$'000)</i>	<i>(Approximate HK\$'000)</i>	<i>(Approximate HK\$'000)</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	328,465	711,849	741,056
— <i>Automation</i>	264,124	344,479	404,350
— <i>Manufacturing</i>	21,698	161,633	336,706*
— <i>Securities investment</i>	41,444	205,737	—
— <i>Financial services</i>	1,199	—	—
Profit/(loss) attributable to owners of the Company	14,851	181,687	(583,152)

* *Restated*

The Group’s revenue for the FY2015 amounted to approximately HK\$711.8 million (2014: HK\$741.1 million), the Group’s revenue dropped by approximately 4.0%. Such decline was mainly attributable to the decrease in revenue in the Automation and the Manufacturing segments, and offset by the increase in revenue in the Securities Investment segment, a newly adopted segment during the year.

Profit attributable to owners of the Company for the FY2015 was approximately HK\$181.7 million, as compared to a loss of approximately HK\$583.2 million during the corresponding period in 2014. The increase in profit was mainly due to (i) a gain in the Group’s investment in listed securities of approximately HK\$205.7 million; (ii) the absence of any impairment loss on fixed assets of the Group; (iii) a material decrease in depreciation due to the impairment losses made on the carrying amounts of certain assets of the Group such as machinery; (iv) a drop in the share of loss and impairment provision for associated companies; (v) a decrease in administrative expenses of the Group in addition to the decrease in depreciation as mentioned in (iii) above; (vi)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

income recorded on the license of certain software, documentation and other intellectual property in relation to FingerQ, and (vii) offset by the impairment losses of available-for-sale financial assets and goodwill for not more than HK\$20 million.

The total revenue of the Group during the first half of 2016 amounted to approximately HK\$328.4 million, an increase of approximately 30.9% as compared with the corresponding period last year. During the period, the increase in revenue was mainly attributable to increased revenue from the (i) automation business, (ii) securities investment business and (iii) financial services, offset by the decrease of revenue from manufacturing business. During such period, the automation business continued to be the major source of revenue of the Group, accounting for approximately 80.4% of the total revenue. Due to further elimination of its low-margin and low value-added electronic manufacturing business, while the new energy industry and LED manufacturing business has just started at the second quarter of 2016, the contribution to the Group's revenue from the manufacturing business decreased to approximately 6.6%. Profit for the period was approximately HK\$15.0 million, as compared to a loss of approximately HK\$34.9 million during the corresponding period in 2015.

Adhering to a conservative financial management system, the Group continued to maintain a healthy and solid liquidity position. As of 30 June 2016, the Group's cash and cash equivalents totaled approximately HK\$1,944.3 million (31 December 2015: HK\$3,251.6 million). Working capital represented by net current assets amounted to approximately HK\$2,876.2 million (31 December 2015: HK\$3,825.2 million). The Group's recorded owner's equity attributable to the Company's equity holders of approximately HK\$4,015.1 million (31 December 2015: HK\$4,150.0 million).

As stated in the 2016 Interim Report, going forward, the Group will maintain its key strategy to develop high value-added and well diversified businesses. In the past year, the Group managed to eliminate its low-margin and low value-added electronic manufacturing business in an effort to continuously optimise its business performance. The Group will pursue its strategy of steady growth for the benefits of its shareholders and proactively identify suitable investment opportunities in areas like comprehensive financial services, asset management and emerging industry for the facilitation of business transformation.

In view of the aforesaid financial performance and position of the Group and as discussed with the management of the Group, we understand that the Acquisition is in line with the Group's recent strategy to continue invest in suitable investment opportunities so as to generate new source of income and broaden its income stream.

II. Background of the Vendor and the Properties

The Vendor is principally engaged in property development, mainly on the development of the Baonengcheng (寶能城) project in the PRC and is a qualified real estate development enterprise (房地產開發企業) in the PRC with 暫定資質 (an interim qualification*). The Vendor is indirectly controlled by Mr. Yao and Mr. Yao Zhenhua

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(姚振華) through 寶能地產股份有限公司 (Baoneng Properties Co., Ltd*) (“**Baoneng Property**”). Baoneng Property is a qualified real estate development enterprise in the PRC with 二級 (Grade B*) qualification.

The Properties are located at the intersection of Yungu Road and Huashan Road at Binghu New District, Hefei City, Anhui Province, the PRC and a portion of Phase 2 of the Baonengcheng project (the “**Land**”). Occupying an area of 83,829.17 sqm in total with the land use right until 20 June 2084, Phase 2 of the Baonengcheng project targets to develop and construct 10 buildings. The Properties are buildings no. 3 and no. 8 (excluding floors 1–2, which are intended for commercial use). Currently, construction of the Properties has not been completed, but they are qualified for pre-sales, which is expected to be commenced within 1 month after passing the relevant Shareholders’ resolution for approving the Sale and Purchase Agreement. Such pre-sale of the Properties to the Purchaser will be completed after the Commodity Property Sale and Purchase Agreements are executed and all necessary filing procedures with the relevant government authorities are completed. The construction works of the Properties are expected to be completed in between the end of 2016 and early of 2017, while the entire Phase 2 of the Baonengcheng (寶能城) is expected to be completed in the end of 2018. Building no. 3 has a gross floor area of 14,288.04 sqm with 39 floors on the ground, and building no. 8 has a gross floor area of 17,616.90 sqm with 49 floors on the ground (floor 3–49 for residential use). The Properties comprise 344 units in total. The Land was acquired by the Vendor on 20 May 2014 at an acquisition cost of approximately RMB260,155,648. The remaining outstanding cost-to-incur of the Properties is about RMB64,866,500, which will be payable by the Vendor.

