THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Asian Capital Resources (Holdings) Limited ("**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

ACR 亞洲資產(控股)有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 08025)

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN INVESTMENT MANAGEMENT AND CONSULTANCY BUSINESS; AND (2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND (3) NOTICE OF EGM

Financial Adviser

AMASSE CAPITAL
寶積資本

Independent Financial Adviser

大有融資有限公司
MESSIS CAPITAL LIMITED

A letter from the Independent Board Committee is set out on page 36 of this circular. A letter from Messis Capital Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 37 to 77 of this circular.

A notice convening the EGM of the Company to be held at 3:00 p.m. on Monday, 29 September 2014 at 37/F, Cosco Tower, 183 Queen's Road Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon 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 to the branch share registrar of the Company, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

10 September 2014

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

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

"Acquisition"	the acquisition of the Sale Shares and Sale Equity by the Purchasers pursuant to the Sale and Purchase Agreement
"Announcement"	the announcement of the Company dated 26 May 2014 in respect of the Acquisition
"Board"	the board of Directors
"Business Day(s)"	any day on which the Stock Exchange is open for business of dealing in securities
"Company"	Asian Capital Resources (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM
"Completion"	completion of the Sale and Purchase Agreement
"Completion Date"	date of completion of the Acquisition
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	the consideration for the Acquisition up to a maximum of HK$255,000,000 (subject to adjustment)
"Consideration Shares"	up to a maximum of 276,306,666 Shares to be issued by the Company to the Vendors to be issued by the Company pursuant to the Sale and Purchase Agreement
"Conversion Price"	HK$0.45 (subject to adjustment)
"Conversion Shares"	the new Shares to be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Bonds

"Convertible Bonds"	the zero (0) per cent. interest convertible bonds in an aggregate principal amount of HK$124,338,000 to be issued by the Company pursuant to the Sale and Purchase Agreement and to be created by the instrument constituting such bonds, or any part of the principal amount
"Directors"	directors of the Company
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Acquisition, the Sale and Purchase Agreement, the issuance of the Consideration Shares and Convertible Bonds, and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Acquisition
"GEM"	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
"GEM Listing Rules"	Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Guarantor"	Mr. Wang Qiang
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Financial Adviser" or "Messis Capital Limited"	Messis Capital Limited, a licensed corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the transactions contemplated under the Sale and Purchase Agreement (including the issue of the Consideration Shares and the issue of Convertible Bonds upon the fulfilment of the Profit Guarantees)

"Independent Board Committee"	the independent board committee comprising Mr. Wu Jixue, Mr. Zhang Daorong, and Mr. Zheng Hongliang, being all the independent non-executive Directors, established by the Board for the purpose of advising the Independent Shareholders in relation to the Acquisition and the transactions contemplated under the Sale and Purchase Agreement (including the issue of the Consideration Shares and the issue of Convertible Bonds upon the fulfilment of the Profit Guarantees)
"Independent Shareholder(s)"	any Shareholder(s) that is not required to abstain from voting at a general meeting, if necessary, to approve a connected transaction
"Independent Third Party(ies)"	a party and, if applicable, the ultimate beneficial owner of the party who has not fallen into the definition of connected persons of the Company under Chapter 20 of the GEM Listing Rules and independent of the connected persons of the Company and their associates (as defined in the GEM Listing Rules)
"Independent Valuer"	Vigers Appraisal & Consulting Limited
"Issue Price"	HK$0.45 per Consideration Share
"Latest Practicable Date"	5 September 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Long Stop Date"	31 October 2014 or any other date as mutually agreed in written by the parties of the Sale and Purchase Agreement
"Management Contract"	the management contract dated 30 September 2013 entered into between the Target Company A and the Target Company B, whereby the Target Company A provides management services to the Target Company B
"PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Profit Guarantees"	the profit guarantees provided by the Guarantor in favour to the Company in respect of the audited consolidated net profit after taxation of the Target Companies for each of two forth-coming 12 month periods ending 30 June 2015 and 2016 of not less than HK$25,500,000 respectively
"Purchaser(s)"	Each of Purchaser A and Purchaser B as Purchaser, or collectively as Purchasers
"Purchaser A"	Vega International Group Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
"Purchaser B"	廣州維嘉投資顧問有限公司 (Vega Capital Limited*), a wholly foreign owned enterprise incorporated in the PRC with limited liability and a wholly-owned subsidiary of Purchaser A
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"Sale and Purchase Agreement"	the Sale and Purchase agreement dated 26 May 2014 (as varied and supplemented by the Supplemental Agreement on 8 September 2014) entered into between the Purchasers, the Vendors and the Guarantor in relation to the Acquisition
"Sale Equity"	51% equity interest in Target Company B
"Sale Shares"	the entire issued share capital of the Target Company A
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Share Capital Increase"	the proposed increase in the authorised share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Supplemental Agreement"	the supplemental agreement dated 8 September 2014 and entered into between the Purchasers, the Vendors and the Guarantor relating to, inter alia, the extension of the Long Stop Date, the amendments to the conditions precedent of the Sale and Purchase Agreement, and the amendments to the adjustment mechanism and conversion of the Convertible Bonds
"Target Companies"	Each of Target Company A and Target Company B as Target Company or collectively as Target Companies
"Target Company A"	Joint Victory Inc., a company incorporated in Samoa with limited liability
"Target Company B"	上海清科凱盛投資管理有限公司 (Shanghai Zero2ipo M&A Fund Management CO., Ltd*), a company incorporated in the PRC with limited liability and 75% of its equity interests is owned by the Vendor B
"Vendor(s)"	Each of Vendor A and Vendor B as Vendor, or collectively as Vendors
"Vendor A"	Century Field Limited, a company incorporated in BVI with limited liability
"Vendor B"	北京宇信尚方科技有限公司 (Beijing Yuxin ShangFang Technology Company Limited*), a company incorporated in the PRC with limited liability
"%"	per cent.

* *For identification purposes*

For the purpose of this circular, conversion of RMB into HK$ is based on the exchange rate of RMB1.00 to HK$1.24. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

亞洲資產（控股）有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 08025)

Executive Directors:
Mr. Xie Xuan *(Chairman)*
Mr. Chu Yat Hong
Mr. Xiao Jing
Mr. Qiu Yue
Dr. Feng Ke

Independent Non-executive Directors:
Mr. Wu Jixue
Mr. Zhang Daorong
Mr. Zheng Hongliang

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1–1111
Cayman Islands

Head Office and Principal Place of Business:
Room 2102, 21/F
27, Hillier Street
Sheung Wan
Hong Kong

10 September 2014

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN INVESTMENT MANAGEMENT AND CONSULTANCY BUSINESS; AND (2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

INTRODUCTION

Reference is made to the Announcement of the Company on 26 May 2014 in relation to, among other matters, the Acquisition.

On 26 May 2014, the Purchasers, the Vendors and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which (i) the Purchaser A conditionally agreed to purchase from the Vendor A, and the Vendor A conditionally agreed to sell to the Purchaser A the entire issued share capital of the Target Company A, and (ii) the Purchaser B conditionally agreed to purchase from the Vendor B, and the Vendor B conditionally agreed to sell to the Purchaser B 51% of the equity interest in the Target Company B.

On 8 September 2014, a supplemental agreement was entered into among the Purchasers and the Vendors and the Guarantor pursuant to which the parties agreed to amend the terms in relation to the Long Stop Date, the conditions precedent for Completion, and issued and conversion of Convertible Bonds.

The purpose of this circular is to provide you with, among other things, (i) further information on the Acquisition and the Share Capital Increase; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM.

THE SALE AND PURCHASE AGREEMENT

Date:

26 May 2014 (after trading hours of the Stock Exchange) (as varied and supplemented by the supplemental agreement dated 8 September 2014)

Parties:

(i) Vega International Group Limited (being the Purchaser A), a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company;

(ii) 廣州維嘉投資顧問有限公司 (Vega Capital Limited*) (being the Purchaser B), a wholly foreign owned enterprise incorporated in the PRC with limited liability and a wholly-owned subsidiary of Purchaser A;

(iii) Century Field Limited (being the Vendor A), a company incorporated in BVI with limited liability;

(iv) 北京宇信尚方科技有限公司 (Beijing Yuxin ShangFang Technology Company Limited*) (being the Vendor B), a company incorporated in the PRC with limited liability; and

(v) Mr. Wang Qiang (being the Guarantor of the Vendors).

As of the Latest Practicable Date, Mr. Wang Qiang, a director and substantial shareholder of a non-wholly-owned subsidiary of the Company, is the sole owner of the Vendor A and a substantial shareholder of the Vendor B. Accordingly, the Vendors are connected persons of the Company under Chapter 20 of the GEM Listing Rules. Save for Mr. Wang Qiang, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, other beneficial equity owners of Vendor B and their ultimate beneficial owners are third parties independent of the Company and independent of the connected persons of the Company as at the date of this circular.

Interest to be purchased

The Sale Shares and Sale Equity, represent the entire issued share capital of the Target Company A and 51% equity interest in the Target Company B respectively.

Target Company B is currently owned as to 75% by the Vendor B, as to 14% by 上海泰恒凱通投資管理有限公司 (Shanghai Taiheng Kaitong Investment Management Company Limited*), as to 10% by 北京清科投資管理有限公司 (Beijing Qingke Investment Management Company Ltd.*) and as to 1% by 上海清科投資管理有限公司 (Shanghai Qingke Investment Management Company Ltd.*), which are Independent Third Parties.

Vendor B is owned as to 40% by Mr. Wang Qiang and his associates, as to 10% by Xiang Zuyue, as to 10% by Lin Shengji, and as to 40% by Beijing Xin Yuan Xiang Yu Science and Technology Co. Ltd. Xiang Zuyue, Lin Shengji, and Beijing Xin Yuan Xiang Yu Science and Technology Co. Ltd are Independent Third Parties. Vendor B is an associate of Mr. Wang Qiang under the GEM Listing Rules. Upon Completion, Vendor B will own as to 34% equity interest in Target Company B, Target Company B will become a connected person of the Company under Rule 20.12 of the GEM Listing Rules. Hence, the Management Contract will constitute a continuing connected transaction upon Completion. The Company will make a separate announcement in compliance with Chapter 20 of the GEM Listing Rules as and when necessary.

Consideration

The consideration of the Acquisition is HK$255,000,000 which will be satisfied by the Group in the following manners:

(i) RMB5,100,000 (equivalent to approximately HK$6,324,000) will be paid to the Vendor B in cash upon completion of the Acquisition;

(ii) half of the remaining balance (i.e. up to a maximum of HK$124,338,000) will be settled by the issue of the Consideration Shares to the Vendors (or their nominees); and

(iii) the other half of the remaining balance (i.e. up to a maximum of HK$124,338,000, subject to adjustment) will be settled by the issue of Convertible Bonds to the Vendors (or their nominees) upon the fulfillment of the Profit Guarantees.

The first and second tranches of the Convertible Bonds will not be issued by the Company until the audited reports of the Target Companies for the two forth-coming 12 month periods ending 30 June 2016 have been presented to the Purchasers and subject to adjustment mechanism if the audited profit of the Target Companies falls short of the Guaranteed Profits. Details of the Guaranteed Profits and adjustment mechanism are described in the "Profit Guarantees" section below.

The Consideration was arrived at after arm's length negotiations between the Purchasers and the Vendors, with reference to:

(i) the Profit Guarantees of the audited consolidated net profit after taxation of the Target Companies for each of the two forth-coming 12 month periods ending 30 June 2015 and 2016 of not less than HK$25,500,000 each, respectively;

(ii) an estimation of a forward price-to-earnings ratio of 10.05 times was provided by the Independent Valuer utilizing a market approach while comparing the Target Companies to comparable companies;

(iii) the payment terms of the Consideration in which the Convertible Bonds are subject to the adjustment mechanism as set out below and shall only be issued if the Profit Guarantees are achieved; and

(iv) the reasons and benefits for the Acquisition as described below.

The Directors (including the independent non-executive Directors) consider that the Consideration payable to the Vendors is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Report from the Independent Valuer

In order to help the Company assessing the fair value of the Sale Shares and Sale Equity, the Company has engaged an independent valuer, Vigers Appraisal & Consulting Limited, to issue a report based on certain agreed upon procedures as follows:

(i) to assist the Company in selecting the most appropriate valuation methodology under the actual circumstances surrounding this Acquisition and to opine on the appropriateness of such selected methodology;

(ii) to search of comparable companies to the Target Companies and to estimate a forward price-to-earnings multiple which applicable to the Target Companies; and

(iii) to provide an indicative value on the Investment Value of the Sale Equity based on the assumption that the Profit Guarantees will be achieved by the Target Companies.

The Board's view on the Investment Value is the value of a property to a particular investor. In the U.S. and U.K., it is equal to market value for the investor who has the capacity to put the property to good use – its highest-and-best-use, its most valuable use. While according to the International Valuation Standard (IVS) "Highest and Best Use" is the use of an asset that maximizes its potential and that is physically possible, legally permissible and financially feasible. The Vendors by accepting the consideration share being priced at a vast premium to its net asset value are in the view that the Company can maximize the Target Companies potential, therefore a willing seller for value has been determined. In addition, the Vendors' willingness to provide the profit guarantee with adjustment mechanism to the Consideration would also mitigate the risk to the Company, hence supporting the Board's view of the Target Companies are of fair value with a willing seller and willing buyer.

As advised by the Independent Valuer, since they are not in the position to verify whether the Guaranteed Profits are achievable nor to opine on the earning capability of the Target Companies, instead of a formal valuation, only an indicative value could be provided based on the above agreed upon procedures. The Directors hold the view that even under the above restriction, the Board has engaged the Independent Valuer to opine on the appropriateness of the methodology and the estimation of an appropriate forward price-to-earnings multiple, which already serve the purpose of helping the Company in assessing the fair value of the Sale Shares and Sale Equity.

Shareholders and potential investors are minded that the report from Independent Valuer as set out in Appendix V does not constitute a formal valuation report.

Profit Guarantees

Pursuant to the Sale and Purchase Agreement, the Vendors guaranteed ("**Profit Guarantees**") and warranted to the Purchasers that the audited consolidated net profit after taxation of the Target Companies ("**Actual Profit(s)**") for each of the two forth-coming 12 month periods ending 30 June 2015 and 2016 (the "**Two Relevant Periods**") shall not be less than HK$25.5 million (the "**Guaranteed Profits**"), respectively.

The Actual Profit is defined in accordance with the following formula:

Actual Profits = profit after tax of the Target Company A x 100%
+ profit after tax of the Target Company B x 51%

The Guaranteed Profits shall be calculated in accordance with Hong Kong Financial Reporting Standards. Pursuant to the Sale and Purchase Agreement, the audited reports for each of the Two Relevant Periods shall be completed and presented to the Purchasers within two months after the end of the Two Relevant Periods.

By entering into the Supplemental Agreement, the parties of the Sale and Purchase Agreement also agree to amend the clauses in relation to issue of the Convertible Bonds. In summary, the Convertible Bonds will be conditionally issued to the Vendors pursuant to the following methods:

After expiry of the first year (from 1 July 2014 to 30 June 2015)

1. If the Guaranteed Profits for the first year of the Two Relevant Periods are achieved, 50% of the Convertible Bonds shall be issued by the Company to the Vendors when the audited report for the first year of the Two Relevant Periods is completed and presented;

2. If the Guaranteed Profits for the first year of the Two Relevant Periods are not achieved, the principal value of the Convertible Bonds to be released in the first year of the Two Relevant Periods shall be adjusted as follows:

Adjusted principal value of the Convertible Bonds of the 1st year (the "**1st year Adjusted CBs**")	=	50% of the original Convertible Bonds × Actual Profit for the 1st year/25,500,000 (the "**Formula 1**")

After expiry of the second year (from 1 July 2015 to 30 June 2016)

3. If the Guaranteed Profits for the first year and second year of the Two Relevant Periods are both achieved, 50% of the Convertible Bonds shall be issued by the Company to the Vendors when the audited reports for each of the Two Relevant Periods is completed and presented.

4. In the event that either the Guaranteed Profits for the first year or the second year of the Two Relevant Periods is not achieved, the aggregate principal value of the Convertible Bonds to be released for the Two Relevant Periods shall be adjusted as follows:

$$= \frac{\text{Actual Profit for the 1st year and 2nd year}}{51{,}000{,}000} \times \text{original Convertible Bonds}$$

(the "**Formula 2**")

Note 1: The calculation result of Formula 2 shall not be greater than the original Convertible Bonds.

Note 2: In the event when the amount of Formula 2 is greater than Formula 1, the principle value of the Convertible Bonds to be issued in 2nd year is as follows:-

= the amount of Formula 2 - the amount of Formula 1

Note 3: In the event when the amount of Formula 2 is smaller than Formula 1, the principle value to be deducted from the 1st Adjusted CBs is as follows:-

= the amount of Formula 1 - the amount of Formula 2

Note 4: In the event when the amount of Formula 2 is a negative figure, the 1st Adjusted CBs granted to the Vendor A will be fully cancelled, and no further Convertible Bonds will be issued in the 2nd year of the Two Relevant Periods.

The Company will make announcement in accordance with the GEM Listing Rules and will include details in its next published annual report and accounts containing the opinion of the independent non-executive Directors as to whether the Vendors have fulfilled their obligations under the Profit Guarantees.

The Guaranteed Profits were determined solely by the Vendors based on the current contracts on hand. As at the Latest Practicable Date, Target Company B has secured 3 financing contracts and 2 consulting contracts from 3 separate independent clients that are principally engaged in the business of real estate development. The services to be provided for these clients under those contracts are primarily the arrangement of entrusted financing and the provision of consulting service in relation to the structure and execution plan of the entrusted financing. The amount of entrusted loans for each of the clients ranges from approximately RMB50 million to RMB500 million and the fee associated with each of them ranges from approximately RMB15 million to RMB120 million. The aggregate amount of fees generated from these financing and consulting contracts is approximately RMB242 million and the term of these contracts ranges from 12 months to 18 months. The financing contracts have interest charges of approximately 7% to 30% which are proportionate to the amount of entrusted loans and the interest amount charged is based on the risk level, the duration and the collateral quality of each entrusted loan. The two types of payment terms for the financing contracts are as follow: (i) full interest payment due when the entrusted loans are due; and (ii) partial interest payment due upon the pre-determined payment schedule of the entrusted loans. The consulting contracts have consulting fees that are proportionate to the amount of entrusted loans and range from approximately 6.25% to 23% and the consulting fee charged is determined by the complexity and the estimated amount of work involved for each transaction. The two types of payment terms for the consulting contract are as follows: (i) partial payment due upon the borrower receiving the entrusted loans and remainder payment due upon entrusted loan due date; and (ii) full payment due upon the borrower receiving the entrusted loans. On the assumption the Target Company B could execute those contracts successfully, Target Company B would probably has an accrued profit of not less than HK$50 million for the period of 12 months ending 30 June 2015. Up to the Latest Practicable Date, the Purchasers have (i) obtained and reviewed original copies of these financing and consulting contracts; (ii) obtained and reviewed internal approval documents of Target Company B in relation to client background, project development and status, sufficient of asset backing and repayment analysis; and (iii) instructed a PRC legal adviser to perform a due diligence review on the legality of these financing and consulting contracts.

Although these contracts in relation to entrusted financing services are one-off in nature, the Directors are optimistic on the sustainability of the Target Company B in procuring more income in future given that it has been just granted by the Asset Management Association of China the "Private Investment Fund Manager Registration Certificate" in April 2014. With such a certificate, the business scope of Target Company B could be further extended to cover private investment fund management, private securities investment, private equity investment and venture capital investment in the PRC.

Given that the Guaranteed Profits for the first 12 month period ended 30 June 2015 is likely to be achieved if the above secured contracts could be materialised successfully, the Directors agreed with the Vendors that the adjustment mechanism to the Consideration is only limited to the Convertible Bonds, which represents approximately 49% of the Consideration. Since half of the total aggregate Guaranteed Profits (in respect of the second 12 months period) is subject to a higher uncertainty, the Directors consider the adjustment mechanism which is only limited to roughly half of the Consideration (ie. the Convertible Bonds) to be fair and reasonable.

Further reasons why adjustment to the Consideration is only limited to the Convertible Bonds is a result of arm's length negotiation with the Vendors having considered the following:-

(a) the cash payment is approximately HK$6,324,000;

(b) payment of the Consideration by means of issuing the Consideration Shares puts the Company and the Vendor in a mutually beneficial situation if the Guaranteed Profits are achieved which in turn supports the market price of the Shares in the future; and

(c) apart from the businesses to be carried out by the Target Companies, the Group could also leveraging on the platform of the Target Companies including the license, experience and relationship in the industry immediately in developing the Group's own financial business.

While taking into the consideration of the Completion Date for the Acquisition, the Board is of the opinion that it would be fair to set the starting date of the Profit Guarantee for the 12-month period to be as close to the Completion Date as possible (i.e. 1 July 2014) and that the audit fee is insignificant as compared to the Guaranteed Profits.

The Board considers that the payment terms of utilizing a minimal cash payout to be fair and reasonable, and to the best protection to the Company in such a payment structure. The Board has considered other payment methods such as decreasing the portion of Consideration Shares or factoring in a portion by way of a promissory note, however, those methods are unacceptable to the Vendors. Further, taking into consideration that Target Company B has a net asset value of approximately HK$11.5 million as compared to the Group's net asset value of HK$1.4 million as at 31 December 2013, the payment term of Consideration is in the interest of the Company when majority of the Consideration is paid by Consideration Shares and Convertible Bonds, which have a dilutive effect to the existing shareholders of approximately 27.11% (please refer to the section headed "Shareholding Structure of the Company" below), resulting in an increase in the net asset value of the Group after Completion. The Directors consider that in terms of net asset value per Share, the Consideration Shares only accounts for an aggregate of HK$0.22 million net asset value of the Group on a fully dilution basis (calculated based on the net asset value per Share as enlarged by the Consideration Shares times the total number of Consideration Shares), which together with the cash payment of approximately HK$6,324,000 only amounted to approximately HK$6.5 million. Given a large disparity between the prevailing market price of the Share and the net asset value per Share as enlarged by the Consideration Shares, the Directors conclude that the Consideration and the payment terms are fair and reasonable and in the best interest of the Company and its Shareholders as a whole. The net asset value per share is drawn to discussion since the Directors consider that net asset value per share represents more an intrinsic value of the Share as compared to the market price given the thin trading volume of the Shares, which means that the Consideration Shares will unlikely to be realised at the current market price over a short period of time.