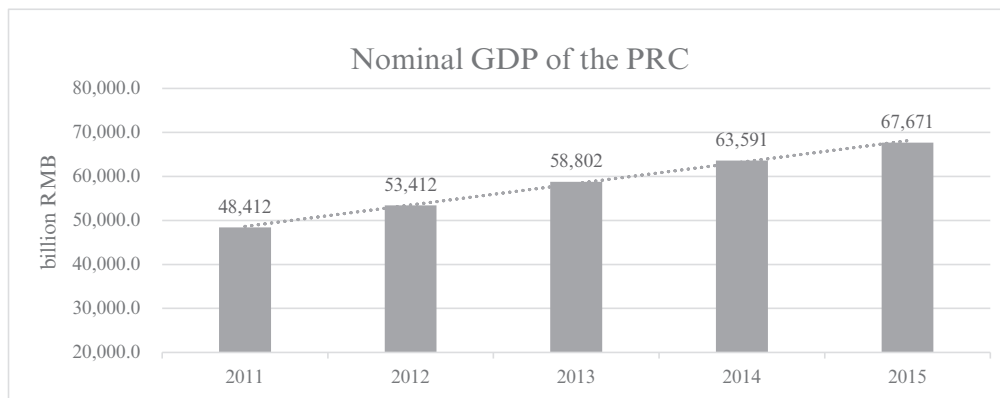
Based on the Valuation Report, the valuation of the Properties was approximately RMB315,054,000 (equivalent to approximately HK\$365,746,000) (subject to adjustment in accordance with the Certificate Area) as at 9 September 2016. Immediately upon completion of the Acquisition, the Properties will be recorded as investment properties on the consolidated financial statements of the Group.

The Properties shall be delivered before 30 December 2018 or such other late date as agreed between the Vendor and the Purchaser. In case of a force majeure event or any reason not caused by the Vendor which constitutes an expected delay of the delivery of the Properties, the Vendor is entitled to postpone such delivery date to a later date by providing a written notice to the Purchaser within 15 days from the date of such event.

III. Overview of the PRC economy and property market in the PRC and Hefei, the PRC

1. *The economy of the PRC*

Set out below is the nominal gross domestic product (“GDP”) of the PRC from 2011 to 2015:



Source: National Bureau of Statistics of China

As shown out in the above table, according to the statistics published by the National Bureau of Statistics of China, nominal GDP of the PRC grew from approximately RMB48,412 billion in 2011 to approximately RMB67,671 billion in 2015, representing an increase of approximately 39.8%.

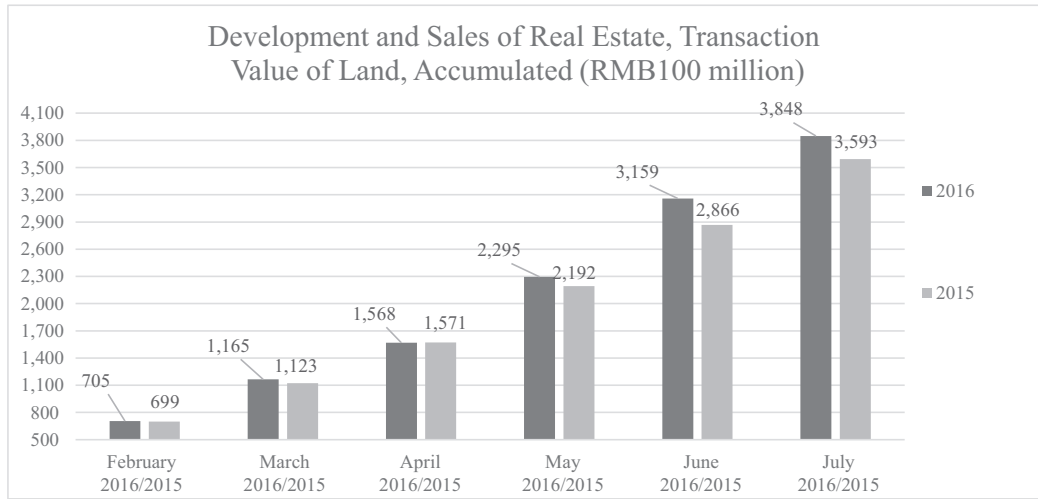
With reference to the press release published by the National Bureau of Statistics of China on 15 July 2016, according to the preliminary estimate of the nominal GDP of the PRC in the first half of 2016 is approximately RMB34,063.7 billion and the growth rate, calculated at comparable prices, is approximately 6.7% compared to that recorded in the first half of 2015. Despite the growth of economy is gradually slowing down over the recent years, the economy of China is still growing at a speed higher than most of the major global economies.