Undertaking

Each of the Vendors and the Guarantor has undertaken to the Purchasers that for a period of five (5) years following the completion of the Acquisition so long as they hold an aggregate shareholding interests (on a fully diluted basis) of 5% in the Company, each of them shall not without the prior written approval of the Purchasers, directly or indirectly:

(a) either on its own account or for any person, firm, company or organization engage in any business which is in competition with or similar to the business of the Purchasers in PRC; or

(b) either on its own account or for any person, firm, company or organization solicit or entice away any customers or clients from any group members of the Target Companies; or

(c) either on its own account or for any person, firm, company or organization solicit or entice away from any group members of the Target Companies any director, manager or employee whether or not such person would commit any breach of his/her contract of employment by reason of leaving the service of the group members of the Target Companies; or

(d) at any time hereafter use or disclose or divulge to any third party any information relating to any group members of the Target Companies, unless such information is in the public domain or is disclosed or divulged pursuant to an order of a court of a recognised jurisdiction or the terms of this agreement; or

(e) at any time hereafter use any name, sign or symbol in any trading, business or corporate operation which amounts to or may result in confusion with the name of the Company or any group members of the Target Companies. The Vendors shall also use reasonable endeavour to prevent the use of such name, sign or symbol by any person, entity or company connected to or associated with the Vendors; or

(f) use or apply, for any form of business which is not a group member of the Target Companies, any existing or future technology, products and services of the group members of the Target Companies.

Conditions precedent

The parties of the Sale and Purchase Agreement entered into the Supplemental Agreement on 8 September 2014 pursuant to which the original conditions precedent has been amended. The reasons for amendment of the original conditions have been set out in the Company's announcement dated 8 September 2014 in relation to the Supplemental Agreement. According to the Supplemental Agreement, the Completion is conditional upon, the following amended conditions precedent being fulfilled and/or waived by the Purchasers as at the date of the Completion:

(a) the Purchasers being satisfied with the result of the due diligence against the Target Companies;

(b) the approval of the shareholder or the independent shareholders of the Company (as the case may be) at the EGM of the Sale and Purchase Agreement, the increase of the authorized share capital, the issue of the Consideration Shares, the Convertible Bonds and Conversion Shares, and transactions contemplated thereunder;

(c) (if necessary) all authorities' authorizations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the transactions contemplated hereunder having been granted, received or obtained and not revoked;

(d) issuance of a legal opinion of a PRC legal advisor in relation to the due diligence review on the Target Company B (in form and substance satisfactory to the Purchasers);

(e) the report issued by the Independent Valuer in relation to the indicative value of the Sale Shares and/or Sale Equity;

(f) the Vendor's execution of the non-competition deed;

(g) the warranties given by the Vendors under the Sale and Purchase Agreement remaining true and accurate in all material respects on the date of Completion;

(h) no material adverse change having occurred to the business, assets, financial position and performance of the Target Companies and the Company up to the date of Completion;

(i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares and Conversion Shares; and

(j) no notices, orders, judgments or proceedings having been granted or issued by any courts, governments or any other authorities which will restrict or prohibit the Acquisition.

The above conditions precedents are required to be fulfilled or waived on or before the Long Stop Date unless being extended by both parties. The above conditions precedent (b), (c), (d), (e), (f), (h), (i) and (j) cannot be waived. The Company is entitled to exercise its discretion to waive the fulfillment of other conditions precedents, and as at the Latest Practicable Date, the Company has no intention to waive any of such conditions. In the event that such conditions could not be fully satisfied, the waiver of any of such conditions is to be determined by the Board after considering the interests of the Company and the Shareholders as a whole.

Completion

Completion of the Acquisition is scheduled to take place on the third business day when all the conditions precedent to which completion is subject have been fulfilled or, if applicable, waived.

Upon Completion, the Target Company A will become a wholly-owned subsidiary of the Company and Target Company B will become a non-wholly-owned subsidiary of the Company, and all the profit and loss and assets and liabilities of the Target Companies will be consolidated to the financial statements of the Group.

CONSIDERATION SHARES

Upon Completion, a maximum total of 276,306,666 Consideration Shares will be issued to the Vendors (or their nominees). The Consideration Shares will be issued at the Issue Price of approximately HK$0.45 per Consideration Share. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares.

The Issue Price of approximately HK$0.45 per Consideration Share represents:

(i) the equivalent to the closing price of the Shares of HK$0.45 quoted on Stock Exchange on the date of the Sale and Purchase Agreement;

(ii) a premium of approximately 2.27 % over the average closing price of the Shares of HK$0.44 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;

(iii) a premium of approximately 44,900% over the net asset value per Share of approximately HK$0.001 calculating on the net asset value as at 31 December 2013 divided by the total number of issued Shares as at the date of the Announcement; and

(iv) a premium of approximately 9.76% over the closing price of the Shares of HK$0.41 quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price was arrived at arm's length negotiations between the Company and the Vendors with reference to the prevailing market price of the Shares immediately before entering into the Sale and Purchase Agreement and the Board consider that it is fair and reasonable to determine the Issue Price based on the latest market price of the Shares immediately before entering into the Sale and Purchase Agreement. The Directors consider that the Issue Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued pursuant to a specific mandate to be sought at the EGM and will be allotted and issued on Completion. The Consideration Shares will not be subject to any restriction on subsequent sale.

The Consideration Shares represent approximately 18.60% of the existing issued share capital of the Company and will represent approximately 15.68% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

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

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bond to be issued by the Company to the Vendors (or its nominees) are summarised as follows:

Aggregate principal amount of the Convertible Bonds:

HK$124,338,000

Maturity date:

Two (2) years from the relevant date of issue

Conversion period:

By entering into the Supplemental Agreement, the parties of the Sale and Purchase Agreement also agree to amend the clauses in relation to the conversion period of the Convertible Bonds. As such, the Conversion period are as follows:-

1. For the Convertible Bonds to be released in the first 12 months of the Two Relevant Periods, the holders of such Convertible Bonds will only be able to convert the outstanding principal amount of the Convertible Bonds in whole or in part into Shares after expiry of the second 12 months of the Two Relevant Periods until the Maturity Date; and

2. For the Convertible Bonds to be released in the second 12 months of the Two Relevant Periods, the holders of such Convertible Bonds will only be able to convert the outstanding principal amount of the Convertible Bonds in whole or in part into Shares at any time following the relevant date of issue until the Maturity Date.

Conversion price:

Initially set at HK$0.45 per Conversion Share, subject to customary adjustments in the event of share consolidation and subdivision only.

Interest rate:

Nil

Transferability:

The Convertible Bonds may be transferable to any person with the consent of the Company.

Voting:

The holders of the Convertible Bonds will not be entitled to receive notice of, attend or vote at any general meeting of the Company by reason only of them being holders of the Convertible Bonds.

Listing:

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

Subject to the granting of the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange, the Conversion Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Conversion Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Ranking:

The Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds will rank *pari passu* in all respects with all other Shares outstanding on the date the name of the holder of the Convertible Bonds is entered in the register of members of the Company as a holder of the Conversion Shares.

Conversion restriction:

The conversion rights attaching to a Convertible Bond cannot be exercised (and accordingly the Company will not issue Conversion Shares) in any of the following events:

(i) if and to the extent that the total number of Conversion Shares (together with other Shares) with voting rights held by the holder of the Convertible Bonds in question and parties acting in concert with it within the meaning of the Takeovers Code immediately after the issue of the relevant Conversion Shares would amount to 30% or more of the enlarged issued share capital of the Company or of such other amount as may be specified in the Takeovers Code as being the level for triggering a mandatory general offer;

(ii) if the Conversion Shares are to be issued to a connected person of the Company in which case the exercise of the relevant conversion rights will be subject to the approval of the Shareholders in a general meeting and compliance with the relevant requirements of the GEM Listing Rules; or

(iii) if the Company believes that it would no longer fulfill the public float requirement under Rule 11.23 of the GEM Listing Rules immediately after the issue of the Conversion Shares.

Redemption:

The Company shall be entitled to redeem the Convertible Bonds at 103% of the face value of the Convertible Bonds prior to the Maturity Date and at 100% of the face value of the Convertible Bonds on the Maturity Date. The redemption price of 103% is considered by the Directors to be not excessive and determined based on arm's length negotiation with the Vendors.

In the event that the Company gives notice of redemption and receives a notice of conversion under the Convertible Bonds on the same date (regardless of the time), the notice of redemption shall take priority against the notice of conversion.

CONVERSION

The maximum of 276,306,666 Conversion Shares to be issued upon full conversion of the Convertible Bonds represents approximately 18.60% of the existing issued share capital of the Company and approximately 13.56% of the Company's then issued share capital as enlarged by the issue of the Consideration Shares and Conversion Shares.

The Conversion Shares will be allotted and issued pursuant to a specific mandate to be sought at the EGM and will be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds. The Conversion Shares will not be subject to any restriction on subsequent sale.

CONVERSION PRICE

The Conversion Price of HK$0.45 per Conversion Share represents:

(i) the equivalent to the closing price of the Shares of HK$0.45 quoted on Stock Exchange on the date of the Sale and Purchase Agreement;

(ii) a premium of approximately 2.27% over the average closing price of the Shares of HK$0.44 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;

(iii) a premium of approximately 44,900% over the net asset value per Share of approximately HK$0.001 calculating on the net asset value as at 31 December 2013 divided by the total number of issued Shares as at the date of the Announcement; and

(iv) a premium of approximately 9.76% over the closing price of the Shares of HK$0.41 quoted on the Stock Exchange on the Latest Practicable Date.

The Conversion Price was determined after arm's length negotiation between the Company and the Vendor with reference to the prevailing market price of the Shares immediately before entering into the Sale and Purchase Agreement and the Board consider that it is fair and reasonable to determine the Conversion Price based on the latest market price of the Shares immediately before entering into the Sale and Purchase Agreement. The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL INFORMATION OF THE TARGET COMPANIES

The net liabilities of the Target Company A as at 31 December 2013 is approximately HK$191. The net assets of the Target Company B as at 31 December 2013 is approximately HK$11.5 million.

The net profits before and after taxation and extraordinary items of the Target Company A for each of the two years ended 31 December 2012 and 2013 are set out below:

	2013	**2012**
Net profit/(loss) before taxation and extraordinary items	HK$1.00	(HK$200.00)
Net profit/(loss) after taxation and extraordinary items	HK$1.00	(HK$200.00)

The net profits before and after taxation and extraordinary items of the Target Company B for each of the two years ended 31 December 2012 and 2013 are set out below:

	2013	**2012**
Net profit/(loss) before taxation and extraordinary items	HK$1.72 million	(HK$2.21 million)
Net profit/(loss) after taxation and extraordinary items	HK$1.29 million	(HK$2.21 million)

Upon Completion, the Target Company A will become a wholly-owned subsidiary of the Company and Target Company B will become a non-wholly-owned subsidiary of the Company. The financial results and positions of the Target Companies will then be consolidated into the accounts of the Group upon Completion.

The Target Company A and the Target Company B were incorporated in May 2001 and March 2012 respectively.

The Target Company A was acquired by Vendor A for the purpose to focus on capturing any offshore businesses of the existing clientele of Target Company B. However, as of 31 December 2013, it has not been able to secure any offshore businesses from the clients of Target Company B with some prospective contracts still under negotiation. Therefore, there is no material profit and loss items for Target Company A.

Since Target Company B was only set up in 2012, it requires time to pick up the business in terms of turnover as well as customer base. Some business introduced and initiated in 2012 would only be finalized and signed in 2013, the profit of these projects would then have to be uptaken in 2013 in-line with the matching concept of the accounting requirements. As a result the profit of 2013 grew significantly.

INFORMATION OF THE GROUP, THE PURCHASERS AND THE VENDORS

The Company has been engaged in providing information technology related management services and financial services in Guangzhou, the PRC. Regarding the information technology management services, the Company has been providing its expertise in the management of the operations of the IPTV platform and IPTV business for its clients. Regarding the financial services, the Group has successfully registrated as the Foreign invested Equity Investment Enterprise in Qianhai Free Trade Zone in Shenzhen PRC. With such registration and depending on the availability of capital resources, the Company would be well positioned to benefit and to offer a range of financial services that are currently being stimulating in Qianhai. Based on the preferential policies in Qianhai, the types of financial services that the Company will be well positioned to engage in including (i) the development of foreign-invested equity investment funds, foreign exchange settlement of capital funds, investment and fund management; (ii) the expansion of offshore RMB fund flow-back channels, and the establishment of cross-border RMB business; (iii) the granting of RMB loans for offshore projects; and (iv) the issuance of RMB bonds in Hong Kong.

The Purchasers are investment holding companies.

Vendor A is an investment holding company.

Vendor B is principally engaged in the business of Point of Sales "POS" system software development in the PRC and is not engaged in the business of private investment fund management, private securities investment, private equity investment, and venture capital investment in the PRC.

INFORMATION OF THE TARGET COMPANIES

Industry environmental

In recent years, the industry of private equity investment in China is expanding rapidly. The funds raised in the whole industry keep rising. Correspondingly, the total amount of private equity investment in China also keeps increasing.

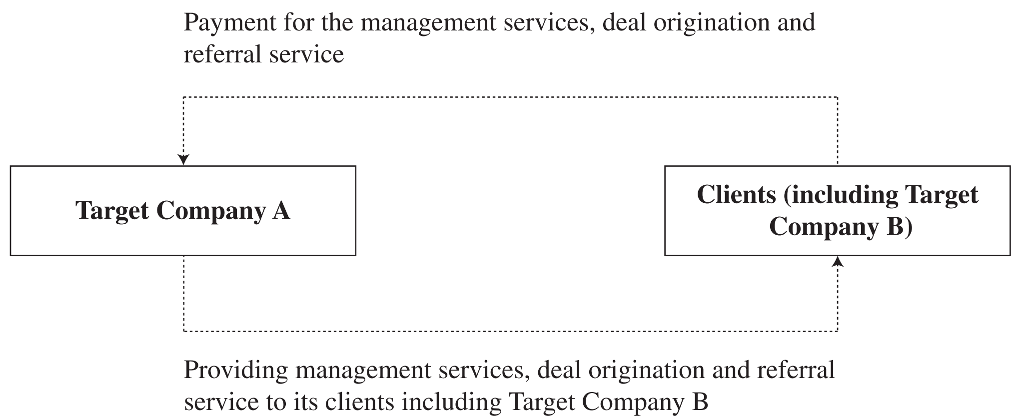
The continual development of China's economy, coupled with the expansion of personal, enterprise and the country's wealth and the increasingly sophisticated multi-level capital market, will provide private equity investments with more diversified fund-raising channels, plentiful of investment targets and vast choices of exit channels. The market scale, investment scale and exit scale of the private equity investment industry keeps increasing. Currently, the scale of equity investments (direct financing) is still smaller than that of loans (indirect financing) in respect of the total scale of social funds. According to the overall planning of the state, direct financing (including private equity) will be continuously improved in financing field, which creates a favorable environment for sustainable development of private equity industry in PRC.

Furthermore, since the second half of 2012, the China Insurance Regulatory Commission carried out new several policies, which improves insurance funds investment in private equity. Currently, several insurance institutions have obtained licenses for investment in private equity fund. It is expected that the insurance funds investment in private equity will be developed significantly in the future. Meanwhile, in 2012, the China Securities Regulatory Commission had also carried out new policy which boosts the creative development of assets management business of securities brokers. Under the policy, public funds entities can also carry out private equity business through its subsidiaries. In the future, it is expected that more institutions and funds will participate in private equity market by investment in private equity fund, which provides diverse source of funds for domestic private equity investment industry.

Target Company A remained dormant since its incorporation in May 2001. It was acquired by Vendor A in March 2013 at the consideration of USD1.00 for the purpose to engage in real estate business management and consulting services in the Asia Pacific region. Apart from entering into the Management Contract with Target Company B, Target Company A was virtually inactive since the acquisition by Vendor A. It commenced providing services under the Management Contract to Target Company B in January 2014. Currently, the clienteles of Target Company B with offshore real estate holdings and operations are the primary target clienteles for Target Company A, which is expected to provide consulting services to these clients in relation to sales and marketing of the financing services and investment funds offered by Target Company B. Further, certain deal origination and cross referral from Target Company A to Target Company B is also anticipated as one of the type of business activities of Target Company A.

In consideration of providing management and consultancy services by Target Company A, the Target Company A receives revenue from the management fees and consultancy fees paid by its clients (including Target Company B).

Flow Chart of the Relationship between Target Company A and its clients (including Target Company B)



Target Company B was incorporated in March 2012 and is principally engaged in the business of private investment fund management, private securities investment, private equity investment, and venture capital investment in the PRC. In pursuant to the amendments to The Law of the People's Republic of China on Securities Investment Funds in 2012, there has been a moderate loosening of the restrictions on the investment and operations of the publicly raised funds. This was to stimulate the competitiveness and vitality of the fund market in order to satisfy the rapid growth of the fund markets and investors' needs. However, this rapid development of the capital market and diversification of the financial products have also raised the requirements for supervision. The amendments also included that the actual controller of the fund manager be supervised under a clearer standardized regulatory supervision system and a more precise record filing system was also established. In addition to meeting all of the requirements to the amendments, Target Company B has also been granted by the Asset Management Association of China the "Private Investment Fund Manager Registration Certificate" in April 2014 and accordingly it is authorised as a financial institute to engage in the business of private investment fund management, private securities investment, private equity investment, and venture capital investment in the PRC. Currently, Target Company B has been focusing on offering short term secured financing services which includes collateral backed financing, entrusted financing services, and real estate-backed financing services. Target Company B normal acts as an arranger in providing short term secured financing services to its clients and will not leverage a material part of its own internal financial resources in providing such services. It is the business strategy of Target Company B to focus primarily on real estate projects, which could provide lands or properties as securities to such financing arrangement. Further, it will carry out the following assessments before accepting a client: (i) client background checking; (ii) project potential and development status checking; (iii) financial capability (both project company and guarantor) checking; (iv) legal checking; and (v) repayment capability checking.

The Target Company A and Target Company B have entered into the Management Contract on 30 September 2013 and the principal terms are as follows. Target Company A has agreed to provide management services to Target Company B. The management services include the operations, sales and marketing of investment funds of Target Company B. Target Company A would receive a fee of no less than RMB600,000 per year as a technical fee, in addition to a management fee that would be negotiated annually based on the performance of Target Company B. The RMB600,000 technical fee was determined on the basis that Target Company B would have the access to a senior executive's (mainly Mr. Wang Qiang's) support from Target Company A. The senior executive would be able to provide deal origination capabilities as well as advise on other corporate matters. The Board considers that this is a fair market cost for the pay of a senior executive in Hong Kong. The duration of the contract is for one year and will automatically be renewed if neither parties terminates the Management Contract. The management fee will be calculated annually with reference to any business procured by Target Company A and referred to be executed by Target Company B, and to any other services provided by Target Company A during the year. The management fee will be subject to the annual negotiations between Target Company A and Target Company B. The Company is not aware of any industry norm or practice to enter into management contract for fund management business. Considering the services provided by Target Company A, the Company considers the Management Contract to be normal and general commercial contract and to be on commercial terms, in the ordinary and usual course of business of the Target Companies. The Board has no intention to terminate the Management Contract as at this moment, however, the Board will review the operation of the Management Contract in that it may replace the current function of Mr. Wang Qiang by a team of management to be put in place by the Group after due and careful consideration subsequent to Completion. For this Management Contract on an ongoing basis, the Group will comply with the requirements under Chapter 20 of the GEM Listing Rules upon Completion. At present, the Directors expect that the magnitude of the Management Contract will be below 25% of all applicable percentage ratios and HK$10 million, and therefore exempted from independent shareholders' approval under Chapter 20 of the GEM Listing Rules.

Since the Target Company B has a relatively short operating history, there was no other management contracts prior to the existing one. Save for the Management Contract, Target Company B has no intention to enter into any other management contracts.

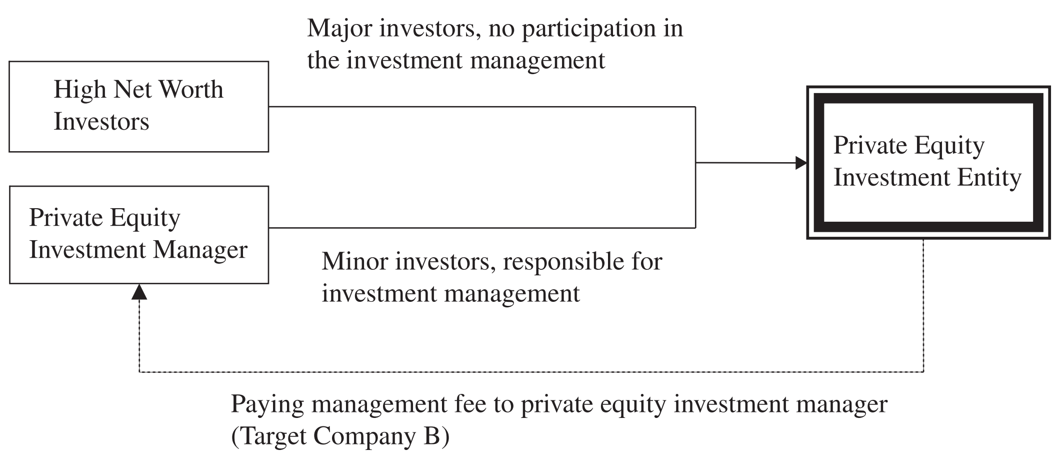
Other than Target Company A, there has been no other company that has provided management services to Target Company B since its incorporation.