2. *The property market in the PRC*

China launched sector-specific policy in 2015, according to 中國人民銀行、住房城鄉建設部、中國銀行業監督管理委員會關於個人住房貸款政策有關問題的通知 (the Notice of the People’s Bank of China, the Ministry of Housing and Urban-Rural Development and the China Banking Regulatory Commission on Issues concerning Individual Housing Loan Policies*) dated 30 March 2015, that the down payment ratio for second-home mortgage lowered from 50% to 40% in March 2015. In the following September, according to 中國人民銀行、中國銀行業監督管理委員會關於進一步完善差別化住房信貸政策有關問題的通知 (the Notice of the People’s Bank of China and the China Banking Regulatory Commission on Issues concerning Further Improving the Differential Housing Credit

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Policies*) dated 24 September 2015, China also lowered the down-payment ratio for households for the first time to purchase ordinary housing from 30% to 25% for cities, including Hefei, without Home Purchase Restrictions.

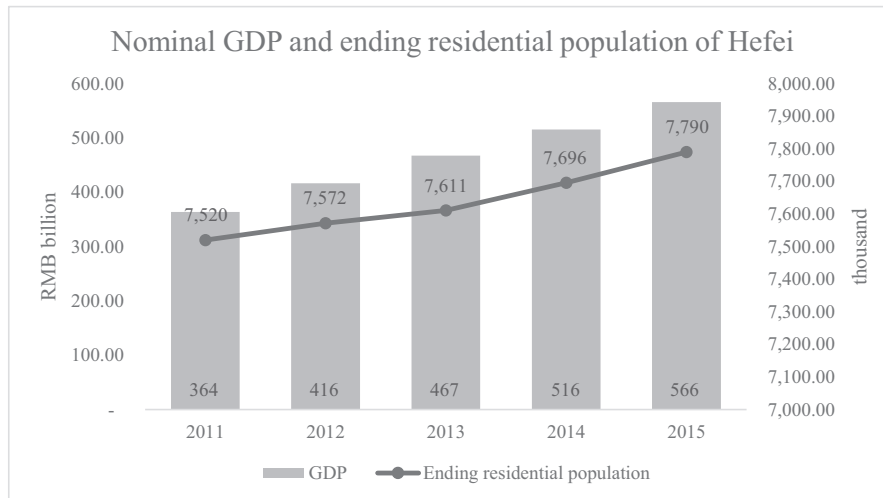


Source: National Bureau of Statistics of China

According to the National Bureau of Statistics of China, 累計地產開發及銷售資料 (the Accumulated Transaction Value of Land for the Development and Sales of Real Estate*) of the PRC (the “**Transaction Value**”) in February to July 2016 continuously exceeded (except in April) than those of the same periods in 2015. The general growth in the Transaction Value in 2016 after the adjustment to the down payment ratios in 2015, indicates that the new policy may bring positive effect to the PRC property market.

3. *The economy of Hefei, the PRC*

According to the 合肥市國民經濟和社會發展統計公報 (Statistical Communiqué of Hefei City*) (“**Hefei Statistical Communiqué**”) published by 合肥市統計局 (the Hefei Municipal Bureau of Statistics) each year, Hefei’s nominal GDP has been growing steadily in recent years as illustrated in below chart. The annual GDP growth, calculated at comparable prices, from 2012 to 2015 reported by the Hefei Statistical Communiqué were approximately 13.6%, 11.5%, 10.0% and 10.5% respectively. The economy growth, calculated at comparable prices, in Hefei has outperformed the overall economic growth of the PRC from 2012 to 2015 of approximately 7.7%, 7.7%, 7.3% and 6.9% respectively. There was a continuous increase in residential population in the city during the same period, as demonstrated by the ending residential population reported by the Hefei Statistical Communiqué. The strong economic growth and the continuous increase in the population in Hefei are the positive signs for the growth in the local property market.



Source: *Hefei Statistical Communiqué, Hefei Municipal Bureau of Statistics*

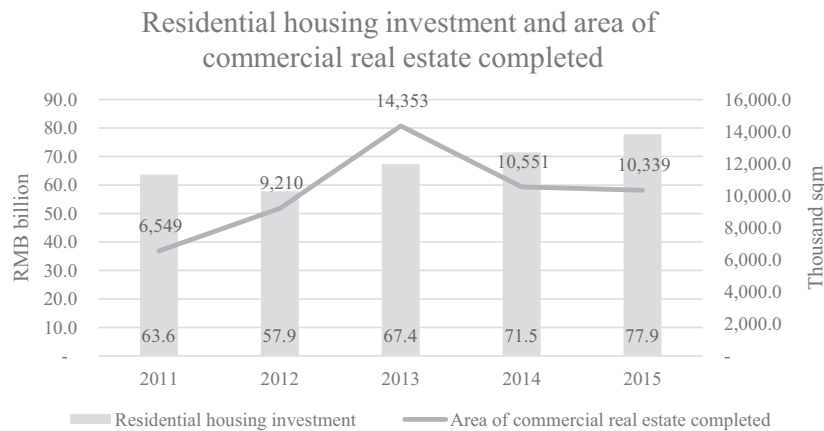
4. The property market in Hefei, the PRC

According to 70個大中城市住宅銷售價格變動情況 (Sales Prices of Residential Buildings in 70 Medium and Large-sized Cities*) published by the National Bureau of Statistics of China every month, the new residential and commercial residential housing price indices of Hefei have increased by approximately 29.9% and 30.0% respectively from January 2016 to July 2016.