Business and Operation Model of Target Company B

Target Company B's business and operation model can be summarized as stages of financing, entrusted loan, and consultation, details of which are set out as follows:-

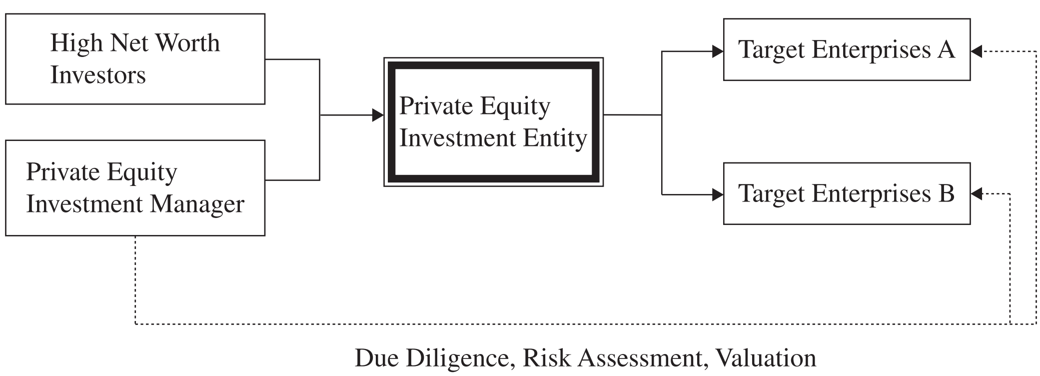
1. Financing: fund raising from high net worth investors

   Target Company B, as the private equity investment manager, initiates set up private equity investment entity based on limited partnership and raising funds from high net worth investors through private equity. High net worth investors are major investors in the private equity investment entity and act as limited partners, and Target Company B contribute a minor proportion into the private equity investment entity and acts as a general partner. Meanwhile, Target Company B, as the private equity investment manager, will receive management fee (one of the resources of Target Company B's income) from the private equity investment entity according to agreed method with the investors. The management fees received from the private equity investment entity are proportionate to its total assets under management and are expected to range from 1.5% to 3.5%. The general payment due is on an annual basis. There is no general credit policy being offered. The basic flow chart is as below:-



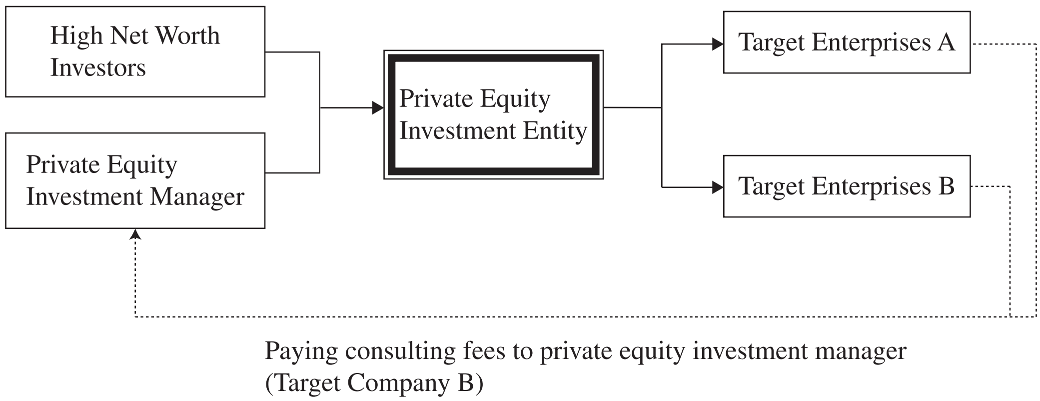
2. Entrusted Loans: providing entrusted loan to target enterprises to achieve interests and benefits

Target Company B seeks quality enterprises (target enterprises) with growing potentials through its strategic corporation banks. The characteristics that the target enterprises possess in order to be selected by Target Company B include good credit background, undervalued assets, stable and recurring cash flows, strong management team and multiple areas to create value. After completion of due diligence against those target enterprises, risk assessment, valuation and other relevant procedures, entrusted loans will be provided from the private equity investment entity to those appropriate target enterprises so that the private equity investment entity may receive interest payments from the target enterprises. The interest payments received from the target enterprises are proportionate to the amount of the entrusted loans and are expected to range from approximately 7% to 19% (for entrusted loans with a term of no more than 12 months) and from approximately 19% to 30% (for entrusted loans with a term of 13 to 24 months). The interest amount charged is based on the risk level, the duration and the collateral quality of each entrusted loan. The general payment terms are as follows: (i) full interest payment due when the entrusted loans are due; and (ii) partial payment due upon pre-determined payment schedule of the entrusted loans.



3. Consultation: Consultation of the target enterprise after and during the entrusted loans

During and after the entrusted loans have been provided to the target enterprises, Target Company B provides consulting services and value-enhancing services to the target enterprises including without limitation structuring modern enterprise system, strategic optimization, merger and acquisition, management improvement and so on. Consultation fees is charged to the target enterprises from Target Company B. The consultation fees received from the target enterprises are proportionate to the amount of the entrusted loans and are expected to range from approximately 6.25% to 23% (for entrusted loans with a term of 6 to 24 months). The consulting fee charged is determined by the complexity and the estimated amount of work involved for each transaction. The general payment terms for the consulting contract are as follows: (i) partial payment due upon the borrower receiving the entrusted loans and remainder payment due upon entrusted loan due date; and (ii) full payment due upon the borrower receiving the entrusted loans.



Source of revenue

Revenue of the Target Companies will mainly comprise income generated from the offering of short term secured financing services including collateral backed financing, entrusted financing and real estate backed financing services as well as consultation fee income associated with the provision of consultation services.

Target customers

The Target Companies focuses on serving sole proprietors, small and medium-sized enterprises and their owners and/or related personnel. The Target Companies approach their target customers through various channels, including a direct sales team, referrals, outsourced marketing companies and tele-marketing.

Major operating costs

The major operating costs of the Target Companies include staff costs and rental payments and administration cost and the subcontract cost. The Target Company B have four commercial offices which are located in Beijing, Shanghai, Guangzhou and Shenzhen.

Business development plan

After Completion, the Group intends to further develop the asset management business of the Target Companies by expanding the Target Companies' portfolio as well as increase funds under management. In addition, the Group, while building on the Target Companies expertise, will also concentrate on providing more services on the real estate finance sector.

Subject to Completion, it is the Company's plan to maintain the current management of the Target Companies to carry on the existing business. In order to manage the Target Companies effectively, the Company plans to appoint additional and appropriate candidates especially with risk management experience in the PRC finance industry to the management of the Target Companies.

Synergy with the Group

The Company views that there will be a synergy with the Target Companies and the Group with the emphasis of the Group to concentrate more services to be provided in the financial services sector. The Group's financial services division has finalized the registration of the Foreign invested Equity Investment Enterprise in Qianhai Free Trade Zone in Shenzhen PRC. With the establishment of the Qianhai Foreign-invested Equity Investment Enterprise and depending on the availability of capital resources, the Company would be well positioned to benefit and to offer a range of financial services that are currently being stimulating in Qianhai. Based on the preferential policies in Qianhai, the types of financial services that the Company will be well positioned to offer may include (i) the development of foreign-invested equity investment funds, foreign exchange settlement of capital funds, investment and fund management; (ii) the expansion of offshore RMB fund flow-back channels, and the establishment of cross-border RMB business; (iii) the granting of RMB loans for offshore projects; and (iv) the issuance of RMB bonds in Hong Kong. Together with the resources, expertise, and the existing clienteles of the Target Companies, the Board views that the Target Companies will add value to the Group as a whole. With Target Company B's pipeline of projects (which includes those financial and consulting contracts secured by Target Company B as disclosed in the Letter from the Board) and its capability to package future projects in the form of investment funds, while utilizing the preferential policies offered by the Qianhai Free Trade Zone in Shenzhen, which provides certain endorsed channels for foreign investments into investment funds market in China, the Group will be able to satisfy the current foreign demand for investments into China. After Completion, the Group will concentrate on the development of foreign-invested equity investment fund, the expansion of offshore RMB fund flow-back channels, and the establishment of cross-border RMB business. If the above strategies could be successfully carried out, it would allow the Group to cross sale financial products offered by the Target Companies or their client to overseas investors and thus allow the Group to procure a new stream of income. In addition, the Company has been equipped with senior management level professionals with extensive experiences and track record in the financial sector. With this expertise the Company feels that it could further add to the strength of the Target Companies for advising on the structures of future real estate trusts and other investment products.

REASONS FOR THE ACQUISITION

The Group is expected to benefit from the Acquisition for the following principal reasons:

(a) the acquisition will allow the Company to pursue its long term business diversification strategy by entering into the investment management and consultancy industry, being a business with potential, so as to further enhance its revenue sources as well as to bring positive return to its Shareholders;

(b) the Vendors have guaranteed the Guaranteed Profits and would be able to bring positive contribution to the Group if such Profit Guarantees are materialised in the future;

(c) the Board also sees vast business potential of the Target Companies to provide real estate consultancy and estate fund management services in the PRC or the Asia Pacific region by leveraging on both the business platform in the PRC and the sophisticated background of the members of the Board in real estate investment and management, in that each of (i) Mr. Xie Xuan, a real estate entrepreneur with 20 plus years of experience in the real estate and financial matters, previously acted as senior executive of major PRC conglomerate and advisor to numerous large-scaled real estate entities, (ii) Dr. Feng Ke, a PRC real estate finance expert, affiliates with the University of Beijing, Real Estate Finance Research Centre (北京大學房地產金融研究中心), Director to both listed and unlisted enterprises in PRC, and (iii) Mr. Lo Mun Lam Raymond, director of the registered Qianhai private equity investment subsidiary of the Company, who is a Counselor of Real Estate of the United State, a fellow member of the Royal Institutional of Chartered Surveyors, an advisor to the Global Real Estate Master Program of the University of Wisconsin, and being involved in North America, Europe and Asia on both asset management and real estate finance for value of no less than US$200 million. With the experiences of the Board, the Company views that for the short term plan the Company would be able to develop and structure real estate trusts for the Target Companies and for the Group to manage and to offer to both PRC investors and foreign investors. The current management of the Target Companies lack the international experiences that the Board possesses. With the international experiences and track record that the Board has gained over the years, they would have the knowledge of the demands for the foreign investors and the structures that will be required. In addition, with the Board's real estate background as well as reputation they would enhance the origination process and improve on the deal flow. While adding onto to the already growing number of real estate consultancy business the Target Companies will be able to charge at a higher rate of premium, as the Board will be able to provide their renounced international professional views. For the longer term goals, the Board plans to expand from only concentrating on the PRC real estate sector to other geographic region. The expansion would first be into the Asia Pacific region and the North American region. The Board has the vision of developing real estate trusts and business trusts with a global exposure while servicing a spectrum of global clienteles.

(d) The Target Company B has also obtained the Private Investment Fund Manager Registration Certificate from the Asset Management Association of China. It is registered to engage in the business of private investment fund management, private securities investment, private equity investment, and venture capital investment in the PRC.

(e) With Target Company B's pipeline of investment projects, while utilizing the Qianhai Foreign-invested Equity Investment Enterprise platform, the Group will be able to satisfy the current foreign demand for investments into China. This will enable the Group to be able to offer Target Company B with addition source of funds for the prospective projects in the pipeline.

(f) The Acquisition allows the Group to diversity its business and benefit from the rapid growth in financial industry in the PRC so as to create value for the Shareholders, through acquiring a new business directly rather than setting up on its own, due to the followings:-

(i) it is generally difficult for a foreign-owned enterprise to obtain Private Investment Fund Manager Registration Certificate to engage in the investment management business in China;

(ii) it is expected to takes at least three to five months without guarantee for obtaining such certificate for commencement of the said business in China;

(iii) the applicant must have a minimum paid-up share capital of RMB10,000,000 (equivalent to approximately HK$12,400,000) and not less than two responsible licensees with more than 3 years investment management experiences in the PRC;

(iv) it takes extensive time and cost for a new-comer to build up all the business relationship with financial institutes regarding the entrusted loans business model;

(v) The existing information technology related management services is facing intensive competition;

(vi) The management agreement entered into with Guangdong Zhicheng Weiye Investment Limited will be ended on 31 December 2014; and

(vii) The new start-up financial services business as registration as the Foreign Invested Equity Investment Enterprise in Qianhai Free Trade Zone is still far from making profits.

The Board views that this is a market with a great potential. Accordingly, the Board considers that the Acquisition shall bring a positive and synergy effect and new direction to the future development of the Group. The Directors (including the independent non-executive Directors) consider that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The acquisition of Target Company A is part and partial to the Acquisition as first proposed to the Company by the Vendors. The Directors consider that although the business potential of Target Company A is not proven financially at the moment, since the valuation of the Acquisition is largely depending on the Guaranteed Profits of Target Company A and Target Company B as a whole, the acquisition of Target Company A will not diminish the merit of the Acquisition as discussed above. Further, any future procurement of contracts by Target Company A outside the PRC will provide extra value-added to the Acquisition. Target Company A has identified and is in touch with several potential offshore clients, including a North America real estate developer, a European technology company, a Singapore listed company and a Hong Kong developer which might be interested in investing into investment funds offered in the PRC. As such, these potential offshore clients could be investors to funds to be set up and offered by Target Company B in the future. As at the Latest Practicable Date, none of them have entered into any definitive agreement, arrangement or understanding with Target Company A.

MANAGEMENT APPOINTMENT

The Directors confirmed that there is no new Directors nor senior management joining the Company as a result of the Acquisition. However, the nomination committee will consider all suitable candidates, including Mr. Wang Qiang, depending on their capability, professional knowledge and contribution to the Group from time to time, and will nominate such suitable candidates for the due consideration of the Board.

Mr. Wang Qiang graduated from PLA Institute of Physical Education is a national second-level athlete. Mr. Wang has worked in international trade, real estate developments, financial and technology services and also investment services in culture and creativity industry.

Mr. Wang is very familiar with the business environment of Mainland China, especially in regards to business regulations of real estate and financial services. He is the founder and sole shareholder of Target Company A and one of the Founder and substantial shareholder of Target Company B.

Mr. Wang is the legal representative of Target B which holds the Private Investment Fund Manager Registration Certificate from the Asset Management Association of China, possessing the relevant qualification to hold such Certificate.

RISK FACTORS

Other than disclosed herein, the Directors do not envisage any other material risk in connection with the Acquisition.

1. *Ability of the Target Companies to secure further contracts*

The maintenance of existing customer relationship will largely depend on the satisfactory of its customers to the services of the Target Companies while the ability to secure further contracts from new customers will depend on the reputation of the Target Companies in the industry going forward. Therefore, should the Group be unable to secure further contracts, the financial position of the Group will be affected.

2. *Risk of short historic of the Target Companies*

The Target Companies have only a very short business history. Therefore, the prospect of the Target Companies will materially depend on the expertise of the management. If the Target Companies loses its core management and fails in its management of operations, the financial position of the Group will be affected.

3. *Adverse impact from the goodwill impairment*

As disclosed in the Appendix IV of this circular, in the forthcoming financial years, a valuation based on discounted cash flow model will be performed for the Target Companies to test for impairment of the goodwill from the Acquisition, as and when appropriate, in accordance with Hong Kong Accounting Standard 36 ″Impairment of Assets″.

In the worst case, if the Guaranteed Profits for each of the Two Relevant Periods are not achieved, leading to a deteriorated financial performance of the Target Companies and a low valuation, the goodwill from the Acquisition would possibly be substantially written down and recognized as an impairment loss in the income statements of the Group. As a result, the said impairment loss would impose an adverse impact on the financial performance of the Group in the forthcoming financial years.

Furthermore, as disclosed in the Appendix IV of the circular, different valuation methodologies will be used for assessing the goodwill impairment in that (i) based on the current situation, the adoption of forward price-to-earnings multiple is considered to be the most appropriate methodology for assessing whether there is any indication of impairment; and (ii) Adoption of discounted cash flow model in future years will be considered appropriately since at such relevant time, more operating and financial data of the Target Companies could be gathered to form a more reliable sources of information in determining the impairment of goodwill. As a result, the changing of valuation methodology may bring the adverse effect on the goodwill impairment.

4. *Downward market price pressure from disposal of the Consideration Shares*

After Completion, as there is no restriction on disposal by the Vendors of the Consideration Shares, in the event that the Vendors dispose the Consideration Shares in the market at a discount price, it would bring subsequent downward pressure to the market price of the Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following chart sets out the shareholding structure of the Company (a) as at the Latest Practicable Date; (b) immediately after completion of the Acquisition and the issuance of Consideration Shares; (c) maximum conversion of the Convertible Bond to the extent not triggering any obligation under the Takeovers Code; and (d) for illustration purpose only, assuming full conversion of the Convertible Bond at the initial Conversion Price of HK$0.45.

Name of the Shareholders	As at the Latest Practicable Date		Immediately after the issuance of Consideration Shares		Maximum conversion of the Convertible Bond as permitted under the Takeovers Code		Assuming full conversion of the Convertible Bond at the initial Conversion Price	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Glamour House Limited *(Note 1)*	544,514,782	36.66	544,514,782	30.91	544,514,782	29.33	544,514,782	26.72
Mr. Qiu Yue *(Note 2)*	34,050,436	2.29	34,050,436	1.93	34,050,436	1.83	34,050,436	1.67
Vendors	–	–	276,306,666	15.68	371,147,641	19.99	552,613,332	27.11
Public	906,953,679	61.05	906,953,679	51.48	906,953,679	48.85	906,953,679	44.50
Total	1,485,518,897	100	1,761,825,563	100	1,856,666,538	100	2,038,132,229	100

Note 1: Glamour House Limited is beneficially owned as to 10% by Mr. Xie Xuan and 90% by Mr. Chu Yat Hong. Asian Dynamics International Limited is the controlled corporation, which is beneficially owned as to 67.18% by Glamour House Limited, as to 21.88% by Asian Wealth Incorp and as to 10.94% by Mr. Chau Tak Tim, who is an independent individual. Apart from being a shareholder, Asian Dynamics International Limited has no other relationship with the Company.

Note 2: Mr. Qiu Yue is the executive director of the Company.

As shown in the above table, the Acquisition will not result in a change of control of the Company.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The current authorised share capital of the Company is HK$200,000,000 which is currently divided into 2,000,000,000 Shares, and the existing issued share capital of HK$148,551,889.70 divided into 1,485,518,897 Shares. In order to fulfill the future issue obligations under the Consideration Shares and Convertible Bonds and to accommodate future expansion and growth, the Board proposes to increase the authorised share capital of the Company from HK$200,000,000 to HK$1,000,000,000 by the creation of an additional 8,000,000,000 Shares. Immediately upon the Share Capital Increase becoming effective and assuming no further Shares will be issued or no Shares will be repurchased from the Latest Practicable Date up to the EGM, the authorised share capital of the Company will be HK$1,000,000,000 divided into 10,000,000,000 Shares, and the issued share capital of Company will be HK$148,551,889.70 divided into 1,485,518,897 Shares.

As at the Latest Practicable Date, the Company does not have any intention to issue new securities (other than the Consideration Shares and Conversion Shares to be issued under the Acquisition) by using the Share Capital Increase.

The Share Capital Increase is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

IMPLICATIONS OF THE ACQUISITION UNDER THE GEM LISTING RULES

As the relevant percentage ratio(s) calculated in accordance with Rule 19.07 of the GEM Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

As of the Latest Practicable Date, Mr. Wang Qiang, a director and substantial shareholder of a non-wholly-owned subsidiary of the Company, is the sole owner of the Vendor A and a substantial shareholder of the Vendor B. According, the Vendors are connected persons of the Company under Chapter 20 of the GEM Listing Rules. As such, the Acquisitions also constitutes connected transactions of the Company and will be subject to the approval by the Independent Shareholders at the EGM. As at the Latest Practicable Date, Ms. Yang Mei, the spouse of Mr. Wang Qiang, is holding 294,000 Shares of the Company and is therefore required to abstain from voting at the EGM on the relevant resolution to approve the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as aforesaid, the Vendor and Mr. Wang Qiang and their respective associates do not own or hold any Shares or securities of the Company which are convertible into Shares and no Shareholders are required to abstain from voting at the EGM on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

EGM

A notice convening the EGM to be held at 37/F, Cosco Tower, 183 Queen's Road Central, Hong Kong on Monday, 29 September 2014 at 3:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular.

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 branch share registrar of the Company, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for the holding of the EGM or the adjourned meeting thereof (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be).

RECOMMENDATION

The Board are of the opinion that (i) the terms of the Sale and Purchase Agreement contemplated thereunder (including the issue of the Convertible Bonds and the grant of specific mandate for the issue of the Consideration Shares and the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds); and (ii) Share Capital Increase are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

As the Acquisition is subject to the conditions precedent set out in the Sale and Purchase Agreement being satisfied or waived, as applicable, and the Acquisition may or may not proceed to Completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

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

Yours faithfully
By Order of the Board
Asian Capital Resources (Holdings) Limited
Xie Xuan
Chairman

亞洲資產(控股)有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 08025)

10 September 2014

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN INVESTMENT MANAGEMENT AND CONSULTANCY BUSINESS

We have been appointed to form an independent board committee to consider and advise you on the terms of the Acquisition and the transactions contemplated under the Sale and Purchase Agreement, details of which are set out in the circular issued by the Company to the Shareholders dated 10 September 2014 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and letter from Messis Capital Limited set out on pages 6 to 35 and pages 37 to 77 of the Circular respectively, and the additional information set out in the appendices to the Circular.

Having taken into account the terms of the Acquisition and the transactions contemplated under the Sale and Purchase Agreement, and the principal factors and reasons considered by Messis Capital Limited, we concur with the view of Messis Capital Limited and consider that the terms of the Acquisition and the transactions contemplated under the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition and the transactions contemplated under the Sale and Purchase Agreement.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Mr. Wu Jixue	**Mr. Zhang Daorong**	**Mr. Zheng Hongliang**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.

大有融資有限公司
MESSIS CAPITAL LIMITED

10 September 2014

To: The Independent Board Committee and the Independent Shareholders of Asian Capital Resources (Holdings) Limited

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN INVESTMENT IN MANAGEMENT AND CONSULTANCY BUSINESS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular of the Company (the "**Circular**") to the Shareholders dated 10 September 2014, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 26 May 2014, the Purchasers, the Vendors and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which (i) the Purchaser A conditionally agreed to purchase from the Vendor A, and the Vendor A conditionally agreed to sell to the Purchaser A the entire issued share capital of the Target Company A, which is principally engaged in business management and consulting services in the Asia Pacific region, and (ii) the Purchaser B conditionally agreed to purchase from the Vendor B, and the Vendor B conditionally agreed to sell to the Purchaser B 51% of the equity interest in the Target Company B, which is principally engaged in the business of private investment fund management, private securities investment, private equity investment, and venture capital investment in the PRC.

The maximum consideration of the Acquisition is capped at HK$255,000,000 which shall be satisfied by (i) payment of RMB5,100,000 (equivalent to approximately HK$6,324,000) to Vendor B in cash upon completion of the Acquisition; (ii) half of the remaining balance to be settled by the issue of the Consideration Shares; and (iii) the other half of the remaining balance to be settled by the issue of Convertible Bonds upon the fulfilment of the Profit Guarantees. Please refer to the Board Letter for the detail of the payment schedule and condition of payment.