Year 2016	Price indices of newly constructed residential buildings in Hefei			Price indices of newly constructed commercial residential buildings in Hefei		
	Month-on-month	Year-to-year	Base	Month-on-month	Year-to-year	Base
		Same Month			Same Month	
	Last Month = 100	of Last Year = 100	Year 2015 = 100	Last Month = 100	of Last Year = 100	Year 2015 = 100
January	101.5	103.2	103.1	101.5	103.3	103.1
February	102.3	106.0	105.5	102.3	106.0	105.5
March	104.6	111.2	110.3	104.6	111.2	110.4
April	105.7	117.5	116.7	105.8	117.6	116.7
May	105.1	123.2	122.6	105.1	123.3	122.7
June	104.8	129.0	128.5	104.9	129.1	128.6
July	104.2	133.8	133.9	104.2	134.0	134.0

Source: National Bureau of Statistics of China

According to the Hefei Statistical Communiqué, the residential housing investment has been growing steadily since 2012 from approximately RMB57.9 billion to approximately RMB77.9 billion in 2015, implying a growth of approximately 34.5%. Meanwhile, the area of commercial housing completed has been declining for two years since it peaked at approximately 14,353 thousand sqm in 2013.



Source: Hefei Statistical Communiqué, Hefei Municipal Bureau of Statistics

IV. The Acquisition

1. Reasons for and benefits of the Acquisition

As stated in the Letter from the Board, in view of the physical location and the price of the Properties, the Directors consider that the Acquisition is a good investment opportunity and believe that the Group will benefit from the anticipated growth in value of the Properties. In addition, having considered the outlook of the property market in Hefei and the PRC in general, the Board is confident that the Acquisition will contribute positively to the Group by bringing in additional source of income from such investment.

We understand from the management of the Company that the Baonengcheng project is adjacent to the heart of provincial capital and the offices of the back-office operations of the international financial services providers. The Land contains clusters of offices premises, five-star hotels, internationalized residential area, and commercial streets along the river and business centres. In addition, the Baonengcheng project is situated nearby the 雲谷路站 (Yungu Road Station*) of Hefei Metro Line 1. According to the press release made by 合肥城市軌道交通有限公司 (Hefei Urban Rail Transit Co., Ltd.*) on 1 July 2016, the Hefei Metro Line 1 is expected to commence pilot run by the end of 2016. As such, we agree with the Directors' view that the Properties are situated at a location with good development potential.

In addition, as illustrated in the above section headed "III. Overview of the PRC economy and property market in the PRC and Hefei, the PRC", we note that the nominal GDP of the PRC and Hefei are showing a growing trend, the recent Accumulated Transaction Value of Land for the Development and Sales of Real Estate of the PRC continuously exceeded that of the same periods in 2015 in general and the new residential and commercial residential housing price of Hefei have increased recently. The area of commercial real estate completed, which is an indicator of the supply in commercial housing, has been declining for two years since in 2013. The property prices in Hefei may further increase due to the limited supplies. After considering the aforesaid data, we concur with the Directors that the outlook of the property market in Hefei and the PRC would likely to be positive, and hence the Acquisition is a good investment opportunity and believe that the Group will benefit from the anticipated growth in value of the Properties.

Furthermore, we understand from the Directors that, subject to the economy and the prospect of the property market in Hefei, the Board may then decide to sell the Properties to another buyer or retain the Properties for leasing out to others. In view of the outlook of the economy and property market of Hefei and the recent financial performance, position and strategies of the Group as illustrated in the section headed "I. Background information of the Group", we concur with the Directors that the Acquisition may contribute positively to the Group by bringing in additional source of income from such investment.

Having considered the aforesaid, we believe that the Acquisition is in the interests of the Company and the Shareholders as a whole.

2. Consideration of the Acquisition

Payment terms

The initial consideration for the Properties is RMB315,054,000 (equivalent to approximately HK\$365,746,000) (the “**Initial Consideration**”) (subject to adjustment in accordance with the Certificate Area). The Initial Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit of RMB157,527,000 (the “**Deposit**”), being approximately 50% of the Consideration, will be paid by the Purchaser to the Vendor in cash within 20 business days after the execution of the Commodity Property Sale and Purchase Agreements; and
- (b) the balance payment of the Initial Consideration in the sum of RMB157,527,000 will be paid by the Purchaser to the Vendor within 60 calendar days after the execution of the Commodity Property Sale and Purchase Agreements.

The Deposit will be settled by internal resources of the Group, and the remaining balance of the Initial Consideration will be settled by way of mortgage from a bank and/or internal resources if failing to obtain such mortgage.

In respect of the payment terms, we note from the terms of the Sale and Purchase Agreement that if either the Vendor or the Purchaser is not able to perform any of its obligations and/or is in breach of any warranty under the Sale and Purchase Agreement, the non-defaulting party is entitled to request the defaulting party to rectify within 3 business days of such default, failure of which the non-defaulting party is entitled to request the defaulting party to continue to perform its obligations, or choose to request the defaulting party to pay a daily penalty charge of RMB100,000 calculating from the date of the relevant default until the default is rectified.