As the relevant percentage ratio(s) calculated in accordance with Rule 19.07 of the GEM Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. Since Mr. Wang Qiang ("**Mr. Wang**"), a director and substantial shareholder of a non-wholly-owned subsidiary of the Company, is the sole owner of the Vendor A and a controlling shareholder of the Vendor B, the Vendors are connected persons of the Company within the meaning of Chapter 20 of the GEM Listing Rules and therefore, the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As at the Latest Practicable Date, Ms. Yang Mei, the spouse of Mr. Wang Qiang, is holding 294,000 Shares of the Company and is therefore required to abstain from voting at the EGM on the relevant resolution to approve the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as aforesaid, the Vendor and Mr. Wang Qiang and their respective associates do not own or hold any Shares or securities of the Company which are convertible into Shares and no Shareholders are required to abstain from voting at the EGM on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising three independent non-executive Directors, namely Mr. Wu Jixue, Mr. Zhang Daorong and Mr. Zheng Hongliang, has been established to advise the Independent Shareholders as to whether the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We, Messis Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Acquisition is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the proposed resolutions relating to the Acquisition at the EGM.

Other than this appointment as the independent financial adviser of the Company in connection with the Acquisition and the transactions contemplated thereunder, we have no relationships or interests with the Company and any other parties that could reasonably be regarded as relevant to our independence. We are hence independent from the Company pursuant to Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and will continue to be so as at the

Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representation provided to by the Company, the Directors and the management of the Company.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been reasonably arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group, the Target Companies, the Guarantor and their respective associates.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in the provision of online content information and related technical services, business consultation services, internet broadband business management and internet protocol television services. According to the Board Letter, the Group has been engaged in providing information technology related management services and financial services in Guangzhou, the PRC. Regarding the information technology management services, the Company has been providing its expertise in the management of the operations of the internet protocol television ("**IPTV**") platform and IPTV business for its clients. Regarding the financial services, the Group has successfully registered as the Foreign invested Equity Investment Enterprise in Qianhai Free Trade Zone in Shenzhen, the PRC. Please refer to the paragraph headed "Information of the Group, the Purchasers and the Vendors" in the Board Letter for the details of the Group's businesses.

Set out below are the financial summary of the Group for the two years ended 31 December 2013 extracted from the annual report of the Company for the year ended 31 December 2013 (the "**2013 Annual Report**"):

	For the year ended 31 December	
	2013	**2012**
	HK$'000	*HK$'000*
Turnover	153,756	6,574
Loss before taxation	(27,852)	(16,735)
Loss for the year	(22,988)	(18,663)

	As at 31 December	
	2013	**2012**
Cash and cash equivalents	50,175	46
Net assets/(liabilities)	1,429	(38,086)

As set out in the 2013 Annual Report, the Group recorded a turnover of approximately HK$153.8 million for the year ended 31 December 2013, representing a year-on-year increase of approximately 23 times as compared to the preceding financial year. As stated in the 2013 Annual Report, such increase in turnover was mainly generated from the internet broadband business management services rendered to a company owned by a substantial shareholder and a director of the Company via the management service agreement entered into on 31 December 2012. Notwithstanding the Group experienced a significant increase in turnover for the year ended 31 December 2013, the Group recorded a loss of approximately HK$23.0 million for the year ended 31 December 2013. The increased in loss for the year ended 31 December 2013 was mainly attributable to (i) the further impairment made for intangible assets of approximately HK$13.0 million for the year ended 31 December 2013 from approximately HK$5.0 million for the year ended 31 December 2012; and (ii) the substantial increase in cost of services from nil for the year ended 31 December 2012 to approximately HK$148.1 million for the year ended 31 December 2013. Such increase was due to the PRC IPTV market has become extremely competitive and the prices for the resources in the industry have increased drastically as a result of the large investments by the major new competitors.

As at 31 December 2013, the cash and cash equivalents and net assets of the Group amounted to approximately HK$50.2 million and approximately HK$1.4 million, respectively.

2. Background information of the Target Companies

According to the Board Letter, Target Company A remained dormant since its incorporation in May 2001. It was acquired by Vendor A in March 2012 for the purpose to engage in real estate business management and consulting services in the Asia Pacific region. Apart from entering into the Management Contract with Target Company B, Target Company A was virtually inactive since the acquisition by Vendor A. It commenced providing services under the Management Contract to Target Company B in January 2014. Currently, the clienteles of Target Company B with offshore real estate holdings and operations are the primary target clienteles for Target Company A, which is expected to provide consulting services to these clients in relation to sales and marketing of the financing services and investment funds offered by Target Company B. Further, certain deal origination and cross referral from Target Company A to Target Company B is also anticipated as one of the type of business activities of Target Company A.

Target Company B was incorporated in March 2012 and is principally engaged in the business of private investment fund management, private securities investment, private equity investment, and venture capital investment in the PRC. In 2014, Target Company B has been granted the Private Investment Fund Manager Registration Certificate by the Asset Management Association of China (中國證券投資基金業協會) and accordingly it is authorised as a financial institute to engage in the business of private investment fund management, private securities investment, private equity investment, and venture capital investment in the PRC. Currently, Target Company B has been focusing on offering short term secured financing services which include collateral backed financing, entrusted financing services, and real estate-backed financing services. Target Company B normal acts as an arranger in providing short term secured financing services to its clients and will not leverage a material part of its own internal financial resources in providing such services. The investment objective for Target Company B is for income generating projects while concentrating its effort in the real estate sector in the PRC, which could provide lands or properties as securities to such financing arrangement. The average size of each financing contract for the Target Company B is approximately RMB100 million. Further, it will carry out the following assessments before accepting a client: (i) client background checking; (ii) project potential and development status checking; (iii) financial capability (both project company and guarantor) checking; (iii) financial capability (both project company and guarantor) checking; (iv) legal checking; and (v) repayment capability checking.

Management Contract entered into between Target Companies

In 2013, Target Company A and Target Company B entered into the Management Contract pursuant to which Target Company A has agreed to provide management services to Target Company B. The management services include the operations, sales and marketing of investment funds of Target Company B. Target Company A would then receive a fee of no less than RMB600,000 per year as a technical fee, in addition to a management fee that would be negotiated annually based on the performance of Target Company B. The RMB600,000 technical fee was determined on the basis that Target Company B would have access to senior executive's (mainly Mr. Wang's) support from Target Company A. The senior executive would be able to provide deal origination capabilities as well as advise on other corporate matters. The Board considers that this is a fair market cost for the pay of a senior executive in Hong Kong.

Target Company A commenced providing its services under the Management Contract to Target Company B in January 2014. As advised by the Directors, apart from acting as the legal representative of Target Company B, Mr. Wang is also responsible for providing management services on behalf of Target Company A, including but not limited to: (i) liaising with government agencies; (ii) liaising with financial institutions; (iii) deal origination for both onshore and offshore businesses; and (iv) deal structuring, such responsibilities of which are the scope of services of Target Company A under the Management Contract. We have reviewed the qualification and experience of Mr. Wang and noted that Mr. Wang is experienced in various areas, including international trade, real estate developments, financial and technology services and investment services in culture and creativity, together with his familiarity with the business environment and the relevant regulations of real estate and financial services of Mainland China, we are of the view that the Mr. Wang, as a sole director of Target Company A, has sufficient expertise to provide the real estate business management and consulting services to Target Company B.

Regarding to the nature and terms of the Management Contract, we have enquired and were advised by the Directors that (i) there was no other management contracts prior to the existing one since Target Company B has a relatively short operating history; (ii) there has been no other company that provided management services to Target Company B since its incorporation; and (iii) the Company is not aware of any industry norm or practice to enter into management contract for fund management business. We have attempted to search, but have not successfully identified any listed companies which engaged in similar business as that of the Target Companies (including the comparable companies selected by the Valuer as set out below), has entered into a management contracts similar to that of Target Companies. Given there is no available information for determining the management fee or general practice to enter into this kind of management contract, we are not aware whether entering into such management contract is an industry practice; the terms of the Management Contract is comparable with the market peers; and the basis of determining the management fee is on normal commercial term. However, in light of the technical fee received by Target Company A is considered as a cost for the pay of a senior executive in Hong Kong, we have performed an internet desktop research and have also independently talked to an independent human resources services provider in respect of the monthly salary of a chief representative in financial/consultancy services be seconded to work in the PRC. After having made enquiries with the human resources services provider and according to the "Guide to China Market – Salaries 3rd Quarter 2014" published by Gemini Personnel Limited, we are given to understand that the technical monthly fee of RMB50,000 (i.e. the technical fee of RMB600,000 per annum) fell within the salary range of a chief representative in the market from RMB38,500 to RMB60,000.

Taking into accounts that (i) the technical fee represents a reasonable paid/service fee in the market as aforementioned; (ii) the scope of services of Target Company A under the Management Contract as aforementioned and the technical fee paid for the service rendered by Target Company A to Target Company B is on normal commercial term; (iii) the technical fee resulting from the Management Contract may provide an additional stable steam of cashflow to the Group after Completion; (iv) additional management fee will be paid annually with reference to any business procured by Target Company A and referred to be executed by Target Company B, of which will be able to incentivise Target Company A to further support the growth of the Group so as to achieve a "win-win" situation; (v) engaging a third-party to provide the same services offered by Target Company A would incur approximately the same cost borne by Target Company B; (vi) the Management Contract was entered before this transaction initiated and it is necessary in order the Target Companies can carry on the business after the Completion to avoid any interruption of business operation; (vii) the potential offshore clients identified and referral by Target Company A would avail the "Private Investment Fund Manager Registration Certificate" held by Target Company B to invest in the funds to be set up and offered by Target Company B, which in turn will enable the Group to be benefit from the receipt of management fee in the future and the Management Contract would allow Target Company B focus on their principal fund management business so as to further expansion of its business; and (viii) we have reviewed the terms of the Management Contract and do not notice any abnormal commercial terms, we have not identified any factors which causes us to doubt the genuineness of the Management Contract and are of the view that the technical fee charged under the Management Contract is fair and reasonable and the Management Contract is necessary for both of the operation and growth of Target Companies which is in the interest of the Company and the Shareholders as a whole.

Financial information of Target Companies

As stated in the Board Letter, the net liabilities of the Target Company A as at 31 December 2013 is approximately HK$191 while the net assets of the Target Company B as at 31 December 2013 was approximately HK$11.7 million.

The net profits before and after taxation and extraordinary items of the Target Company B for each of the two years ended 31 December 2013 were as follows:

	For the year ended 31 December	
	2013	**2012**
	HK$ million	*HK$ million*
Net profit/(loss) before taxation and extraordinary items	1.72	(2.21)
Net profit/(loss) after taxation and extraordinary items	1.29	(2.21)

As noted from "Management discussion and analysis on the Target Companies" as set out in Appendix III to the Circular, Target Company A was dormant in 2011 and 2012 and hence no material profits and losses were recognised during the years. Subsequently, Target Company A reactivated its business through the provision of management services to Target Company B under the Management Contract.

Target Company B recorded a net profit of approximately RMB1.0 million for the year ended 31 December 2013 as compared to a net loss of approximately RMB1.8 million for the year ended 31 December 2012. The turnaround from a loss to profit was mainly due to fact that Target Company B was only set up in March 2012 and that insufficient business had been secured to cover its operating expenses in 2012.

We note that the cash and cash equivalents of Target Company A was only HK$10 as at 31 December 2013 and the financial statements of the Target Companies for the two years ended 31 December 2013 and the three months ended 31 March 2014 have been prepared on a going concern basis. The net current liabilities position of the Target Companies as at 31 March 2014 was mainly attributable to the sundry creditors and payable amounted to approximately RMB10.2 million and the accruals amounted to approximately RMB1.9 million. Taking into account the fact that (i) the revenue of Target Company B was increased significantly from approximately RMB0.9 million in 2012 to approximately RMB11.4 million in 2013; (ii) the Group had net current assets of approximately HK$30.9 million as at 31 December 2013 which is significantly higher than the net current liabilities of Target Companies as at 31 March 2014; (iii) the revenue stream of Target Company B has been secured by certain signed one-off contracts in 2011, including 3 financing contracts and 2 consulting contracts from 3 independent clients that are principally engaged in the business of real estate development; (iv) the Company was given to understand that Target Company B had already secured financing contracts and consulting contracts and the aggregate amount of fees generated from these contracts are approximately RMB242 million with the tenures ranges from 12 months to 18 months; (v) management and consulting services is service-oriented business, to a large extent, depends on the ability, efforts, experience, expertise and business network of senior executives rather than the assets held by the firm; and (vi) the possible positive financial impact to the Group after the Acquisition as discussed below, we therefore consider that the net current liabilities position of Target Companies as at 31 March 2014 would not have material impact to the Group so far as the Company and the Independent Shareholders are concerned.

3. Reasons for the Acquisition

Details on the reasons for the Acquisition considered by the Company are set out in the paragraph headed "**Reasons for the Acquisition**" in the Board Letter.

(i) the Acquisition is in line with the diversification strategy of the Group

According to the 2013 Annual Report, the Group has faced with the intensified competition and increased concentration in the IPTV industry as well as the challenging macro-economic conditions in the PRC in 2013 and the management was able to focus on its strategy of diversification. Other than setting the Foreign invested Equity Investment Enterprise in Qianhai Free Trade Zone in Shenzhen, the PRC, the Company has established a joint venture company in Hong Kong in January 2014, that provides capital management and related activities focusing on information technology related industry in Asia Pacific area. The Board considers that the formation of the joint venture company shall bring business synergies by leveraging on the experience, expertise and resources of the joint venture partner. According to the 2013 Annual Report, the types of financial services that the Group intends to develop or expand are (i) the development of foreign-invested equity investment funds, foreign exchange settlement of capital funds, investment and fund management; (ii) the expansion of offshore RMB fund flow-back channels, and the establishment of cross-border RMB business; (iii) the granting of RMB loans for offshore projects and; (iv) the issuance of RMB bonds in Hong Kong. Apart from concentrating on the existing segments, including internet broadband business, management and IPTV service, the Board believes that further expansion on the financial services will enhance the Company's incremental business and the future value of the company. Given that Target Company B focuses on real estate, we are of the view the existing joint venture company will not have competition with Target Company B.

Notwithstanding the Group may consider to developing the investment management by itself or forming a joint venture, we are given to understand from the Company after having made relevant enquiries with the Vendors that (i) it is generally difficult for a foreign-owned enterprise to obtain Private Investment Fund Manager Registration Certificate to engage in the investment management business; (ii) it normally takes at least three to five months for obtaining such certificate for commencement of the business; (iii) the applicant must have a minimum paid-up share capital of RMB10 million and not less than two responsible licensees with more than 3 years investment management experiences. If the Company had decided to set up the investment management business itself or forming a joint venture, it is anticipated that substantial amount of time and efforts would be required in order to apply for the required certificate for commencement of the business. Furthermore, there is no guarantee that the Company will be able to obtain such certificate even after spending a substantial amount of time and effort. As the Target Company B already obtained the required certificate to engage in such business, we consider that the Acquisition (vis-à-vis setting up the investment management business by itself or forming the joint venture) would minimise any risk of the Group being unable to obtain any certificate by itself and ensured that such business would be able to operate as soon as practicable, and therefore is in the best interest of the Group and the Shareholders.

In light of the above and since it is the diversification strategy of the Group to develop its investment management business and the PRC government has been promoting complementary policies to offer support to the development of private equity industry in the PRC as further discussed below, we concur with the Directors' view that the Acquisition allow the Company to pursue its long term business diversification strategy by entering into the investment management and consultancy industry so as to further enhance its revenue sources as well as to bring positive return to the Shareholders.

(ii) the Group would benefit from the sound prospect of private equity industry in the PRC

The PRC economy has been seen continual growth in recent years. According to the statistic published by the National Bureau of Statistic of the PRC, the gross domestic product of the PRC increased from approximately RMB40.15 trillion in 2010 to approximately RMB56.88 trillion in 2013, representing a compound annual growth rate of approximately 12.31%. The economic growth has led to the accumulation of private wealth and an increase in the number of wealthy individuals in the region, further supporting the growth in assets under management growth of fund management firms. According to the statistics issued by the Asset Management Association of China, the investment in private equity funds in the PRC increased from approximately RMB756.5 billion as of 31 December 2012 to approximately RMB1,219.2 billion as of 31 December 2013, representing an increase of approximately 61.2% year-on-year. As of 31 May 2014, the total private equity fund investment amounted to approximately RMB1,503.3 billion, representing an increase of approximately 23.3% as compared with that at the end of 2013.

Furthermore, the amended Securities Investment Fund Law (the "**Amended Law**"), promulgated on 28 December 2012 and effective on 1 June 2013, requires independent fund managers to complete the registration with and make post-filings for private equity funds under the Asset Management Association of China. The Asset Management Association of China is a non- profit self-regulatory organisation established on 6 June 2012, according to the provisions of Securities Investment Funds Law and Regulations on the Registration and Administration of Social Organisations. In order to complete the registration, basic information of the senior management, practitioners, shareholders and partners of the private fund managers and the basic information of the private equity fund should be filed with the Asset Management Association of China. The Asset Management Association of China in general will complete the registration within 20 business days after the submission. One without such registration is prohibited from using the terms such as "fund", "fund management" or similar terms in its name to carry out securities investment activities. The Amended Law can effectively maintain the discipline of the private equity market; in the long run, this can provide confidence to the investors, and hence a better development to the market.

In light of the above and having considered that the Target Company B has been granted the Private Investment Fund Manager Registration Certificate by the Asset Management Association of China and is registered to engage in the business of private investment fund management, private securities investment, private equity investment, and venture capital investment in the PRC; and the Acquisition would broaden the revenue stream to the Group, we consider the Acquisition is fair and reasonable and concur with the view of the Directors that it is in the interests of the Company and the Shareholders as a whole. However, the Independent Shareholders should note that the above analysis is based on historical information and there is no certainty as to whether the Group will benefit from the potential growth of private equity industry in the PRC in the forthcoming financial years.

(iii) the potential positive contribution to Group from the Profit Guarantees provided by the Vendors

Pursuant to the Sale and Purchase Agreement, the Vendors guaranteed and warranted to the Purchasers that the audited consolidated net profit after taxation of the Target Companies for each of the two forth-coming 12 months period ending 30 June 2015 and 2016 shall not be less than HK$25.5 million (the "**Guaranteed Profits**"), which is determined as the expected profit for each of the above said period respectively.

As advised by the Directors, Target Company B had already secured financing contracts and consulting contracts. According to the Board Letter, as at the Latest Practicable Date, Target Company B has secured 3 financing contracts and 2 consulting contracts from 3 separate independent clients that are principally engaged in the business of real estate development. The aggregate amount of fee generated from these financing and consulting contracts are approximately RMB242 million and the term of these contracts ranges from 12 months to 18 months. As a result, Target Company B will has an accrued profit of not less than HK$50 million for the period of 12 months ending 30 June 2015. We have review the terms of financing and consultancy contracts provided by the Company and noted that the fee charges on the amounts of entrusted loans ranged from 6.25% to 30% and the repayment terms are generally repay at maturity and/or partial repay by instalments.

In this respect, we have also considered comparing the same with other similar contracts in the market. Based on our research of information published on the website of the Stock Exchange, we note that that selected companies which (i) are listed on the Stock Exchange; and (ii) are principally engaged in short term secured financing/financial consultation services/entrusted loans and finance lease services in the PRC and/or Hong Kong, had fee charges per annum ranged from 18.0% to 44.25% with tenures from 30 days to 3 years, and the repayment terms are either repay at maturity and/or partial repay by instalments.

Notwithstanding that these contracts are one-off in nature, on the basis that (i) the high probability of the Target Companies to achieve the Guaranteed Profits in the first 12 months period from the existing contracts; (ii) the terms of financing and consulting contracts are comparable to the similar contacts in the market; and (iii) despite the prospective contracts under negotiation are in a preliminary stage and the terms of contract are yet to be finalised, we are advised that the Target Companies are in the course of conducting assessment and the Directors are optimistic that those contracts will be secured given the sound prospect of private equity industry in the PRC, which in turn may allow the Target Companies to achieve stronger prospects and generate continuous growth and returns for the Group, we concur with the Directors' view that the Acquisition together with the Guaranteed Profits is in the interest of the Company and the Shareholders as a whole and the basis of determining the Guaranteed Profits of HK$25.5 million is fair and reasonable.

Since the Sale Shares and Sale Equity, representing the entire issued share capital of the Target Company A and 51% equity interest in the Target Company B, respectively, upon completion, the Target Company A will become a wholly-owned subsidiary of the Company and Target Company B will become a non-wholly-owned subsidiary of the Company. The financial results and positions of the Target Companies will then be consolidated into the accounts of the Group upon Completion. We therefore concur with the Directors' view that the Guaranteed Profits would be able to bring positive contribution to the Group if such Guaranteed Profits are to be materialised in the future.

(iv) Leveraging the experiences of the Board as well as the well-established management and consultancy team of Target Companies in the real estate consultancy and estate fund management services in the PRC

As stated in the Board Letter, the Board sees vast business potential of the Target Companies to provide real estate consultancy and estate fund management services in the PRC or the Asia Pacific region by leveraging on both the business platform in the PRC and the sophisticated background of the members of the Board in real estate investment and management, in that each of (i) Mr. Xie Xuan, a real estate entrepreneur with 20 plus years of experience in the real estate and financial matters, (ii) Dr. Feng Ke, a PRC real estate finance expert, affiliates with the University of Beijing, Real Estate Finance Research Centre (北京大學房地產金融研究中心), a director to both listed and unlisted enterprises in PRC; and (iii) Mr. Lo Mun Lam Raymond, director of the registered Qianhai private equity investment subsidiary of the Company, who is a Counselor of Real Estate of the United States, a fellow member of the Royal Institutional of Chartered Surveyors, an advisor to the Global Real Estate Master Program of the University of Wisconsin, and being involved in North America, Europe and Asia on both asset management and real estate finance for value of no less than US$ 200 million. We have reviewed the qualifications and the experiences of these Board members. For details of the experience and qualification of these Directors, please refer to page 29 of the Board Letter.

Although the Target Companies has only commenced business operation with very limited operating history, the most critical certificate, Private Investment Fund Manager Registration Certificate, has already been obtained and the Target Companies has already built up its management and consultancy team which comprises a total of 34 in-house staff, of whom 6 senior executive are responsible for deal origination and deal structuring, 20 worked in the department of finance and investment management, and 8 worked in administrative department. There were also approximately 100 independent sales agents who are responsible for promoting the private equity investments. By leveraging on expertise and business network of Target Companies in the investment management industry in the PRC, new contracts and potential business opportunities would be brought along by the Target Companies which in turn will allow the Group to tap into the investment management industry.