The Purchaser also has the right to terminate the Sale and Purchase Agreement if (i) the delivery of the Properties is more than 90 days after the Expected Delivery Date, or (ii) the Vendor fails to complete all necessary registration procedures in respect of the Properties within 90 days after the actual date of delivery of the Properties, causing the Purchaser fails to receive the relevant property registration certificate within the prescribed timeframe; and notify the Vendor to return the total consideration amount paid as at the relevant date thereof, plus a penalty charge of an amount equal to 12% of the consideration paid to the Vendor within 15 days from such notice. No daily

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

penalty charge of RMB100,000 will be required from the Vendor in the above two circumstances. We consider that the aforesaid terms have minimized the risk exposure of the Company for any default by the Purchaser on the Acquisition and facilitate the Company to get back the Deposit or the Initial Consideration with compensation.

Adjustment to the Initial Consideration

Since the actual gross floor area of the Properties as stated in the Property Ownership Certificates will be determined by the relevant PRC authority upon completion of its full plan inspection of the Properties, the Vendor and the Purchaser have agreed that the Initial Consideration will be subject to the following adjustment upon issue of the Property Ownership Certificates:

- (a) if the area discrepancy is 3% or below, the Initial Consideration will remain unchanged;
- (b) if the area discrepancy is over 3% and the Certificate Area is larger than the Agreement Area, the Purchaser shall pay the Vendor an additional amount up to a maximum of 3% of the Initial Consideration, being the consideration for the Actual Area Difference at an average price of approximately RMB9,874.77 per sqm within 5 business days after the date of issue of the relevant Property Ownership Certificates; and
- (c) if the area discrepancy is a negative figure and the Certificate Area is smaller than the Agreement Area, the Vendor shall pay back the Purchaser an amount being the consideration for the Actual Area Difference at an average price of approximately RMB9,874.77 per sqm within 5 business days after the date of issue of the relevant Property Ownership Certificates.

The area discrepancy is calculated as follow:

$$\text{Area discrepancy} = \frac{(\text{Certificate Area} - \text{Agreement Area})}{(\text{Agreement Area})} \times 100\%$$

Basis of the Initial Consideration

The Initial Consideration was determined after arm's length negotiations between the Purchaser and the Vendor and by reference to the preliminary valuation of the Properties at RMB315,054,000 (equivalent to approximately HK\$365,746,000) (subject to adjustment in accordance with the Certificate Area) as at 9 September 2016, as assessed by American Appraisal China Limited, a firm of independent professional valuers, adopting the direct comparison method with reference to the registered

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

sales price of the Properties in compliance with 安徽省商品房銷售明碼標價規定實施細則(試行) (the Anhui Province Commodity Flat Presale Register Selling Price Provisions*) (the “**Price Provisions**”).

Valuation

To assess the fairness and reasonableness of the Initial Consideration, we have reviewed the Valuation Report and discussed with the Independent Valuer regarding the methodology adopted for and the basis and assumptions used in arriving at the Valuation. In the course of our discussion with the Independent Valuer, we note that the Independent Valuer carried out a site visit to the Property Project and inspected the Properties on 9 September 2016, and have been provided with copies of documents in relation to the title of the property interests.

Based on the Valuation Report, we note that the Independent Valuer has adopted the direct comparison method as the principal methodology, where comparison based on prices realized on actual sales or market price information of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighted against all the respective advantages and disadvantages of the Properties in order to arrive at a fair comparison.

The Independent Valuer has also considered the PRC legal opinion regarding to the Price Provisions, the sales prices of the Properties are required to register and disclose in the public. The pre-sale prices of the Properties are required to follow the registered sales prices of the Properties, which is RMB315,054,000. As further confirmed by the Independent Valuer, the aforesaid direct comparison method and the assumptions are universally considered as an accepted valuation approach for valuing most forms of real estate and is also consistent with normal market practice.

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Independent Valuer with the Company; (ii) the Independent Valuer’s qualification and experience in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Independent Valuer for conducting the Valuation. From the engagement letter and other relevant information provided by the Independent Valuer and based on our interview with it, we are satisfied with the terms of engagement of the Independent Valuer as well as its qualification and experience for preparation of the Valuation Report. The Independent Valuer has also confirmed that it is independent to the Group, the Vendor and their respective associates. We have also reviewed the comparable sales transactions adopted by the Independent Valuer and discussed with the Independent Valuer regarding the reasons for adoption of those comparables and the calculations to arrive at the Valuation.

Upon our enquiry, we were given to understand that the Independent Valuer had carried out an inspection on the Properties on 9 September 2016 to research information to determine the appraised value of the Properties. We also note that the Valuation is prepared in accordance with the requirements contained in Paragraph 34(2) and (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Listing Rules and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

Further details of the basis and assumptions of the Valuation are included in the Valuation Report as contained in Appendix I to this Circular. During our discussion with the Independent Valuer regarding the basis and assumptions of the Valuation, we have not found any material facts which may lead us to doubt the principal basis and assumptions adopted for or the information used in the Valuation. Nevertheless, Shareholders should note that valuation of assets or properties usually involves assumptions and therefore the Valuation may or may not reflect the true market value of the Properties accurately.

In light of that the Initial Consideration is in line with the appraised value contained in the Valuation Report, we are of the view that the basis in determining of the Initial Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

3. Possible financial effects of the Acquisition

As advised by the Directors, immediately upon completion of the Acquisition, the Properties will be recorded as investment properties on the consolidated financial statements of the Group.

Net asset value

Given that the Initial Consideration is determined with reference to the valuation of the Properties of RMB315,054,000 (equivalent to approximately HK\$365,746,000) by the Independent Valuer, the Directors expected that the Acquisition would not have material impact on the Group's net asset value upon completion of the Acquisition unless the value of the Properties significantly deviated from its appraised value as at 9 September 2016.