In view of (i) the Board is very experienced in real estate investment and management; (ii) Target Companies has already obtained the required certificate to engage in the investment management business in the PRC; (iii) the technical know-how and business network has been developed by Target Companies despite its limited operating history; and (iv) it provides a fast track for the Company to penetrate into the growing private equity investment industry in the PRC, we are of the view that the Board has sufficient expertise to lead the Group to pursue its plan to engage in real estate consultancy and estate fund management services in the PRC or the Asia Pacific region and the expertise and business network developed by Target Companies will be helpful to the Group's development in investment management industry.

(v) Capturing offshore businesses of the existing clientele of Target Companies

As stated in the Board Letter, Target Company A was acquired by Vendor A for the purpose to focus on capturing any offshore business of the existing clientele of Target Company B. It is concentrating on providing the business management and consulting services to the real estate related businesses. While the existing management services by the Group are currently focused on Information Technology related businesses. With acquisition of Target Company A, the Group will be able to access the prospective projects that are in the pipeline and relationships generated in the past years. As stated from the Board Letter, the acquisition of Target Company A is part and partial to the Acquisition as first proposed to the Company by the Vendors. The Directors consider that although the business potential of Target Company A is not proven financially at the moment, since the valuation of the Acquisition is largely depending on the Guaranteed Profits of Target Company A and Target Company B as a whole, the acquisition of Target Company A will not diminish the merit of the Acquisition as discussed above. Further, any future procurement of contracts by Target Company A outside the PRC will provide extra value-added to the Acquisition.

Taking into account that (i) the Acquisition is in line with the diversification strategy of the Group; (ii) the key entry barrier to the investment management industry in the PRC is the obtaining of Private Investment Fund Manager Registration Certificate and Target Companies have obtained such certificate to engage in this industry; (iii) the sound prospect of private equity industry in the PRC in the absence of unforeseeable circumstances; (iv) the potential positive contribution to Group from the Profit Guarantees provided by the Vendors; (v) the experiences of the Board as well as the well-established management and consultancy tem of Target Companies in the real estate consultancy and estate fund management services in the PRC; and (vi) the acquisition of Target Company A will not diminish the merit of the Acquisition as discussed above and may possibly provide extra value-added to the Acquisition by securing offshore contracts, we consider that the reasons for the Acquisition is justifiable and the Acquisition is in the interest of the Company and its Shareholders as a whole.

4. Principal terms of the Acquisition

Pursuant to Sale and Purchase Agreement, (i) the Purchaser A conditionally agreed to purchase from the Vendor A, and the Vendor A conditionally agreed to sell to the Purchaser A the entire issued share capital of the Target Company A, and (ii) the Purchaser B conditionally agreed to purchase from the Vendor B, and the Vendor B conditionally agreed to sell to the Purchaser B 51% of the equity interest in the Target Company B. The maximum consideration of the Acquisition is capped at HK$255,000,000 which will be subject to downward adjustment based on a valuation to be finalised by an independent valuer.

(a) Basis of Consideration

Pursuant to Sale and Purchase Agreement, (i) the Purchaser A conditionally agreed to purchase from the Vendor A, and the Vendor A conditionally agreed to sell to the Purchaser A the entire issued share capital of the Target Company A, and (ii) the Purchaser B conditionally agreed to purchase from the Vendor B, and the Vendor B conditionally agreed to sell to the Purchaser B 51% of the equity interest in the Target Company B.

According to the Board Letter, the maximum consideration of the Acquisition is capped at HK$255,000,000 which was arrived at after arm's length negotiations between the Purchasers and the Vendors, with reference to:

(i) the Profit Guarantees of the audited consolidated net profit after taxation of the Target Companies for each of the two forth-coming 12 month periods ending 30 June 2015 and 2016 of not less than HK$25,500,000 each, respectively;

(ii) an estimation of forward price-to-earnings ("**P/E**") ratio of 10.05 times was provided by the independent valuer utilizing a market approach while comparing the Target Companies to similar financial companies;

(iii) the payment terms of the Consideration in which the Convertible Bonds are subject to the adjustment mechanism as set out below and shall only be issued if the Profit Guarantees are achieved; and

(iv) the reasons and benefits for the Acquisition as described above.

The estimation of forward P/E ratio in item (ii) above refers to the report provided by the independent valuer using the P/E multiples.

According to the Board Letter, the Company was given the understanding that Target Company B had already secured financing contracts and consulting contracts and it will result in the accrued profits of not less than HK$50 million based on those contracts signed.

Although Target Company A has not generated any revenue since its incorporation and Target Company B only recorded a profit of HK$1.29 million for the year ended 31 December 2013, having considered that (i) Target Company B has limited operating history, customer based and business which takes time to develop; (ii) the accrued profits of not less than HK$50 million will be secured from the contracts signed in previous years with aggregate amount of RMB242 million and with term ranges from 12 months to 18 months; and (iii) the implied P/E ratio of the Acquisition is calculated based on the maximum consideration of the Acquisition and the Profit Guarantee is approximately 10 times, which is almost equivalent to the Adjusted Average P/E Ratio as discussed below in the section "Indicative Value Acquisition", we concur with the Directors' view that the basis of determining the Consideration by applying the P/E ratio and the Guaranteed Profits of HK$25.5 million is fair and reasonable and it would be fair to set the starting date of the Profit Guarantee for the 12-month period to be as close to the Completion Date as possible (i.e. 1 July 2014) and that the audit fee is insignificant as compared to the Guaranteed Profits.

(b) Indicative Value on the Acquisition

The Group engaged Vigers Appraisal & Consulting Limited (the "**Valuer**") to provide an indicative investment value of the Acquisition on the assumption that the Company expected the Guaranteed Profits will be able to be achieved by Target Company B (the "**Indicative Value**"). We have interviewed the Valuer regarding its expertise and understand that the Valuer's group is an established professional asset valuer and they have been involving in special assets and business valuation for companies in Hong Kong, the PRC and Asian for internal reference or listing purpose on the Stock Exchange and Singapore Stock Exchange since 1980s. Regarding the valuation report provided to us by the Company (the "**Report from the Independent Valuer**"), we have taken all reasonable steps pursuant to note 1(d) to Rule 17.92 of the GEM Listing Rules and we are not aware of any issues that shall be brought to the Independent Shareholders' attention. The steps taken by us include the followings:

(i) interviewing the Valuer including as to its expertise and any current or prior relationships with the Company, other parties to the Sale and Purchase Agreement and connected persons of either the Company or other parties to the Sale and Purchase Agreement;

(ii) reviewing the terms of the engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the Report from the Independent Valuer); and

(iii) save for the information as disclosed in the Circular, in particular, the background and financial information of the Target Companies, we are not aware that the Company or other parties to the Sale and Purchase Agreement has made formal or informal representations to the Valuer.

According to the Valuation Report dated 6 June 2014, the Valuation was approximately HK$256.0 million.

In assessing the fairness and reasonableness of the Indicative Value, we have reviewed the Report from the Independent Valuer and discussed with the Valuer on the methodology adopted and assumptions made in arriving at the Indicative Value. We note that the Valuer has applied the market approach for the Valuation and adopted the P/E multiples comparison as valuation method. We understand from the Valuer that the Valuer has considered three different generally accepted approaches, namely market approach, cost approach and income approach in arriving at the Indicative Value. As advised by the Valuer, the market approach was adopted since the cost approach fails to consider value of the on-going operation of the subject while a long term cashflow forecast is usually required for the income approach, which involves substantive judgment to be made on the income forecast of Target Companies under the circumstances of lacking of financial projection. As discussed with the Valuer, a long term cash flow forecast is required for the income approach. The Guaranteed Profit is not generated from a cash flow forecast and it accounts for 2 years only. We understand from the Valuer that in order to assist the Company in selecting the most appropriate methodology under the actual circumstances surrounding the Acquisition and to provide the Indicative Value, the Valuer considered that the use of forward P/E multiple is appropriate for the Indicative Value. The forward P/E multiple is defined as the ratio of current price to the earnings in the next financial period, while the P/E multiple is the ratio of current price to the earnings in the latest historical period. Such earnings in the next financial period were estimated by analysts who follow the companies and provide their estimate to Bloomberg. Each company in general will be monitored by two to three third-party analysts, who will provide their forecast to Bloomberg. In other words, the forward P/E in the below selected companies already represents an average of 7-9 estimates provided. This exactly reflects the expected value from the market on the forward P/E to the companies in similar operation as the subject. As a result, forward P/E is not high risk given that the result represents the average view of market analysts. Only market consensus on forward P/E is applicable to this valuation. We have discussed with the Valuer with respect to comparable business transactions and attempted to search for similar market transactions. However, due to the uniqueness of the businesses of Target Companies, to the best of our understanding, we are not aware of any purchases and sales of similar business transaction completed in Hong Kong and the PRC.

Based on the foregoing and taking in account that (i) it is not appropriate for using income approach, due to the uncertainties and substantial judgments to be made to arrive on the Indicative Value for the basis of the Consideration under the circumstances of lacking of financial projection; (ii) cost approach fails to consider value of the on-going operation of the Target Companies, so it is not appropriate; (iii) the market approach can give a more realistic and reliable estimation on the fair value of Target Companies and reflect the market sentiment on the growth potential in the industry; (iv) the forward P/E multiple method exactly reflects the market approach requirement that the valuation considers the relationship between the prices of similar companies' shares and their earning performances, and (v) save and except for the forward P/E multiple, other methodologies would not be an applicable approach to access the Indicative Value as advised by the Valuer we concur with the view of the Valuer that the P/E multiples is an appropriate methodologies method in the determination of the Indicative Value since the method reflects the going concern of the Target Companies and provides direct market reference on the value from a group of comparable companies in the market.

For the selection of comparable listed companies by the Valuer, we noted that the selected companies (i) are engaging in short term secured financing services in relation to property, which includes collateral backed financing, entrusted financing services, real-estate-backed financing services, or similar business as the Target Companies; (ii) shall have forward P/E ratios; and (iii) have their core operation in the PRC and overseas. We noted that the Valuer has identified a total of 6 selected companies, of which only three are remained for comparison as forward P/E ratios are not available for the other 3 companies. According to the Valuer, the valuation shall consider forward P/E to calculate the subject's value given that the Guaranteed Profit is for the coming financial period. The earnings basis for the subject and the selected companies must be like to like, in the sense that the forward P/E should be considered if future earnings of the subject are used as the basis of valuation. Conversely, the historical P/E would cause a mismatch error on the earning basis. Although some comparables have long operating history and track record which the analysts can follow, those comparables without publicly available forward P/E multiples will not be selected in light of the selection criteria as explained above. We understand that the sample size of 3 selected companies might not be sufficient in the statistic point of view for drawing any conclusion on the value of similar company in the PRC and overseas. However, as all the three selected companies have principal business nature of short term financing services in the PRC and/or oversea which is similar to that of Target Companies; and the adjustment have been made by the Valuer as discussed below, we consider the selected companies by the Valuer are fair and representative samples and the valuation of the selected companies provide a more relevant benchmark for the purpose of assessing the general performance and value of similar companies like Target Companies as a basis of valuation.

The Valuer also made adjustments on the conclusion of P/E multiples, where appropriate, such as the marketability of the company, or other possible factors such as size and country difference which may affect the value of the company, in order to obtain a reasonable P/E multiples. The Valuer applied a 32% discount to justify the difference on size when comparing the Target Companies against the selected companies and a 27% marketability discount to arrive at the Valuation. The adjustments made by the Valuer for the purpose of the Indicative Value is, in our view, fair and reasonable, given (i) the shares of Target Companies not being publicly tradable, a discount should be imposed to address the lack of marketability of the Target Companies; (ii) the size of the Target Companies are much smaller than those comparables, a discount should be imposed to address the size difference; (iii) our belief that the marketability discount and size discount are commonly used in the valuation of companies; and (iv) the Valuer has confirmed that the valuation methodology is consistent with the international valuation guidelines and such adjustments were made based on its professional experience and judgment.

The adjusted P/E ratios of the selected companies ranged from approximately 6.08 to approximately 13.56, with an average of approximately 10.05 (the "**Adjusted Average P/E Ratio**"). The following adjusted P/E ratios of the selected companies are extracted from the Report from the Independent Valuer as set out in Appendix V to this Circular and we have searched for additional information with respect to the background, principal businesses, financial information of the selected companies to the Shareholders for their information and general reference:

Company name (stock code)	Listing venue	Principal business	Market capitalisation[1] *(i)*	Profit attributable to shareholders for the preceding financial year[2] *(ii)*	P/E ratio *(iii) = (i)/(ii)*	Forward P/E ratio after adjustment[3]
Credit China Holdings Limited(8207)	Hong Kong	Provision of pawn loan service, entrusted loan services, microfinance service and financing consultancy service	HK$5,880,269,400	RMB154,761,000 (equivalent to HK$191,903,640)	30.64	13.56
Arbor Realty Trust Inc. (ABR)	New York Stock Exchange	A real estate investment trust that invests in a diversified portfolio of multifamily and commercial real estate-related asset	USD358,945,965 (equivalent to HK$2,692,319,740)	USD16,667,955 (equivalent to HK$125,009,663)	21.1	6.08
RAIT Financial Trust (RAS)	New York Stock Exchange	Invests in, manages, and services real estate-related assets with a focus on commercial real estate	USD653,389,802 (equivalent to HK$4,900,423,512)	USD(308,008) (equivalent to HK$(2,310,060)	N/A	10.52
Average						**10.05**

	The Consideration *(i)*	Net profit of Target Companies for the year ended 31 December 2013 *(ii)*	P/E Ratio *(iii) =(i)/(ii)*	Forward P/E ratio after adjustment[4]
Target Companies	HK$255,000,000	RMB1,040,292 (equivalent to HK$1,300,365)	245	10

Notes:

1. Their respective market capitalisation is based on their respective closing share price as at 28 May 2014 (being the valuation date of the Valuation Report) and their respective shares in issue according to their published "**monthly return of equity issuer on movement in securities**" for the month ended 31 May 2014 (Credit China Holdings Limited (8207) and the Company) and unaudited quarterly reports for the quarter ended 31 March 2014 for Arbor Reality Trust Inc. (ABR) and RAIT Financial Trust (RAS) respectively

2. Based on their respective latest published audited annual report.

3. As extracted from the Valuation Report as set out in Appendix V to the Circular.

4. Calculated by the Consideration/the Guaranteed Profits.

As illustrated in the above table and in view of (i) the methodology applied is consistent with the market practice; (ii) the selection criteria adopted are in line with the normal practice, which can effectively capture the selected companies with similar characteristics to that of Target Companies; (iii) the adjustment of the P/E ratio can better reflect the selected companies' situation in terms of their geographic location, size and marketability; (iv) no substantial factors are identified which may cause us to doubt the fairness and reasonableness of the methodology adopted and the basis used in arriving at the Indicative Value; and (v) the implied P/E ratio of the Acquisition as represented by the maximum consideration of the Acquisition is almost equivalent to the Adjusted Average P/E Ratio, we consider that the selection criteria and adjustments made by the Valuer and the Indicative Value are fair and reasonable so far as the Shareholders are concerned and it is fair and reasonable for the Company to take into account of the Indicative Value to determine the Consideration.

(c) Consideration

The maximum consideration of the Acquisition is capped at HK$255,000,000 and will be satisfied by the Group in the following manners:

(i) RMB5,100,000 (equivalent to approximately HK$6,324,000) will be paid to the Vendor B in cash upon completion of the Acquisition;

(ii) half of the remaining balance (i.e. up to a maximum of HK$124,338,000, subject to adjustment) will be settled by the issue of the Consideration Shares to the Vendors (or their nominees); and

(iii) the other half of the remaining balance (i.e. up to a maximum of HK$124,338,000, subject to adjustment) will be settled by the issue of Convertible Bonds to the Vendors (or their nominees) upon the fulfillment of the Profit Guarantees.

Pursuant to the Sale and Purchase Agreement, the Vendors guaranteed and warranted to the Purchasers that the audited consolidated net profit after taxation of the Target Companies ("**Actual Profit(s)**") for each of the two forth-coming 12 month periods ending 30 June 2015 and 2016 (the "**Two Relevant Periods**") shall not be less than HK$25.5 million (the "**Guaranteed Profits**"), respectively. Details on the calculation of the Actual Profits are set out in the paragraph headed "Profit Guarantees" in the Board Letter.

By entering into the Supplemental Agreement, the parties of the Sale and Purchase Agreement also agree to amend the clauses in relation to issue of the Convertible Bonds. In summary, the Convertible Bonds will be conditionally issued to the Vendors pursuant to the following methods:

After expiry of the 1st year

If the Guaranteed Profits for the first year of the Two Relevant Period are achieved, 50% of the Convertible Bonds shall be issued by the Company to the Vendors when the audited reports for the first year of the Two Relevant Periods are completed and presented. If the Guaranteed Profits for the first year of the Two Relevant Period are not achieved, the principal value of the Convertible Bonds to be released in the first year of the Two Relevant Periods shall be adjusted as follows:

Adjusted principal value of the Convertible Bonds of the 1st year (the "**1st year Adjusted CBs**")	=	50% of the original Convertible Bonds x Actual Profit for the 1st year/25,500,000 (the "**Formula 1**")

After expiry of the 2nd year

If the Guaranteed Profits for the first year and second year of the Two Relevant Periods are both achieved, 50% of the Convertible Bonds shall be issued by the Company to the Vendors when the audited reports for each the Two Relevant Periods is completed and presented. In the event that either the Guaranteed Profits for the first year or the second year of the Two Relevant Periods is not achieved, the aggregate principal value of the Convertible Bonds to be released for the Two Relevant Periods shall be adjusted as follows:

$$= \left(\frac{\text{Actual Profit for the 1st and 2nd year}}{51{,}000{,}000} \right) \text{x Original Convertible Bonds } \underline{\text{(the "}\textbf{Formula 2}\text{")}}$$

Note 1: The Calculation result of $\left(\frac{\text{Actual Profit for the 1st and 2nd year}}{51{,}000{,}000} \right)$ x Original Convertible Bonds shall not be greater than the original Convertible Bonds.

Note 2: In the event when the amount of Formula 2 is greater than Formula 1, the principle value of the Convertible Bonds to be issued in 2nd year is as follows:
= the amount of Formula 2 – the amount of Formula 1

Note 3: In the event when the amount of Formula 2 is smaller than Formula 1, the principle value to be deducted from the 1st Adjusted CBs is as follows:
= the amount of Formula 1 – the amount of Formula 2

Note 4: In the event when the amount of Formula 2 is a negative figure, the 1st Adjusted CBs granted to the Vendor A will be fully cancelled, and no further Convertible Bonds will be issued in the 2nd year of the Two Relevant Periods.

Undoubtedly, if the whole consideration amount were subject to the downward adjustment mechanism, the Company would be under full protection against any risks relating to the performance of the Target Company. However, the terms of Acquisition are under arm's length negotiation between the Company and the Vendors, and the downward adjustment mechanism was accepted by the Vendors as a courtesy. We are of the view that the Company is well protected by the downward adjustment mechanism, given that (i) only the Company is being protected by downward adjustment mechanism to the Consideration, roughly half of which (i.e. the Convertible Bonds) is subject to adjustment mechanism; (ii) the adjustment mechanism could avoid any loss arising from substantial reduced in either the Guaranteed Profit for first year or the second 12 months period is subject to higher uncertainty, while roughly half of the Consideration (i.e. the Convertible Bonds) is protected by the downward adjustment mechanism; and (iii) the aggregate principal value of the Convertible Bonds should not larger than the original Convertible Bonds whereby the amount is required to be adjusted according to the formulae if either the Guaranteed Profits for the first year or second year of the Two Relevant Period is not achieved; (iv) the aggregate principal amount of the Convertible Bonds to be released based on the actual profits achieved by the Target Companies ; (v) the Convertible Bonds bears no interest and it will not incur any interests burden for the Group for the next two years from the relevant date of issue; (vi) the issue of Convertible Bonds would not only have immediate dilution effect on the existing shareholders' interests as compared to the issue of Consideration Shares, but also eliminate the burden of the Company arising from the usage of cash; (vii) the granting of Profit Guarantee is to strike for better terms for the Company, in view of the Guaranteed Profit for the second year of the Two Relevant Period is subject to a higher uncertainty; (viii) the adjustment mechanism is for risk management purpose and to protect the interest of the Company in case of the failure in meeting the Guaranteed Profits; and (ix) such kind of adjustment mechanism to consideration is fairly common in the business transactions in the market, we consider that the downward adjustment to the Consideration and limited to the Convertible Bonds is on normal commercial terms, fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

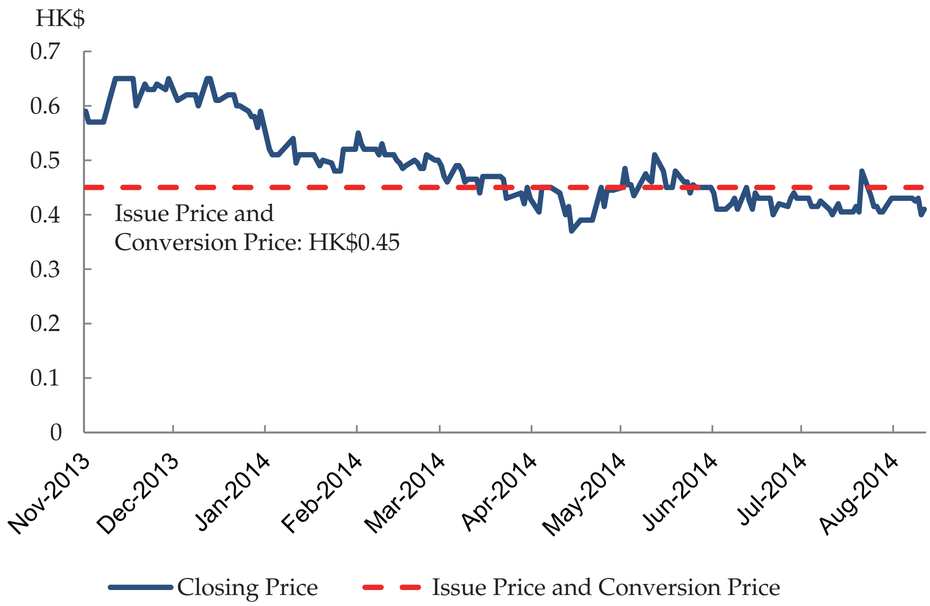
Taking into account that (i) based on the maximum consideration of the Acquisition is capped at HK$255,000,000 and the yearly Profit Guarantee of not less than HK$25.5 million, the implied P/E ratio of the Acquisition is approximately 10 times, which is almost equivalent to the Adjusted Average P/E Ratio as discussed above; (ii) the Target Company B has a net asset value of HK$11.7 million as compared to the Group's net asset value of HK$1.4 million as at 31 December 2013; (iii) the net asset value per Share on an enlarged basis by the Consideration Shares is approximately HK$0.0008 and therefore the Consideration Shares only accounts for an aggregate of HK$0.22 million net asset value of the Group on a fully dilution basis (calculated based on net asset value per Share as enlarged by the Consideration Shares times the total number of Consideration Shares), the value of which is worth less than the Consideration will be settled by the issue of Consideration Share (i.e. up to a maximum of HK$124,338,000); (iv) the Guaranteed Profit is very likely to be achieved as anticipated by Target Companies in the first 12 months period in the absence of unforeseeable circumstances and it is optimistic to be achieved in the second 12 months period as discussed above; (v) the Consideration Shares would align the interest of the Vendors in the Company and hence incentivise the Vendors to serve as a deal origination channel so as to further support the growth of the Group as well as to achieve the Guaranteed Profit; (vi) the first and second tranches the Convertible Bonds will not be issued by the Company until the audited reports of the Target Companies for each of the Two Relevant Periods are completed and presented to the Purchasers; (vii) the remaining balance of the Consideration through the issue of the Convertible Bond is subject to the downward adjustment if any fall short of the Guaranteed Profit, of which would limit the immediate dilution effect on the existing Shareholders' interest as a result of the issue of Consideration Shares; (viii) the Company is being protected by downward adjustment mechanism to the Consideration which is considered to be fair and reasonable as aforementioned; (ix) the Issue Price and the Conversion Price of the Consideration Shares are considered to be fair and reasonable based on the comparables analysis illustrated below; and (x) the positive financial effect to the Enlarged Group as discusses below, we consider that the Consideration is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

(d) Consideration Shares and Convertible Bond

Pursuant to the Sale and Purchase Agreement, a maximum total of 276,306,666 Consideration Shares will be issued to the Vendors (or its nominee) to settle half of the remaining Consideration upon Completion and a maximum total of principal value of HK$124,338,000 of Convertible Bonds will be issued to settle the other half of the remaining Consideration upon the fulfillment of the Profit Guarantees.

As set out in the Board Letter, each of the Issue Price and the Conversion Price (subject to adjustment) of approximately HK$0.45 per Consideration Share and Conversion Share were arrived at arm's length negotiations between the Company and the Vendors with reference to the prevailing market price of the Shares immediately before entering into the Sale and Purchase Agreement. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares. The Consideration Shares will not be subject to any restriction on subsequent sale. The Convertible Bond is interest-free and matures on the date falling on the second anniversary of the date of issuance.

In order to assess the fairness and reasonableness of the Issue Price and Conversion Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange for the 6- month period prior to the date of the Sale and Purchase Agreement (the "**Last Trading Day**") and up to the Latest Practicable Date (the "**Review Period**").



Source: website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the closing prices of the Shares ranged from HK$0.37 per Share to HK$0.65 per Share, with an average of approximately HK$0.50 per Share. We noted that trading of the Shares was in the range of HK$0.51 to HK$0.65 during most of the days from late November 2013 to March 2014. The closing price of the Shares exhibited a decreasing trend since then and reached the lowest point at HK$0.37 per Share on 9 May 2014. After that, the closing price of the Share hovered between HK$0.41 and HK$0.4 9. Although the Issue Price and the Conversion Price of HK$0.45 is lower than such average closing price during the Review Period, having considered that the respective Issue Price and the Conversion Price of HK$0.45 is (i) within the range of closing prices of the Shares during the Review Period; (ii) equal to the closing prices of the Share of HK$0.45 per Share quoted on the Stock Exchange on the Last Trading Day; and (iii) is determined with reference to the prevailing market price of the Share immediately before entering into the Sale and Purchase Agreement which could better serve as the price indicator than the average closing price, especially when the Share price was in a decreasing trend, we concur with the view of the Directors that the Issue Price and the Conversion Price is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Liquidity

The following table shows the trading volume of the Shares during the Review Period:

Month/Period	Total turnover for the month/period (number of shares)	Average daily turnover (number of Shares) *(Note 1)*	Percentage of average daily turnover to total number of Shares in issue *(Note 2)*	Percentage of average daily turnover to total number of Shares held by Independent Shareholders *(Note 3)*
2013				
November	10,084,000	480,190.48	0.032%	0.053%
December	9,120,500	456,025.00	0.031%	0.050%
2014				
January	7,688,000	366,095.24	0.025%	0.040%
February	5,404,000	284,421.05	0.019%	0.031%
March	4,140,000	197,142.86	0.013%	0.022%
April	4,882,000	244,100.00	0.016%	0.027%
May	4,776,000	238,800.00	0.016%	0.026%
June	3,456,000	172,800.00	0.012%	0.019%
July	2,803,500	127,431.82	0.009%	0.014%
August	2,279,500	108,547.62	0.007%	0.012%
September (up to and including the Latest Practicable Date)	1,784,000	356,800.00	0.024%	0.039%

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

2. Based on the total number of issued Shares at the end of the respective month/period.

3. Based on the total number of Shares held by the Independent Shareholders as at the Latest Practicable Date.

As illustrated in the table above, the average daily trading volume in the Review Period was within the range of 127,431.82 Shares (approximately 0.009% of total number of Shares in issue) and 480,190.48 Shares (approximately 0.032% of total number of Shares in issue). We noted from the above table that trading in the Shares had been rather thin during the Review Period, with the average daily trading volume being equal to or below 0.053% of the total number of issued Shares held by Independent Shareholders in the entire Review Period. Based on the above, we consider that the trading volume of the Shares during the Review Period were illiquid in the open market. The relatively low liquidity of the Shares may imply that lack of interest from potential investors to invest in the Share. As such, it may be difficult for the Company to pursue other financing alternatives, such as placement of new Shares, in the market to raise additional fund for the Company.

(e) Comparables analyses

We have also considered comparing P/E and P/B ratios of the Company and the companies in similar businesses to illustrate the reasonableness and fairness of the use of Consideration Share. However, as the Group has recorded a loss as at 31 December 2013, P/E ratio is not appropriate for comparison. We have compared the P/B ratio between the Company and the comparables as set out in the table below:

Comparables	Principal business	Closing price as at the Last Trading Day	Market Capitalisation as at the Last Trading Day	Latest audited net asset value	P/B ratio
Greater China Professional Services Ltd. (8193)	Provision of integrated professional services to public and private companies and individual investors, categorised into (i) asset advisory services and asset appraisal; (ii) corporate services and consultancy.	0.56	281,316,000.00	147,898,000.00	1.90
Chaoyue Group Ltd. (147)	Provision of corporate management consultancy services, sales of construction materials and wines.	0.31	5,902,112,419.20	232,857,000.00	25.35
Sunevision Holdings Ltd. (8008)	Provision of data centre, facilities management, web applications and value added services, installation and maintenance services.	2.43	5,643,287,490.33	3,252,223,000.00	1.74
Vodatel Networks Holdings Ltd. (8033)	Provision of network and systems infrastructure and applications, CNMS and customised software solutions.	0.315	193,352,985.00	283,755,000.00	0.68
BesTV New Media Co Ltd (600637.SH)	Its main businesses include Internet protocol television (IPTV) and over the top (OTT) business, mobile television business, advertising business, Internet broadband resource leasing, movie, television and multimedia production business, equipment sales and leasing, information transmission and technology services and engineering services, among others. It mainly operates its businesses in domestic market.	41.00	45,663,624,569.43	6,879,504,482.68	6.64
Leshi Internet Information & Technology Corp/Beijing (300104.SZ)	Researches, develops Internet video and mobile networking video technology. The Company's service includes network infrastructure services and the services for video platform.	52.79	42,154,229,736.61	1,889,428,888.65	22.31
Wasu Media Holding Co Ltd (000156.SZ)	It is engaged in the new media and cable television business in the PRC.	37.07	42,506,543,692.42	2,285,113,215	18.60
				Maximum	0.68
				Minimum	25.35
				Mean	11.03
The Company					**467.80**

Notes:

1. Their respective market capitalisation is based on their respective closing share price as at 26 May 2014 (being the date of Agreement) and their respective shares in issue according to their published "monthly return of equity issuer on movement in securities" for the month ended 31 May 2014 (for companies listed in Hong Kong) and 2013 annual reports for Shanghai and Shenzhen listed companies.

2. Based on their respective latest published audited annual report.

Taking into accounts that (i) the Company has a significant higher P/B ratio than the other comparables; and (ii) the Vendors' willingness to accept the use Consideration Shares as part of the Consideration indicates the Vendors' belief in the growth and prospects of the Company after the Acquisition, we concur with the Directors that the use of the Consideration Shares is fair and reasonable and in the interest of the Group and the independent shareholders as a whole.

Comparison with other issues of convertible instruments

In order to assess the fairness and reasonableness of the terms of the Consideration Shares and Convertible Bonds, to the best of our knowledge, we have searched for connected transactions that involved the issue of consideration shares (the "**CS Comparables**") and/or convertible bonds/notes (the "**CB Comparables**") (Collectively "**Comparables**") for acquisition of assets by companies listed on the Main Board and Growth Enterprise Market of the Stock Exchange ("**GEM**") during the Review Period. Notwithstanding that the CS Comparables and CB Comparables are not identical in nature, on the basis that (i) each of the Issue Price and Conversion Price was arrived at arm's length negotiation between the Company and the Vendors with reference to the prevailing market price of the Share immediately before entering into the Sale and Purchase Agreement; and (ii) both of the Issue Price and Conversion Price are set at the same price of HK$0.45; we consider that the payment method by a combination of consideration shares and convertible bonds or either one, will not affect the price determination of the Issue Price and Conversion Price and therefore we are of the view that our analysis with the Review Period being six months prior to the Last Trading Day would provide us with the recent relevant information on the market conditions and sentiments, which plays an important role in the determination of the Issue Price and Conversion Price in general.

We have also considered limiting the sample of comparable to companies that are engaged in similar business as the Group. However, we note that during the Review Period, companies listed in Hong Kong with business similar to the Company have no consideration share and/or convertible bonds/notes issuance. Having considered that (i) the issue price or conversion price of the convertible instruments are generally determined with reference to a discount or premium to recent market price of the shares; and (ii) the magnitude of the discount or premium do not appear to have a strong correlation with the industry sector and there is no established "industry norm" for a particular industry sector, instead the magnitude of the discount or premium appear to be determined with reference to various factors, including arm's length negotiations between the relevant parties, the financial performance and prospects of the companies, we are of the view that limiting the sample of comparable using the aforementioned approach would not be meaningful within the scope of our analysis and we consider the Comparables appropriate although the business, operation, prospects, size of the Company, performance of the acquired target and payment terms of the Company are not the same as the issuers of the Comparables and we have not conducted any in-depth investigation into the business and operations of the issuers of the Comparables.

As aforementioned, the Comparables may be substantially different from the Company in terms of business, operations, financial positions, and future prospects and we have not made any adjustment for such dissimilarities among the Comparables, having taken into account that (i) the purpose of the Comparables is solely to compare the Issue Price and Conversion Price with those of the respective Comparables in the recent stock market environment but not the underlying asset value of the Comparables; (ii) the stock market sentiments may vary from time to time, and the terms of the Comparables which were issued six months prior to the Last Trading Day were determined under similar market conditions and sentiments as the Consideration Shares and Convertible Bonds and thus may reflect the recent trend of the terms of conversion shares and convertible bonds in the market; (iii) the conversion shares or convertible bonds of the Comparables were issued to connected persons of the Comparables; and (iv) we are not aware of any industry norm of the magnitude of discount or premium in relation to the issue of convertible instruments for a particular industry sector, we are of the view that the results of the comparison of the Issue Price and Conversion Price to those of the Comparables, together with the results of historical Share price during the Review Period, provide a reasonable basis for us to form our view regarding the fairness and reasonableness of the Issue Price and Conversion Price. As such, to the best of our knowledge, effort and endeavor and based on our search conducted according to the abovementioned criteria, we consider that the list of the Comparables is an exhaustive list of those fair and representative comparables for comparison purpose.

CS comparables

Date of Announcement	CS Comparables (stock code)	Principal business	Transaction	Market Capitalisation *HK$*	Approximate premium/ (discount) of issue price over/to the closing price of the shares as at the last trading day prior to the release of the announcement *(%)*	Approximate premium/ (discount) of issue price over/to the average closing price for the last 5 consecutive trading days prior to the release of the announcement *(%)*	Approximate premium/(discount) of issue price over/to the average closing price for the last 6 months prior to the release of the announcement *(%)*	Approximate premium/(discount) of the issue price over/to net asset value per share *(%) (Note 1)*
12/12/2014	China Yunnan Tin Minerals Group Company Limited (263)	Trading of goods, provision of finance, brokerage and securities investment and exploitation and sales of minerals	Very substantial acquisition and connected transaction	134,350,358	(35.48)	(34.21)	(35.48)	(93.61)
10/1/2014	Agritrade Resources Limited (1131)	Mining, exploration, logistics, sales of coal and other mining-related activities; time chartering of leased vessels.	Major and connected transaction	1,179,272,160	(25.37)	(25.82)	11.11	(84.74)
24/1/2014	Far East Holdings International Limited (36)	Manufacturing and sale of garments and property investment	Major and connected transaction	183,479,998	0.00	(7.21)	18.06	(50.01)
28/3/2014	Asia Cassava Resources Holdings Limited (841)	Procurement and sale of dried cassava chips and thermal coal	Major and connected Transaction	328,354,000	9.34	5.99	(1.07)	(32.65)

Date of Announcement	CS Comparables (stock code)	Principal business	Transaction	Market Capitalisation *HK$*	Approximate premium/ (discount) of issue price over/to the closing price of the shares as at the last trading day prior to the release of the announcement *(%)*	Approximate premium/ (discount) of issue price over/to the average closing price for the last 5 consecutive trading days prior to the release of the announcement *(%)*	Approximate premium/(discount) of issue price over/to the average closing price for the last 6 months prior to the release of the announcement *(%)*	Approximate premium/(discount) of the issue price over/to net asset value per share *(%) (Note 1)*
7/4/2014	Jun Yang Solar Power Investment Limited (397)	Solar energy business focus on development, construction, operation and maintenance of power station projects, money lending business and assets investment	Discloseable and connected transaction	667,081,519	0.00	(0.20)	33.33	(3.82)
16/4/2014	Citic Pacific Limited (267)	Power generation, aviation, civil infrastructure, manufacturing of special steel, property investment and development, and distribution of motor vehicles and consumer products	Very substantial acquisition and connected transaction	49,486,462,810	(7.29)	(6.28)	19.08	(54.58)
21/4/2014	Changhong Jiahua Holdings Limited (8016)	Provision of integrated IT solutions and services, and distribution of IT consumer products, IT corporate products, digital products, own brand products, consumer electronic products and related parts and components	Major and connected transaction	656,600,000	(33.30)	(29.70)	(27.54)	(56.69)
8/5/2014	Shenzhen Investment Limited (604)	Development, investment and management of property; provision of transportation services; manufacture and sale of industrial and commercial products	Major and connected transaction	13,883,918,359	(34.81)	31.14	19.56	(36.08)

Date of Announcement	CS Comparables (stock code)	Principal business	Transaction	Market Capitalisation *HK$*	Approximate premium/ (discount) of issue price over/to the closing price of the shares as at the last trading day prior to the release of the announcement *(%)*	Approximate premium/ (discount) of issue price over/to the average closing price for the last 5 consecutive trading days prior to the release of the announcement *(%)*	Approximate premium/(discount) of issue price over/to the average closing price for the last 6 months prior to the release of the announcement *(%)*	Approximate premium/(discount) of the issue price over/to net asset value per share *(%) (Note 1)*
9/5/2014	CCT Fortis Holdings Limited (138)	Manufacture and sale of telecom and electronic products, electronic and plastic components, infant and child products; the securities business; property development and investment	Discloseable and connected transaction	509,161,722	(5.88)	(6.10)	(9.09)	(77.92)
15/5/2013	Hoifu Energy Group Limited (7)	Petrochemical production, oil and gas exploration and production, mineral mining business and provision of financial services	Major and connected transaction	1,943,129,902	0.00	3.95	0.50	1032.41
	Maximum				34.81	31.14	33.33	1032.41
	Minimum				(35.48)	(34.21)	(35.48)	(93.61)
	Mean				(6.32)	(6.84)	(2.85)	49.31
	The Company				**0.00**	**2.27**	**(13.46)**	**44,900**

Source: the website of the Stock Exchange.

Note:

1. Net asset value per share of the CS Comparables are based on (i) the net assets value of the CS Comparables as per their respective latest published audited financial statements; and (ii) the issued share of the CS Comparables as at the date of their respective announcements.

Based on the above illustration, the premium/discount represented by the issue price per consideration share issued by respective CS Comparables to their respective closing prices prior to the release of the relevant announcements ranged from a discount of approximately 35.50% to a premium of approximately 34.81% with an average of discount of approximately 6.32%. In addition, the premium/discount represented by the issue price per consideration share issued by respective CS Comparables to their respective average closing prices for the last five consecutive trading days prior to the release of the relevant announcements ranged from a discount of approximately 34.21% to a premium of approximately 31.14% with an average of discount of approximately 6.84%. Furthermore, the premium/discount represented by the issue price per consideration share issued by respective CS Comparables to their respective average closing prices for the last six months prior to the release of the relevant announcements ranged from a discount of approximately 35.48% to a premium of approximately 33.33% with an average of discount of approximately 2.85%. We also noted that the premium of the Issue Price against the net asset value per Share, lies above the market range of the CS Comparables. Given that the Issue Price (i) was determined after arm's length negotiation between the Company and the Vendor with reference to the prevailing market price of the Shares; (ii) is within the range of closing prices of the Shares during the Share Price Review Period; and (iii) represents a premium of approximately 2.27% over the average closing price of the Share for the last 5 consecutive trading days prior to the release of the announcement, we are of the view that the Issue Price is fair and reasonable as far as Independent Shareholders are concerned.

Having considered that (i) the Issue Price represents a significant premium of 449 times to the net asset value per share of the Group, (ii) the Issue Price is equivalent to the closing prices of the Share as at the Last Trading Day; (iii) the Issue Price represents a premium of approximately 2.27% over the average closing price of the Share for the last 5 consecutive trading days prior to the release of the announcement; (iv) the Issue Price falls within the aforementioned market range of the CS Comparables; and (v) there will be no immediate cash outlay for the Company to settle the Consideration by way of the issue of Consideration Shares, we are of the view that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned.

CB Comparables

Date of Announcement	CB Comparables (stock code)	Principal business	Transaction	Market Capitalisation *HK$*	Maturity *(years)*	Interest per annum *(%)*	Approximate premium/(discount) of conversion price over/to the closing price of the shares as at the last trading day prior to the release of the announcement *(%)*	Approximate premium/(discount) of conversion price to the average of the last 5 trading days prior to the release of the announcement *(%)*	Approximate premium/(discount) of conversion price to the average of the last 6 months prior to the release of the announcement *(%)*	Approximate premium/(discount) of the conversion price over/to net asset value per share *(%) (Note 1)*
27/11/2013	First Natural Foods Holdings Limited (1076)	Food processing, manufacturing and trading industry mainly including frozen and functional food products	Major and connected transaction	3,922,413,485	16	Nil	(77.73)	(77.85)	(61.83)	149.39
12/12/2013	China Yunnan Tin Minerals Group Company Limited (263)	Trading of goods, provision of finance, brokerage and securities investment and exploitation and sales of minerals	Very substantial acquisition and connected transaction	134,350,358	5	Nil	(35.48)	(34.21)	(35.48)	(93.61)
20/1/2014	Artel Solutions Group Holdings Limited (931)	Properties investment and trading of securities	Major and connected transaction	6,878,934,252	5	2.00	(87.34)	(87.15)	(84.85)	70.35
18/3/2014	United Gene High-Tech Group Limited (399)	Provision of genetic testing services, distribution of bio-industrial products, provision of health care management services, trading of beauty products and securities investment	Major and connected transaction	1,454,327,071	7	3.50	73.61	68.24	133.64	539.23
4/4/2014	Sheen Tai Holdings Group Company Limited (1335)	Manufacture and supply of cigarette packaging materials in the PRC	Major and connected transaction	694,173,075	3	3.00	(0.72)	0.00	(4.71)	74.68

Date of Announcement	CB Comparables (stock code)	Principal business	Transaction	Market Capitalisation *HK$*	Maturity *(years)*	Interest per annum *(%)*	Approximate premium/(discount) of conversion price over/to the closing price of the shares as at the last trading day prior to the release of the announcement *(%)*	Approximate premium/(discount) of conversion price to the average of the last 5 trading days prior to the release of the announcement *(%)*	Approximate premium/(discount) of conversion price to the average of the last 6 months prior to the release of the announcement *(%)*	Approximate premium/(discount) of the conversion price over/to net asset value per share *(%) (Note 1)*
23/5/2014	CMMB Vison Holdings Limited (471)	Provision of China Mobile Multimedia Broadcasting and agency services	Very substantial acquisition and connected transaction	17,779,370	6	Nil	14.50	16.10	(42.31)	(32.99)
	Maximum				16	3.50	73.61	68.24	133.64	539.23
	Minimum				3	Nil	(87.34)	(87.15)	(84.85)	(93.61)
	Mean				7	1.42	(18.86)	(19.14)	(15.92)	117.84
	The Company				**2**	**Nil**	**0.00**	**2.27**	**(13.46)**	**44,900**

Source: the website of the Stock Exchange.

Note:

1. Net asset value per share of the CB Comparables are based on (i) the net assets value of the CB Comparables as per their respective latest published audited financial statements; and (ii) the issued share of the CB Comparables as at the date of their respective announcements.

Conversion price

The premium/discount represented by the conversion price per conversion share issued by respective CB Comparables to their respective closing prices as at the last trading day prior to the release of the relevant announcements ranged from a discount of approximately 87.34% to a premium of approximately 73.61% with an average of discount of approximately 18.86%. In addition, the premium/discount represented by the conversion price per conversion share issued by respective CB Comparables to their respective average closing prices for the last five consecutive trading days prior to the release of the relevant announcements ranged from a discount of approximately 87.15% to a premium of approximately 68.24% with an average of discount of approximately 19.14%. Furthermore, the premium/discount represented by the conversion price per conversion share issued by respective CB comparables to their respective average closing prices for the last six months prior to the release of the relevant announcements ranged from a discount of approximately 84.85% to a premium of approximately 133.64% with an average of discount of approximately 15.92%. We also noted that the premium of the Conversion Price against the net asset value per Share lies above the market range of the CB Comparables. Given that the Conversion Price (i) was determined after arm's length negotiation between the Company and the Vendor with reference to the prevailing market price of the Shares; (ii) the Conversion Price represents a significant premium of 499 times to the net asset value per share of the Group; (iii) is within the range of closing prices of the Shares during the Share Price Review Period; and (iv) represents a premium of approximately 2.27% over the average closing price of the Share for the last 5 consecutive trading days prior to the release of the announcement, we are of the view that the Conversion Price is fair and reasonable as far as Independent Shareholders are concerned.