Liquidity and working capital

As stated in the Letter from the Board, the Deposit will be settled by internal resources of the Group, and the remaining balance of the Initial Consideration will be settled by way of a mortgage from a bank and/or internal resources if failing to obtain such mortgage.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Deposit will be settled by cash, the Group's current assets are expected to decrease and the Group's current liabilities are not expected to be impacted upon the settlement of the Deposit.

If the remaining balance of the Initial Consideration are settled by way of obtaining a mortgage loan from a bank, the Group's current assets are not expected to be effected and its current liabilities are expected to increase when the mortgage loan are drawn down and the remaining consideration is settled by the Group. If the Group finances the remaining balance of Initial Consideration by applying the cash maintained by the Group when failing to obtain such mortgage, the Group's current assets are expected to further decrease and the Group's current liabilities will not to be effected by such settlement.

Earnings

The Acquisition will not have immediate impact on the Group's earnings unless the value of the Properties significantly deviated from its appraised value as at 9 September 2016 upon completion. Assuming the selling prices of the Properties are higher than the then appraised value of the Properties when the Group disposes the Properties in future, a gain on disposal will be recorded by the Group.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Acquisition.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that (i) the Acquisition is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
China Investment Securities International Capital Limited
Tony Wu
Managing Director and
Head of Investment Banking Department

Mr. Tony Wu is a licensed person registered with the Securities and Futures Commission and a responsible officer of China Investment Securities International Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 19 years of experience in the investment banking industry.

* *denotes English translation for illustrative purposes only*

The following is the text of a letter and valuation certificate from American Appraisal China Limited, an independent valuer, in connection with its valuation as at 9 September 2016 of the Properties to be acquired by the Group, prepared for the purpose of incorporation in this circular.

American Appraisal China Limited
Rooms 701 & 708-710, Gloucester Tower
The Landmark, 15 Queen's Road Central, Hong Kong
美國評估有限公司
香港中環皇后大道中15號置地廣場告羅士打大廈701及708-710室
Tel : 852-2281 0147 Fax : 852-2511 9626



A Division of
DUFF & PHELPS

3 October 2016

The Directors
China Goldjoy Group Limited
Suites 2601–2, 26/F Tower 2,
Nina Tower,
8 Yeung Uk Road,
TWTL 353, Tsuen Wan
New Territories, Hong Kong

Dear Sirs,

In accordance with the instruction of China Goldjoy Group Limited (the “**Company**”) to estimate the market value of Building No. 3 and No. 8, Phase 2 of Baonengcheng, Binghu New District, Hefei City, Anhui Province, the People’s Republic of China (the “**PRC**”) (the “**Properties**”), we confirm that we have inspected the Properties, made relevant enquiries and obtained such further information as we consider necessary for providing the market value of such property interests as at 9 September 2016 (referred to as the “**valuation date**”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of property and the limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

In the course of our valuation, the Properties are valued by the direct comparison method where comparison based on prices realized on actual sales or market price information of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of the Properties in order to arrive at a fair comparison.

However, in the course of our valuation, we have considered the legal opinion regarding to 安徽省商品房銷售明碼標價規定實施細則(試行) “Anhui Province Commodity Flat Pre-sale Register Selling Price Provisions”, the sales price of the Properties is required to register and disclose in the public. The market value of the Properties was made reference to the registered sales price.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liabilities attached to the Properties. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

We have relied to a considerable extent on the information provided by the Company and the PRC legal opinion provided by the PRC legal adviser, Yingke Law Firm Shenzhen Office on the PRC Law regarding the Properties located in the PRC.

All legal documents disclosed in this letter and valuation certificate are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificate.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the property interests.

No allowance has been in our valuations for any charges, mortgages or amounts owing on the property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have assumed that the owner of the property interests have free and uninterrupted rights to use, lease or mortgage the property interests for the whole of the unexpired term of its respective land use rights. We have also assumed that the property interests are freely disposable and transferable.

We have valued the property interests on the assumption that it is developed in accordance with the development proposals or building plans given to us. We have assumed that all consents, approvals and licences from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the land parcels are held by the owner or permitted to be occupied by the owner.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificate. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation certificate.

Other special assumptions of the Properties, if any, have been stated in the footnotes of the valuation certificate.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupancy, construction cost, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation certificate are based on information contained in the documents provided to us and are only approximations.

Having examined all relevant documentation, we have had no reason to doubt the truth and accuracy of the information provided to us. We have assumed that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the land or building areas in respect of the Properties but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.

Our Ms. Valerie Li has inspected the Properties included in the attached valuation certificate on 9 September 2016. No structural survey has been made and we are therefore unable to report as to whether the Properties are or are not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for the development site. Our valuation is made on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents, or other legislative, or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

We hereby certify that we have neither present nor a prospective interest in the real properties or the value reported. This valuation report is issued subject to our Assumptions and Limiting Conditions.

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
AMERICAN APPRAISAL CHINA LIMITED
Calvin K.C. Chan
CFA, MRICS, MHKIS, MCIREA, RPS (GP)
Director

Notes:

Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 18 years' experience in valuation of properties in Hong Kong and the PRC. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with takeovers and mergers.

Ms. Valerie Li, who is a Chinese Registered Real Estate Appraiser and a member of Royal Institution of Chartered Surveyors, has over 13 years' experience in valuation of properties in the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 9 September 2016
Residential Units of Building No. 3 and No. 8, Phase 2 of Baonengcheng, Binghu New District, Hefei City, Anhui Province, the PRC 中國安徽省合肥市濱湖新區寶能城二期第3號樓及第8號樓的住宅單位	The Properties refer to all residential units of two buildings (No. 3 and No. 8) of Phase 2 of a development known as “Baonengcheng”. The total gross floor area of the Properties is about 31,904.94 square metres (including 14,288.04 square metres for Building No. 3 and 17,616.90 square metres for Building No. 8). The land use rights of the Properties has been granted for residential use for a term of 70 years expiring on 20 June 2084.	As advised, the Properties were under construction as of the valuation date. The construction works of the Properties are expected to be completed in between the end of 2016 and early of 2017, while the entire Phase 2 is expected to be completed in the end of 2018.	RMB315,054,000

Notes:

- (1) Pursuant to a State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同), He Di Bin Hu Jing Ying [2014] No. 49, and its three supplementary contracts, He Di Bin Hu Jing Ying [2014] Nos. 49-1, 49-2 and 49-3, entered into between Hefei City State-land Resources Bureau (the “Grantor”) and 合肥市寶能投資有限公司 (the “Grantee”), all dated 20 May 2014, the Grantor has granted 3 land parcels (Land Lot Nos. BH2014-1-A, BH2014-1-B, BH2014-1-C) with a total site area of about 376,121.87 square metres at a total consideration of about RMB1,139,649,267 (i.e. Site Unit Rate of RMB3,030 per square metre) for residential and commercial uses. The salient details of the construction limitations are as follows:

Name	Site Area	Uses	Plot Ratio (x)	Building Density	Greenery Land Ratio
BH2014-1-A	96,405.19	Residential	1.0 < x ≤ 3.2	≤ 22%	≤ 40%
BH2014-1-B	85,859.95	Residential	1.0 < x ≤ 3.9	≤ 22%	≤ 40%
BH2014-1-C	<u>193,856.73</u>	Commercial	1.0 < x ≤ 4.9	≤ 25%	≤ 48%
Total	<u>376,121.87</u>				

As advised, the subject Properties are situated on Land Lot No. BH2014-1-B.

- (2) Pursuant to a State-owned Land Use Rights Grant Supplementary Contract, entered into between Hefei City State-land Resources Bureau (“Party A”) and 合肥市寶能投資有限公司 (“Party B”) and He Fei Baoneng Real Estate Development Co., Ltd. (合肥寶能房地產開發有限公司) (“He Fei Baoneng”) (“Party C”), dated 18 July 2014, all parties agreed Party B will transfer all its rights and responsibilities to Party C under aforesaid the State-owned Land Use Rights Grant Contract. Party B will cover Party C for all the liabilities of breach of the aforesaid contract.
- (3) Pursuant to a State-owned Land Use Certificate (國有土地使用證), He Bao He Guo Yong [2014] Di No. 47, granted by People’s Government of Hefei City dated 30 September 2014, the land use rights of the Properties with a site area of 83,829.17 square metres are held by He Fei Baoneng for residential use expiring on 20 June 2084.

- (4) Pursuant to a Construction Land Planning Permit (建設用地規劃許可證), Di Zi Di No. 340101 2014 90023, issued by Hefei City Planning Bureau, dated 13 August 2014, the planning of the land of the Properties has been approved.
- (5) Pursuant to a Construction Works Planning Permit (建設工程規劃許可證), He Gui Jian Min Xu No. 2015058, issued by Hefei City Planning Bureau, dated 26 January 2015, the planning of the construction works of the Properties has been approved.
- (6) Pursuant to a Construction Works Commencement Permit (建築工程施工許可證), No. 34013414090903S02, issued by Hefei City Township Construction Committee, dated 27 April 2015, the commencement of the construction works of the Properties between 30 May 2014 and 30 April 2016 has been approved.
- (7) As advised by He Fei Baoneng, the total construction cost incurred for the Properties is about RMB29,737,300 as of the valuation date, while the remaining outstanding cost-to-incur of the Properties is about RMB64,866,500, which will be payable by He Fei Baoneng. In consequence, we did not consider these construction cost in the course of our valuation.
- (8) In the course of our valuation, we assumed both the planning and constructions works of the Properties upon its completion, will fully comply with the PRC laws and regulations.
- (9) The PRC legal opinion states, *inter alias*, that:
 - a. He Fei Baoneng possesses the proper land use rights of the Properties.
 - b. He Fei Baoneng is entitled to use, transfer, dispose, lease and mortgage the land use rights of the Properties by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - c. The current construction works of the Properties have been approved by the relevant authorities.
 - d. He Fei Baoneng can transfer the Properties at the current status after it has obtained the commodity flat pre-sale permit.
 - e. There is no legal impediment for He Fei Baoneng to obtain the relevant commodity flat pre-sale permit of the Properties.
 - f. According to the 安徽省商品房銷售明碼標價規定實施細則(試行) “Anhui Province Commodity Flat Pre-sale Register Selling Price Provisions”, the sales price of the Properties is required to register and disclose in the public. The pre-sale of the Properties is required to follow the registered sales price. The registered sales price of the Properties is RMB315,054,000.
 - g. The land use rights with a site area of 164,113.48 square metres was charged to the China Minsheng Banking Corporation Limited from 6 May 2015 to 6 May 2018 for a loan of RMB700,000,000.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

a. Long position in the Shares

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Yao Jianhui ^(Note)	Interest in controlled corporation	10,771,835,600	49.99%
	Beneficial owner	15,852,000	0.07%