Interest rate of the Convertible Bond

The Convertible Bonds do not carry any interest rate, when compared with the average interest rate of approximately 1.42% per annum in respect of the CB Comparables. Therefore, we consider that the zero interest rate of the Convertible Bond is favourable to the Company as the Company is not required to bear any interest costs during the term of the Convertible Bonds. Given there is no interest attaching with the Convertible Bonds, we are also of the view that the early redemption of the Convertible Bonds at 103% of the face value of the Convertible Bonds prior to the Maturity Date and at 100% of the face value of the Convertible Bonds on the Maturity Date are fair and reasonable so far as the Independent Shareholders are concerned. Having regard to the fact that the settlement of the Consideration by issue of Convertible Bonds would not generate (i) immediate cash outflow to the Group; and (ii) immediate dilution to the Independent Shareholders whilst the potential dilution effect to the Independent Shareholders as discussed below, is considered not material, we consider that the mode of settlement of the Consideration by issuing the Convertible Bonds is fair and reasonable so far as the Independent Shareholders are concerned.

Having considered and analysed the aforesaid terms of the Convertible Bonds, we are of the view that the terms of the Convertible Bond are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Our view on the settlement method of the Consideration

Having considered that (i) the majority of the Consideration is settled by the issue of Consideration Shares and Convertible Bonds will allow the Group to retain a portion of working capital to support its existing businesses and/or other new opportunities that may arise in the future; (ii) the issue of Consideration Shares and Convertible Bonds allows the Group to pursue the Acquisition without significant cash outlay; (iii) the Convertible Bonds are booked as non-current liabilities and therefore less debt will be carried by the Company in the first year after the Acquisition; (iv) a combination of cash, Consideration Shares and Convertible Bonds is the best option in terms of financial flexibility and the financing cost in light of the loss position of the Group; and (v) the issue of the Consideration Shares and Convertible Bonds would enhance the capital base of the Company despite there will be dilution effect on the shareholding of the Independent Shareholders (please also refer to the paragraph headed "Potential dilution effect on the shareholding of the existing Shareholders" below for more information), we concur with the Directors' view that the Consideration and the payment terms are fair and reasonable and in the best interest of the Company and its Shareholders as a whole.

(f) *Completion*

Completion of the Acquisition is scheduled to take place on the third business day when all the conditions precedents to which completion is subject have been fulfilled or, if applicable, waived.

As stated in the Board Letter, the Completion is conditional upon the amended conditions precedent being fulfilled and/or waived by the Purchaser as at the date of the Completion. For details of the conditions precedent, please refer to the paragraph headed "Conditions precedent" in the Board Letter. We noted that the conditions precedent (b), (c), (d), (e), (f), (h), (i) and (j) under the Supplemental Agreement cannot be waived while the Company is entitled to exercise its discretion to waive the fulfillment of the other two conditions precedent as follow:

(a) the Purchasers begin the Purchasers being satisfied with the result of the due diligence against the Target Companies; and

(b) the warranties given by the Vendors under the Sales and Purchase Agreement remaining true and accurate in all material respects on the date of Completion.

Although the Company is entitled to exercise its discretion to waive the fulfillment of such conditions precedent, we are given to understand that (i) the Company has no intention to waive any of such conditions as at the Latest Practicable Date; (ii) the Company has already commenced the due diligence review on the Target Companies; (iii) the Directors confirm that they will exercise care, diligence and skill when reviewing the result of due diligence on the Target Companies; and (iv) should such conditions could not be fully satisfied, the waiver of any of such conditions is to be determined by the Board after considering the interests of the Company and the Shareholders as a whole. Based on the above and we have reviewed the terms of the Sales and Purchase Agreement, including the Consideration and payment, the conditions precedent and the completion of the Sale and Purchase Agreement, we consider that the Sale and Purchase Agreement is entered on normal commercial terms.

(g) Our view

Based on the above and having considered in particular that:

(i) the Consideration was determined by reference to, among others, an indicative P/E ratio of similar financial companies of approximately 10.05 times as provided by the independent valuer;

(ii) we have not identified any material matter which would lead us to cast doubt on the fairness and reasonableness of the Valuation based on our work done as discussed above;

(iii) the cash portion of the Consideration will only be paid to the Vendors upon completion of Acquisition;

(iv) the issuance of the Consideration Shares for settlement of a half of the Consideration, (i.e. up to a maximum of HK$124,338,000), reduces the cash outflow for the Acquisition and allows more flexibility in the resources allocation of the Group;

(v) the Issue Price and the Conversion Price of HK$0.45 is (a) within the range of closing prices of the Shares during the Review Period and (b) equal to the closing prices of the Share as at the Last Trading Day and is fair and reasonable;

(vi) the first and second tranches the Convertible Bonds will not be issued by the Company until the audited reports of the Target Companies each of the Two Relevant Periods are completed and presented to the Purchasers;

(vii) the remaining balance of the Consideration is subject to the downward adjustment which is able to protect the interests of the Company in case the Profit Guarantees fail to be reached; and

(viii) the Undertaking provided by the Vendors and the Guarantor would further protect the interest of the Group as discussed below, we are of the view that the terms of the Acquisition (including the Consideration and its adjustment mechanism, the payment term, the issue of the Consideration Shares and Convertible Bonds and the principal terms thereof, and the Undertakings provided by the Vendors and the Guarantor, respectively) are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders are concerned.

5. Undertaking

As stated in the Board Letter, each of the Vendors and the Guarantor has undertaken to the Purchasers that for a period of five (5) years following the completion of the Acquisition so long as they hold an aggregate shareholding interests (on a fully diluted basis) of 5% in the Company, each of them shall not without the prior written approval of the Purchasers, directly or indirectly.

(a) either on its own account or for any person, firm, company or organization engaged in any business which is in competition with or similar to the business of the Purchasers in PRC; or

(b) either on its own account or for any person, firm, company or organization solicit or entice away any customers or clients from any group members of the Target Companies; or

(c) either on its own account or for any person, firm, company or organization solicit or entice away from any group members of the Target Companies any director, manager or employee whether or not such person would commit any breach of his/her contract of employment by reason of leaving the service of the group members of the Target Companies; or

(d) at any time hereafter use or disclose or divulge to any third party any information relating to any group members of the Target Companies, unless such information is in the public domain or is disclosed or divulged pursuant to an order of a court of a recognised jurisdiction or the terms of this agreement; or

(e) at any time hereafter use any name, sign or symbol in any trading, business or corporate operation which amounts to or may result in confusion with the name of the Company or any group members of the Target Companies. The Vendors shall also use reasonable endeavour to prevent the use of such name, sign or symbol by any person, entity or company connected to or associated with the Vendors; or

(f) use or apply, for any form of business which is not a group member of the Target Companies, any existing or future technology, products and services of the group members of the Target Companies.

Having considered that (i) each of the Vendors and the Guarantor undertake that it will not engaged in any business which is in competition or similar to the business of the Purchaser in the PRC; and (ii) the Undertaking provided by the Vendors and the Guarantor would further protect the interest of the Group, we are of the view that the terms of the Undertaking is fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

6. Potential dilution effect on the shareholding of the existing Shareholders

The following table sets out, for illustration purpose only, the shareholding structure of the Company's (a) as at the date of the Circular; (b) immediately after completion of the Acquisition and the issuance of Consideration Shares; and (c) assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK$0.45.

Name of the Shareholders	As at the Latest Practicable Date		Immediately after the issuance of Consideration Shares		Assuming full conversion of the Convertible Bonds at the initial Conversion Price	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Glamour House Limited *(Note)*	544,514,782	36.66	544,514,782	30.91	544,514,782	26.72
Mr. Qiu Yue	34,050,436	2.29	34,050,436	1.93	34,050,436	1.67
Vendors	–	–	276,306,666	15.68	552,613,332	27.11
Public	906,953,679	61.05	906,953,679	51.48	906,953,679	44.50
Total	**1,485,518,897**	**100.00**	**1,761,825,563**	**100.00**	**2,038,132,229**	**100.00**

Note: Glamour House Limited is beneficially owned as to 90% by Mr. Chu Yat Hong, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

As illustrated by the table above, upon the issue of Consideration Shares, the shareholding interests of the existing public Shareholders will be diluted from approximately 61.05% to approximately 51.48%. Further, assuming full conversion of the Convertible Bonds, the shareholding interests of the public Shareholders will eventually be diluted to approximately 44.50%. Taking into account (i) the reasons of the Acquisition as discussed above; (ii) that the terms of the Acquisition, including but not limited to the Issue Price of the Consideration Shares and the Conversion Price of the Convertible Bonds, are fair and reasonable so far as the Independent Shareholders are concerned; (iii) that the shareholdings of all existing Shareholders will be diluted proportionally to their respective shareholdings upon the issuance of Consideration Shares and the conversion of the Convertible Bonds; and (iv) that the issue of Consideration Shares and Convertible Bonds allows the Group to pursue the Acquisition with less cash outlay, we consider the potential dilution on the shareholdings of the existing public Shareholders upon Completion to be acceptable in this regard.

Possible financial effects of the Acquisition

Earnings

Upon Completion of the Acquisition, the Target Company A will become a wholly-owned subsidiary of the Company and Target Company B will become a non-wholly-owned subsidiary of the Company. The financial results and positions of the Target Companies will then be consolidated into the account of the Group upon Completion.

As disclosed in the Board Letter, there is no material profit and loss item in Target Company A since its incorporation. Whereas, we noted that the net profits after taxation and extraordinary items of the Target Company B for the year ended 31 December 2013 was approximately HK$1.29 million. Should the Target Company B sustain its profitability and meet the Profit Guarantee in the future, the Acquisition is expected to have positive impact on the Enlarged Group's earnings in the coming future.

Assets, liabilities and net asset value

As at 31 December 2013, the audited consolidated total assets and liabilities of the Group amounted to approximately HK$71.8 million and approximately HK$70.4 million respectively. The net asset value of the Group was approximately HK$1.4 million as at 31 December 2013.

Based on the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix IV to the Circular and assuming the Transaction had taken place on 31 December 2013, the consolidated assets and liabilities of the Enlarged Group would have increased to approximately HK$390.4 million and approximately HK$212.9 million respectively, while the net asset value of the Enlarged Group would have increased to approximately HK$177.5 million.

As illustrated above, the unaudited pro forma net asset of the Enlarged Group would be expected to increase as a result of the Acquisition, thus we consider the positive impact on the financial position of the Group is in the interest of the Company and Shareholders as a whole.

Working capital

Pursuant to the Sale and Purchase Agreement, the Consideration will be partially financed by internal resources of the Group while the remaining balance will be served by the issuance of the Consideration Shares and Convertible Bonds. As at 31 December 2013, the Group had working capital (i.e. current assets less current liabilities) and cash and bank balances of approximately HK$30.9 million and approximately HK$50.2 million respectively. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular which is prepared on the assumptions that the Acquisition had taken place and the cash Consideration had been settled on 31 December 2013, the working capital and cash and bank balances of the Enlarged Group would be at a level of approximately HK$2.0 million and approximately HK$43.9 million respectively immediately upon the Completion.

Having considered that (i) the Consideration for the Transaction being partially financed by the issuance of Consideration Shares and Convertible Bonds which allows the Group to pursue the Acquisition with less cash outlay; and (ii) the Acquisition would contribute the revenue and earnings base of the Enlarged Group, we concur with the Directors' view that the Enlarged Group will have sufficient working capital to meet its requirement for at least 12 months from the date of the Circular, in the absence of unforeseeable circumstances.

Gearing ratio

As at 31 December 2013, the gearing ratio of the Group, which was calculated based on net debt divided by the total capital plus net debt, was approximately 92.9%. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular and assuming the Acquisition had taken place on 31 December 2013, the net debt and the total capital of the Enlarged Group would have increased to approximately HK$28.9 million and HK$176.7 million respectively. As such, the gearing ratio of the Enlarged Group will decrease from 92.9% to 14.0% as a result of the Acquisition.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular,

- the Acquisition is in line with the diversification strategy of the Group;

- the sound prospect of private equity industry in the PRC in the absence of unforeseeable circumstances;

- the loss position of the Company for the two years ended 31 December 2013, whilst the Target Companies was profit-making for the year ended 31 December 2013;

- the implied P/E ratio of the Acquisition is calculated based on the maximum consideration of the Acquisition and the Profit Guarantee is approximately 10 times, which is almost equivalent to the Adjusted Average P/E Ratio as discussed above;

- the Issue Price is equivalent to the closing price of the Shares on the Last Trading Day and represents substantial premium over the latest published audited net asset value per Share of the Group;

- the Conversion Price is equivalent to the closing price of the Shares on the Last Trading Day and represents substantial premium over the latest published audited net asset value per Share of the Group; and

- the loss position of the Company for the year ended 31 December 2013 could be turnaround whilst the pro forma unaudited net asset value per Share of the Enlarged Group could be improved as per Appendix IV to this Circular,

we are of the view that the Acquisition is in the ordinary and usual course of business, the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and entering into the Sale and Purchase Agreement and the transactions contemplated thereunder are in the interest of the Company and Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the SFC and regarded as a responsible officer of Messis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

1. THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group and the related management discussion and analysis of the Group, for the three financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 respectively have been set out in the Company's annual reports for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.airnet.com.hk).

The Company's auditors have not issued any qualified opinion on the Group's financial statements for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013. However, a potential going concern problem as the Group's current liabilities exceeded its current assets was pinpointed by the then auditor as an emphasis of matter in the independent auditors' report for the year ended 31 December 2011.

2. INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business on 31 July 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding indebtedness of approximately HK$41 million, comprising "other payables", "amount due to a director" and "amount due to substantial shareholder" of the approximated amount of HK$9.9 million, HK$5 million and HK$25.8 million respectively. The above outstanding indebtedness was neither secured nor guaranteed.

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 July 2014, the Enlarged Group did not have any outstanding loan capital, debt securities, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT OF THE ENLARGED GROUP

The Directors are of the opinion that, taking into account its internal resources and the present available credit facilities of the Enlarged Group and the effect of the Acquisition, the Enlarged Group will have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2013 (being the date to which the latest published audited financial statements of the Group were made up) and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group has been engaged in providing information technology related management services and financial services.

Trading prospects of the information technology related management services

As disclosed in the 2013 annual report, the Board and the management have been carefully assessing the market situation of the PRC IPTV industry and IT management services. The findings revealed that the market has become extremely competitive and the prices for the resources in the industry have increased drastically. This was a result of the large investments by the major competitors that have recently entered into the industry. As such, the Board decided to divest the management and corporate resources to other less capital intensive services based on the performance of the Group in 2013.

Going forward, the Board notes that the management agreement entered into between the Company and Guangdong Zhicheng Weiye Investment Limited regarding the management service provided to Guangdong Yingxin Xinxi Investment Limited will end on 31 December 2014 (please refer to the circular of the Company dated 22 January 2013 for details), which has contributed a majority of the Group's revenue. The Group shall continue to discuss with Guangdong Zhicheng Weiye Investment Limited on the terms of renewal of such management agreement, with a balance of the resources made available to the Group, in view of the completion of the new acquisition, and the current continuation of the financial and management advisory pursuits undertook by the Company since 2012 as disclosed in the annual reports 2012 and 2013.

Trading prospects of the financial services segment (together with the Target Companies)

The Company has been continuing in pursuit of businesses of direct investments and management services, in particular over the technology platform and the real estate related platform.

Leveraging on the introduction of more open-up policies over the operation of private equity services and investments in the PRC, as well as the preferential foreign direct investment policy in Qianhai, the Directors believe that a proper regulated and health investment environment has been created for foreign investors, including the Group, to participate in the fund industry in the PRC. As such, the Company tries to capture such opportunities with a view to expand on the revenue sources for the Group's services towards private equity, direct investments and management services by the formation of a joint venture company in Qianhai, and the acquisition of the Target Companies.

The Board expects that upon Completion, together with the resources, expertise, and the existing clienteles of the Target Companies, the Target Companies will add value to the Group as a whole. With Target Company B's pipeline of projects (which includes those financial and consulting contracts secured by Target Company B as disclosed in the Letter from the Board) and its capability to structure future projects in the form of investment funds, while utilizing the preferential policies offered by the Qianhai Free Trade Zone in Shenzhen, which provides certain endorsed channels for foreign investments to enter the investment funds market in China, the Group will be able to satisfy the current foreign demand for investments into China. After the Completion, the Group will concentrate on the development of foreign-invested equity investment fund, the expansion of offshore RMB fund flow-back channels, and the establishment of cross-border RMB business. If the above strategies could be successfully carried out, it would allow the Group to cross sale financial products offered by the Target Companies or their clients to overseas investors and thus allow the Group to procure a new stream of income. In addition, the Company has been equipped with senior management level professionals with extensive experiences and track record in the financial sector. With this expertise the Company feels that it could further add to the strength of the Target Companies for advising on the structures of future real estate trusts and other investment products. Given the Profit Guarantee, the Board expects a fruitful year for this new business in 2014. The Board will devote more time and resources in this new business in the future so as to enhance the overall value of the Enlarged Group as a whole.

It is the current strategy of the Group to explore other business opportunities by leveraging on the expertise and experience of the Group and its management. However, as at the Latest Practicable Date, the Group has not identified and/or under negotiation of any new investment opportunities and fund raising activities.

6. EFFECT OF THE ACQUISITION ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular and assuming Completion had taken place on 31 December 2013, as a result of the Acquisition, (i) the total assets would be increased by approximately 382.9% from HK$71.8 million to HK$346.7 million; (ii) the total liabilities of the Enlarged Group would be increased by approximately 191.6% from HK$70.4 million to HK$205.3 million; and (iii) the net assets of the Enlarged Group would be increased by approximately 10,007% from HK$1.4 million to HK$141.5 million. The Enlarged Group would have cash and cash equivalents of approximately HK$43.9 million.

A goodwill of approximately HK$256.0 million would arise upon Completion. Such goodwill will be accounted for as an intangible asset in the consolidated statement of financial position of the Enlarged Group and subject to impairment review annually.

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position. For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss and is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

In preparing the pro forma financial statement in Appendix IV, the most appropriate valuation methodology is chosen under the relevant actual situation in performing a test for impairment of goodwill. Based on the current situation, the adoption of forward price-to-earnings multiple is considered to be the most appropriate methodology for assessing whether there is any indication of impairment. Adoption of discounted cash flow model in future years will be considered appropriately since at such relevant time, more operating and financial data of the Target Companies could be gathered to form a more reliable sources of information in determining the impairment of goodwill. There is no any indication of impairment that comes to the management to make any impairment in the forthcoming year end.

Based on the Guaranteed Profit, it is expected that the Acquisition will increase the earning of the Enlarged Group for the financial year ending 31 December 2014.

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS 鄭鄭會計師事務所有限公司

The Directors
Asian Capital Resources (Holdings) Limited

10 September 2014

Dear Sirs,

We report on the financial information of Joint Victory Inc. (the "**Target Company**"), which comprises the statements of financial position of the Target Company as at 31 December 2011, 2012, 2013 and 31 March 2014 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for the each of the years ended 31 December 2011, 2012, 2013 and the three months ended 31 March 2014 (the "**Relevant Period**") and a summary of significant accounting policies and other explanatory information (the "**Financial Information**"). The Financial Information has been prepared by the directors of Asian Capital Resources (Holdings) Limited (the "**Company**") and is set out in Sections I to III below for inclusion in Appendix II to the circular of the Company dated 10 September 2014 (the "**Circular**") in connection with the proposed acquisition of the Target Company.

The Target Company was incorporated in Samoa as a company with limited liability on 1 May 2001.

As at the date of this report, no audited financial statements have been prepared for the Target Company as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

The directors of the Target Company have prepared the management accounts of the Target Company for the Relevant Period that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**"), and for such internal control as the directors of the Target Company determine is necessary to enable the Underlying Financial Statements that are free from material misstatement, whether due to fraud of error.

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**"), and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Company as at 31 December 2011, 2012 and 2013 and 31 March 2014 and of the Target Company's results and cash flows for the Relevant Period.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix II to the Circular which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows of the Target Company for the three months ended March 2013 and a summary of significant accounting policies and other explanatory information (the "**Stub Period Comparative Financial Information**").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 3 of Section II below and using accounting policies which are materially consistent with those adopted by the Company as set out in the annual report of the Company for the year ended 31 December 2013.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 3 of Section II below.

I FINANCIAL INFORMATION OF JOINT VICTORY INC.

The following is the Financial Information of Joint Victory Inc. as at 31 December 2011, 2012, 2013 and 31 March 2014 and each of the years ended 31 December 2011, 2012, 2013 and the three months ended 31 March 2013 and 2014.

1. Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 December			Three months ended 31 March	
		2011	**2012**	**2013**	**2013**	**2014**
	Note	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Revenue	5	–	–	–	–	186,000
Other revenue	6	–	–	1	–	–
Administrative expense		–	–	–	–	(10)
Finance costs		–	(200)	–	–	–
(Loss)/profit before taxation	8	–	(200)	1	–	185,990
Income tax expense	10	–	–	–	–	–
Net (loss)/profit for the year/period		–	(200)	1	–	185,990

There was no other comprehensive income or loss during the year/period.

2. Statements of Financial Position

		As at 31 December			As at 31 March
		2011	**2012**	**2013**	**2014**
	Note	*HK$*	*HK$*	*HK$*	*HK$*
Current assets					
Trade and other receivables		–	–	–	186,000
Cash at bank and on hand		8,319	8,119	10	–
		8,319	8,119	10	186,000
Deduct: Current liabilities					
Other payables	13	8,311	8,311	201	201
Net current assets/(liabilities)		8	(192)	(191)	185,799
Capital and reserves					
Share capital	14	8	8	8	8
Accumulated (losses)/profits		–	(200)	(199)	185,791
		8	(192)	(191)	185,799

3. Statements of Changes in Equity

	Share capital *HK$*	Accumulated (losses)/ profits *HK$*	Total *HK$*
At 1 January 2011	8	–	8
Changes in equity during the year:			
Total comprehensive income for the year	–	–	–
Balance at 31 December 2011	8	–	8
Balance at 1 January 2012	8	–	8
Changes in equity during the year:			
Total comprehensive loss for the year	–	(200)	(200)
Balance at 31 December 2012	8	(200)	(192)
Balance at 1 January 2013	8	(200)	(192)
Changes in equity during the year:			
Total comprehensive income for the year	–	1	1
Balance at 31 December 2013	8	(199)	(191)
Balance at 1 January 2013	8	(200)	(192)
Changes in equity during the period:			
Total comprehensive income for the period	–	–	–
Balance at 31 March 2013	8	(200)	(192)
Balance at 1 January 2014	8	(199)	(191)
Changes in equity during the period:			
Total comprehensive income for the period	–	185,990	185,990
Balance at 31 March 2014	8	185,791	185,799

4. Statements of Cash Flows

	Year ended 31 December			Three months ended 31 March	
	2011	2012	2013	2013	2014
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Operating activities					
(Loss)/profit before taxation	–	(200)	1	–	185,990
Adjustments for:					
Interest income	–	–	(1)	–	–
Finance costs	–	200	–	–	–
Operating profit before working capital changes	–	–	–	–	185,990
Increase in trade and other receivables	–	–	–	–	(186,000)
Decrease in other payables	–	–	(8,110)	–	–
Net cash used in operating activities	–	–	(8,110)	–	(10)
Investing activities					
Interest received	–	–	1	–	–
Net cash from investing activities	–	–	1	–	–
Financing activities					
Finance costs paid	–	(200)	–	–	–
Net cash used in financing activities	–	(200)	–	–	–
Decrease in cash and cash equivalents	–	(200)	(8,109)	–	(10)
Cash and cash equivalents at beginning of the period	8,319	8,319	8,119	8,119	10
Cash and cash equivalents at end of the period	8,319	8,119	10	8,119	–
Analysis of the balances of cash and cash equivalents					
Cash at bank and on hand	8,319	8,119	10	8,119	–

II NOTES TO THE FINANCIAL INFORMATION OF JOINT VICTORY INC.

1. GENERAL INFORMATION

The principal activities of the Target Company are the provision of business management and consulting services in Asia Pacific region.

The Target Company is a limited liability company incorporated and domiciled in Samoa. The address of its registered office is Offshore Chambers, P.O. Box 217, Apia, Samoa.

The Financial Information is presented in Hong Kong dollars ("**HK$**"), the functional currency of the Target Company, unless otherwise stated.

The Financial Information has been prepared under the historical cost convention.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Target Company has applied all of the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014 in the preparation of Financial Information throughout the Relevant Period.

Impact of issued but not yet effective Hong Kong Financial Reporting Standards

The Target Company has not early applied any new or revised HKFRSs that have been issued but are not yet effective. The Target Company has already commenced an assessment of the impact of the new and revised HKFRSs, certain of which may be relevant to the Target Company's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the Financial Information. The Target Company is not yet to assess their impact on its results of operations and financial position.

3. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These Financial Information has been prepared in accordance with all applicable HKFRSs, which include all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of GEM Listing Rules.

(b) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Company and when the revenue can be measured reliably, on the following basis:

Technical fee income is recognised whenever the services are rendered.

Interest income is recognised on a time-proportion basis taking into account the principal outstanding and the effective interest rate applicable.

(c) Foreign currencies

Transactions in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the end of the reporting period. Gains and losses arising on exchange are dealt with in profit or loss.

(d) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities, if any. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using the prevailing tax rates, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(e) Financial instruments

Financial assets and financial liabilities are recognised when a company entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income for financial assets and interest expense for financial liabilities are recognised on an effective interest basis.

(i) Financial assets

Financial assets of the Target Company include loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash at bank and on hand) are measured at amortised cost using the effective interest method, less any impairment (see the accounting policy in respect of impairment loss on financial assets below), except where the receivables are interest free loans without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at cost.

Impairment of financial assets

Financial assets are assessed for impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows from the asset have been affected.

Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– probable bankruptcy or financial reorganisation of the borrower; or

– the disappearance of an active market for that financial asset because of financial difficulties.

For other financial assets, such as trade receivables, that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis, objective evidence of impairment for a portfolio of receivables could include the Target Company's past experience of collecting payments, an increase in the number of delayed payments that past the credit period, as well as observable changes in national or local economic conditions that correlate with default in receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(ii) Financial liabilities and equity

Debt and equity instruments issued by a company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities (including other payables) are measured at amortised cost using the effective interest method, unless the effect of discounting would not be material, in which case they are stated at cost.

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Target Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(f) Related parties

(1) A person, or a close member of that person's family, is related to the Target Company if that person:

(i) has control or joint control over the Target Company; or

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or the Target Company's parent.

(2) An entity is related to the Target Company if any of the following condition applies:

(i) The entity and the Target Company are member of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Target Company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(h) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(i) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Target Company's most senior executive management for the purpose of the allocating resources to, and assessing the performance of, the Target Company's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Target Company's accounting policies, which are described in note 3, management is required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

5. REVENUE

Analysis of the Target Company's revenue is as follows:

	Year ended 31 December			Three months ended 31 March	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Technical fee income	–	–	–	–	186,000

6. OTHER REVENUE

	Year ended 31 December			Three months ended 31 March	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Other revenue					
Interest income	–	–	1	–	–

7. SEGMENT INFORMATION

The most senior executive management has been identified as the directors of the Target Company. The directors review the Target Company's internal reporting in order to assess performance and allocate resources. For the period from 1 January 2011 to 31 March 2014, the directors consider that the Target Company's operations are operated and managed as a single segment – business management and consulting services. No separate segment information has been presented for the Relevant Period.

8. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	Year ended 31 December			Three months ended 31 March	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Auditor's remuneration	–	–	–	–	–
Staff costs (excluding directors' remuneration)					
– Wages, salaries and other benefits	–	–	–	–	–
– Retirement benefits scheme contributions	–	–	–	–	–

9. DIRECTORS' REMUNERATION

No director received any fees or emoluments in respect of their services rendered to the Target Company during the Relevant Period.

10. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as no estimated assessable profits was earned during the Relevant Period.

No provision for deferred taxation has been made in view of immaterial effect.

The income tax expense for the Relevant Period can be reconciled to the (loss)/profit before taxation per statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Three months ended 31 March	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
(Loss)/profit before taxation	–	(200)	1	–	185,990
Notional tax at applicable rate of 16.5%	–	(33)	–	–	30,688
Net expenses/(income) not deductible/(taxable) for tax purpose	–	33	–	–	(30,688)
	–	–	–	–	–

11. DIVIDEND

No dividend was paid or proposed during the Relevant Period.

12. EARNINGS PER SHARE

For the purpose of this report, earnings per share information is not presented as its inclusion is not considered meaningful.

13. OTHER PAYABLES

	As at 31 December			As at 31 March
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Amount due to director	8,311	8,311	201	201

14. SHARE CAPITAL

	As at 31 December			As at 31 March
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Authorised:				
1,000,000 shares of US$1 each	7,800,000	7,800,000	7,800,000	7,800,000
Issued and fully paid:				
1 share of US$1	8	8	8	8

15. CAPITAL MANAGEMENT

The Target Company's objective when managing capital is to safeguard the Target Company's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders and to provide adequate return to the owners by pricing products and services commensurately with the level of risk.

The Target Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the directors of the Target Company may adjust the distribution payment to owners, return capital to owners and increase the capital.

16. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

		As at 31 December		As at 31 March
	2011	**2012**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets				
Trade and other receivables	–	–	–	186,000
Cash at bank and on hand	8,319	8,119	10	–
Financial liabilities				
Other payables	8,311	8,311	201	201

(b) Financial risk management and policies

The Target Company's major financial instruments are set out in section (a) of this note. The risks associated with these financial instruments include credit risk and liquidity risk and policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Credit risk management

At 31 March 2014, the Target Company's maximum exposure to credit risk, which will cause a financial loss to the Target Company due to failure to perform an obligation by the counterparties, is the carrying amount of the respective recognised financial assets as stated in the statement of financial position. In order to minimise the credit risk, the management has strengthened the credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Trade and other receivables are neither past due nor impaired and with aging of 30 days or below.

The credit risk on liquid funds is limited because the counterparties are reputable bank or bank with high credit-rating.

(ii) Liquidity risk management

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Target Company's contractual maturity for its financial liabilities and undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay.

2014	**On demand**	**Total carrying amount at 31 March 2014**
	HK$	*HK$*
Other payables	201	201

2013	**On demand**	**Total carrying amount at 31 December 2013**
	HK$	*HK$*
Other payables	201	201

2012	**On demand**	**Total carrying amount at 31 December 2012**
	HK$	*HK$*
Other payables	8,311	8,311

2011	**On demand**	**Total carrying amount at 31 December 2011**
	HK$	*HK$*
Other payables	8,311	8,311

(c) Fair values

The directors consider that the carrying amount of financial assets and liabilities recorded at amortised cost or cost in the Financial Information approximate the fair values.

17. RELATED PARTY TRANSACTIONS

In addition to those disclosed in the Financial Information, technical fee income of HK$186,000 was charged to a related company which was controlled by the sole owner of the Target Company. The amount of HK$186,000 was outstanding at 31 March 2014.

18. ULTIMATE HOLDING COMPANY

The directors consider the parent company, Century Field Limited, a company incorporated in the British Virgin Islands, to be the ultimate holding company.

19. SUBSEQUENT EVENTS

On 26 May 2014, Century Field Limited and Asian Capital Resources (Holdings) Limited entered in a sale and purchase agreement, whereby the Asian Capital Resources (Holdings) Limited will acquire 100% of equity interest in the Target Company, subject to certain conditions being satisfied.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 March 2014 up to the date of this report.

Yours faithfully,

Cheng & Cheng Limited
Certified Public Accountants

Hong Kong

Tong Yat Hung
Practising Certificate number P01055

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS 鄭鄭會計師事務所有限公司

The Directors
Asian Capital Resources (Holdings) Limited

10 September 2014

Dear Sirs,

We report on the financial information of 上海清科凱盛投資管理有限公司 (Shanghai Zero2ipo M&A Fund Management Co., Ltd.*, the "**Target Company**"), which comprises the statements of financial position of the Target Company as at 31 December 2012, 2013 and 31 March 2014 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for the period from 29 March 2012 (date of establishment) to 31 December 2012, the year ended 31 December 2013 and the three months ended 31 March 2014 (the "**Relevant Period**") and a summary of significant accounting policies and other explanatory information (the "**Financial Information**"). The Financial Information has been prepared by the directors of Asian Capital Resources (Holdings) Limited (the "**Company**") and is set out in Sections I to III below for inclusion in Appendix II to the circular of the Company dated 10 September 2014 (the "**Circular**") in connection with the proposed acquisition of the Target Company.

The Target Company was established in the People's Republic of China (the "**PRC**") as a company with limited liability on 29 March 2012.

The financial statements of the Target Company for the Relevant Period prepared in accordance with the relevant accounting principles applicable to enterprises in PRC were audited by 上海榮審會計師事務所有限責任公司 (Shanghai Rongshen Accountants Co. Ltd.*).

The directors of the Target Company are responsible for the preparation of the financial statements of the Target Company for the Relevant Period that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**"), and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

The Financial Information has been prepared based on the Underlying Financial Statements after making such adjustments as we consider appropriate.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**"), and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Company as at 31 December 2012, 2013 and 31 March 2014 and of the Target Company's results and cash flows for the Relevant Period.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix II to the Circular which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows of the Target Company for the three months ended March 2013 and a summary of significant accounting policies and other explanatory information (the "**Stub Period Comparative Financial Information**").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 3 of Section II below and using accounting policies which are materially consistent with those adopted by the Company as set out in the annual report of the Company for the year ended 31 December 2013.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity " issued by the HKICPA. A review of Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 3 of Section II below.

I FINANCIAL INFORMATION OF SHANGHAI ZERO2IPO M&A FUND MANAGEMENT CO., LTD.

The following is the Financial Information of Shanghai Zero2ipo M&A Fund Management Co., Ltd. as at 31 December 2012, 2013 and 31 March 2014 and for period from 29 March 2012 (date of establishment) to 31 December 2012, the year ended 31 December 2013 and the three months ended 31 March 2013 and 2014.

1. Statements of Profit or Loss and Other Comprehensive Income

	Note	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
		RMB	*RMB*	*RMB* (Unaudited)	*RMB*
Revenue	*5*	874,328	11,417,178	951,024	2,325,808
Cost of service		(600,321)	(7,403,750)	(165,478)	(3,164,128)
Gross profit/(loss)		274,007	4,013,428	785,546	(838,320)
Other revenue	*6*	11,079	655,653	124,425	124,995
Administrative expenses		(1,888,330)	(2,258,910)	(716,933)	(1,645,815)
Finance costs		(181,858)	(1,023,546)	(255,447)	(258,314)
(Loss)/profit before taxation	*8*	(1,785,102)	1,386,625	(62,409)	(2,617,454)
Income tax expense	*10*	–	(346,333)	–	–
Net (loss)/profit for the period		(1,785,102)	1,040,292	(62,409)	(2,617,454)

There was no other comprehensive income or loss during the period.

2. Statements of Financial Position

	Note	As at 31 December 2012 RMB	As at 31 December 2013 RMB	As at 31 March 2014 RMB
Non-current assets				
Property, plant and equipment	*13*	103,691	121,169	113,931
Available-for-sale investments	*14*	7,800,000	9,800,000	9,800,000
		7,903,691	9,921,169	9,913,931
Current assets				
Trade and other receivables	*15*	6,474,833	9,914,968	7,782,019
Cash at bank and on hand		345,001	41,468	1,512,805
		6,819,834	9,956,436	9,294,824
Deduct: Current liabilities				
Trade and other payables	*16*	508,627	8,276,082	12,224,686
Current taxation liabilities		–	346,333	346,333
		508,627	8,622,415	12,571,019
Net current assets/(liabilities)		6,311,207	1,334,021	(3,276,195)
Total assets less current liabilities		14,214,898	11,255,190	6,637,736
Non-current liabilities				
Other payables	*16*	6,000,000	2,000,000	-
Net assets		8,214,898	9,255,190	6,637,736
Capital and reserves				
Registered capital	*17*	10,000,000	10,000,000	10,000,000
Accumulated losses		(1,785,102)	(744,810)	(3,362,264)
		8,214,898	9,255,190	6,637,736

3. Statements of Changes in Equity

	Registered capital *RMB*	Accumulated losses *RMB*	Total *RMB*
At 29 March 2012 (date of establishment)	–	–	–
Changes in equity during the period:			
Capital injection	10,000,000	–	10,000,000
Total comprehensive loss for the period	–	(1,785,102)	(1,785,102)
Balance at 31 December 2012	10,000,000	(1,785,102)	8,214,898
Balance at 1 January 2013	10,000,000	(1,785,102)	8,214,898
Changes in equity during the year:			
Total comprehensive income for the year	–	1,040,292	1,040,292
Balance at 31 December 2013	10,000,000	(744,810)	9,255,190
Balance at 1 January 2013	10,000,000	(1,785,102)	8,214,898
Changes in equity during the period:			
Total comprehensive loss for the period	–	(62,409)	(62,409)
Balance at 31 March 2013 (Unaudited)	10,000,000	(1,847,511)	8,152,489
Balance at 1 January 2014	10,000,000	(744,810)	9,255,190
Changes in equity during the period:			
Total comprehensive loss for the period	–	(2,617,454)	(2,617,454)
Balance at 31 March 2014	10,000,000	(3,362,264)	6,637,736

4. Statements of Cash Flows

	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	RMB	*RMB*	*RMB* (Unaudited)	*RMB*
Operating activities				
(Loss)/profit before taxation	(1,785,102)	1,386,625	(62,409)	(2,617,454)
Adjustments for:				
Depreciation	26,708	49,560	4,653	17,806
Distribution from unlisted investments	–	(652,967)	(123,879)	(123,879)
Interest income	(11,079)	(2,686)	(546)	(1,116)
Finance costs	181,858	1,023,546	255,447	258,314
Operating (loss)/profit before working capital changes	(1,587,615)	1,804,078	73,266	(2,466,329)
(Increase)/decrease in trade and other receivables	(6,474,833)	(3,440,135)	556,804	2,132,949
Increase in trade and other payables	328,627	747,455	115,456	1,693,604
Net cash (used in)/from operating activities	(7,733,821)	(888,602)	745,526	1,360,224
Investing activities				
Purchase of available-for-sale investments	(7,800,000)	(2,000,000)	(2,000,000)	–
Purchase of property, plant and equipment	(130,399)	(67,038)	(1,500)	(10,568)
Distribution received from unlisted investments	–	652,967	123,879	123,879
Interest received	11,079	2,686	546	1,116
Net cash (used in)/from in investing activities	(7,919,320)	(1,411,385)	(1,877,075)	114,427

	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	2014
	RMB	*RMB*	*RMB* (Unaudited)	*RMB*
Financing activities				
Increase in other payables	6,000,000	2,000,000	2,000,000	–
Capital injection	10,000,000	–	–	–
Finance costs paid	(1,858)	(3,546)	(447)	(3,314)
Net cash from/(used in) financing activities	15,998,142	1,996,454	1,999,553	(3,314)
Increase/(decrease) in cash and cash equivalents	345,001	(303,533)	868,004	1,471,337
Cash and cash equivalents at beginning of the period	–	345,001	345,001	41,468
Cash and cash equivalents at end of the period	345,001	41,468	1,213,005	1,512,805
Analysis of the balances of cash and cash equivalents				
Cash at bank and on hand	345,001	41,468	1,213,005	1,512,805

II NOTES TO THE FINANCIAL INFORMATION OF SHANGHAI ZERO2IPO M&A FUND MANAGEMENT CO., LTD.

1. GENERAL INFORMATION

The principal activities of the Target Company are the provision of private investment fund management services, private securities investment, private equity investment and venture capital investment in PRC.

The Target Company is a limited liability company incorporated and domiciled in China. The address of its registered office and principal place of business is Room 1406, 518 Kunming Road, Yangpu District, Shanghai City, China.

The Financial Information is presented in Renminbi ("**RMB**"), the functional currency of the Target Company, unless otherwise stated.

The Financial Information has been prepared under the historical cost convention.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Target Company has applied all of the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014 in the preparation of Financial Information throughout the Relevant Period.

Impact of issued but not yet effective Hong Kong Financial Reporting Standards

The Target Company has not early applied any new or revised HKFRSs that have been issued but are not yet effective. The Target Company has already commenced an assessment of the impact of the new and revised HKFRSs, certain of which may be relevant to the Target Company's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the Financial Information. The Target Company is not yet to assess their impact on its results of operations and financial position.

3. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These Financial Information has been prepared in accordance with all applicable HKFRSs, which include all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of GEM Listing Rules on the basis that the Target Company is going concern even though the Target Company had net current liabilities of RMB3,276,195 as at 31 March 2014. The directors of the Target Company endeavor to improve the Target Company's liquidity position and have taken measures to reduce overheads and costs to strengthen its cash flow position. Furthermore the directors consider income from managing an investment fund as mentioned in note 23(a) will generate working capital to support the Target Company's operations.. Accordingly, the directors of the Target Company are satisfied that it is appropriate to prepare Financial Information as a going concern basis. Should the Target Company be unable to operate as going concern, adjustments would be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Financial Information.

(b) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Company and when the revenue can be measured reliably, on the following basis:

Management and consultancy fee income are recognised whenever the services are rendered.

Distribution from investment is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis taking into account the principal outstanding and the effective interest rate applicable.

(c) Foreign currencies

Transactions in foreign currencies are translated into Renminbi at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the rates of exchange ruling at the end of the reporting period. Gains and losses arising on exchange are dealt with in profit or loss.

(d) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities, if any. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using the prevailing tax rates, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(e) Impairment of tangible and intangible assets

At the end of the reporting period, the Target Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is indication that they may be impaired.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working conditions and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Computer	31.67%
Furniture and equipment	19.00%
Computer software	50.00%
Leasehold improvement	50.00%

The gain or loss on disposal or retirement of property, plant and equipment recognised in profit or loss is the difference between the net sales proceeds and the carrying amount of the relevant assets.

(g) Financial instruments

Financial assets and financial liabilities are recognised when a company entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income for financial assets and interest expense for financial liabilities are recognised on an effective interest basis.

(i) Financial assets

Financial assets are classified into the following specified categories: 'loans and receivables' and 'available-for-sale' (AFS) investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, cash at bank and on hand) are measured at amortised cost using the effective interest method, less any impairment (see the accounting policy in respect of impairment loss on financial assets below), except where the receivables are interest free loans without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at cost.

AFS investments

AFS investments are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Equity and debt securities held by the Target Company that are classified as AFS investments and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS investments are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gains or losses previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows from the asset have been affected.

Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– probable bankruptcy or financial reorganisation of the borrower; or

– the disappearance of an active market for that financial asset because of financial difficulties; or

– a significant or prolonged decline in the fair value of the security below its cost.

For other financial assets, such as trade receivables, that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis, objective evidence of impairment for a portfolio of receivables could include the Target Company's past experience of collecting payments, an increase in the number of delayed payments that past the credit period, as well as observable changes in national or local economic conditions that correlate with default in receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(ii) Financial liabilities and equity

Debt and equity instruments issued by a company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities (including trade and other payables) are measured at amortised cost using the effective interest method, unless the effect of discounting would not be material, in which case they are stated at cost.

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Target Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Related parties

(1) A person, or a close member of that person's family, is related to the Target Company if that person:

(i) has control or joint control over the Target Company; or

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or the Target Company's parent.

(2) An entity is related to the Target Company if any of the following condition applies:

(i) The entity and the Target Company are member of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Target Company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(j) Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

(k) Employee benefits

(i) Short term employee benefits

Salaries, bonuses, paid leaves and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Retirement benefits schemes

The employees of the Target Company in the People's Republic of China ("**PRC**") are members of central pension schemes operated by the local governments in the PRC and Target Company makes mandatory contributions to these central pension schemes to fund the employees' retirement benefits. The retirement contributions paid by the Target Company are based on certain percentages of the employees' salaries in accordance with the relevant regulations in the PRC, and are charged to profit or loss as incurred. The Target Company has no further obligation for post-retirement benefits upon payment of the retirement contributions to the central pension schemes operated by the local governments in the PRC.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Target Company's most senior executive management for the purpose of the allocating resources to, and assessing the performance of, the Target Company's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Target Company's accounting policies, which are described in note 3, management is required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

5. REVENUE

Analysis of the Target Company's revenue is as follows:

	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	RMB	*RMB*	*RMB*	*RMB*
			(Unaudited)	
Management and consultancy fee income, net of business tax	874,