Note: Mr. Yao Jianhui holds 100% of Tinmark Development Limited, which is the beneficial owner of 10,771,835,600 shares in the Company. Mr. Yao Jianhui also holds 15,582,000 shares in the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

b. Interests in assets

As at the Latest Practicable Date, save for the Properties held by the Vendor which is indirectly controlled by Mr. Yao Jianhui and his elder brother, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 December 2015, 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 any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

c. Interests in contracts

As at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Group.

d. Interests in competing business

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

e. Directors' service contracts

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

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Yao Jianhui	Beneficial owner	15,852,000	0.07%
Tinmark Development Limited	Beneficial owner	10,771,835,600	49.99%
前海人壽保險股份有限公司	Beneficial owner	4,219,560,000	19.58%
Taiping Assets Management (HK) Company Limited ^(Note 2)	Investment Manager	4,219,560,000	19.58%

Note 1: Tinmark Development Limited is wholly-owned by Mr. Yao Jianhui.

Note 2: Taiping Assets Management (HK) Company Limited as the investment manager of these shares is also deemed to be interested in such Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares or 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. MATERIAL LITIGATION

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

5. EXPERT'S QUALIFICATIONS AND CONSENT

- a. The following is the qualification of the experts who have given opinions, letters or advice which are contained in this circular:

Name	Qualification
American Appraisal China Limited	Independent Qualified Property Valuer
China Investment Securities International Capital Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

- b. The above experts have given, and have not withdrawn, their respective written consent to the issue of this circular with the inclusion of the references to their name and/or their opinion in the form and context in which they are included.
- c. As at the Latest Practicable Date, the above experts did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- d. As at the Latest Practicable Date, the above experts did not have any interest, direct or indirect, in any asset which has been, since 31 December 2015, 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 any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

6. GENERAL

- 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 principal place of business of the Company in Hong Kong is situated at Suites 2601–2, 26/F, Tower 2, Nina Tower, 8 Yeung Uk Road, TWTL 353, Tsuen Wan, New Territories, Hong Kong.
- c. The share registrar and transfer office of the Company is Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- d. The secretary of the Company is Ms. Kwok Ling Yee, Pearl Elizabeth (“**Ms. Kwok**”). Ms. Kwok has over 25 years of experience in accounting and auditing. She is a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. Ms. Kwok graduated with a bachelor’s degree of Business from Queensland University of Technology, Australia.
- e. This circular and the accompanying form of proxy are prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

7. MATERIAL ADVERSE CHANGE

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at Suites 2601–2, 26/F, Tower 2, Nina Tower, 8 Yeung Uk Road, TWTL 353, Tsuen Wan, New Territories, Hong Kong, from the date of this circular, up to and including the date of the EGM:

- a. the Sale and Purchase Agreement;
- b. the letter from the Independent Board Committee to the Independent Shareholders dated 3 October 2016;
- c. the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders;
- d. the consent letter issued by the Independent Financial Adviser referred to in the paragraph headed “Expert’s Qualifications and Consent” in this appendix;
- e. the Valuation Report; and
- f. this circular.



中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1282)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of China Goldjoy Group Limited (the “**Company**”) will be held at 11:00 a.m. on Wednesday, 19 October 2016 at 2401-02, Admiralty Centre I, 18 Harcourt Road, Hong Kong for the following purpose of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 13 September 2016 entered into between Heshan World Fair Electronics Technology Limited (鶴山市世逸電子科技有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, and He Fei Baoneng Real Estate Development Co., Ltd.* (合肥市寶能房地產開發有限公司) (the “**Vendor**”), pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the residential units of Buildings No. 3 and No. 8 (excluding floors 1-2 which are intended for commercial use), Phase 2 of Baonengcheng, located at Binghu New District, Hefei City, Anhui Province, the PRC for a total consideration of RMB315,054,000 (subject to adjustment in accordance with the Certificate Area (as defined in the circular of the Company dated 3 October 2016)), and a copy of which having been produced to this meeting and marked “**A**” and initialed by the chairman of this meeting for the purpose of identification), and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and

NOTICE TO EXTRAORDINARY GENERAL MEETING

- (b) any one or more directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary and to sign and execute all such documents, and to take all such steps which in their opinion may be necessary, appropriate, desirable or expedient for the purpose of giving effect to the Sale and Purchase Agreement and completing the transactions contemplated thereby.”

Yours faithfully,
For and on behalf of the Board
China Goldjoy Group Limited
Kwok Ling Yee, Pearl Elizabeth
Company Secretary

Hong Kong, 3 October 2016

Registered office:

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

Principal Place of Business in Hong Kong:

Suites 2601–2, 26/F, Tower 2, Nina Tower
8 Yeung Uk Road, TWTL 353, Tsuen Wan
New Territories, Hong Kong

Notes:

1. Every member of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy (if a member who is holder of two or more shares) to attend and vote for him/her on his/her behalf at the meeting.
2. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.
3. Completion and return of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof.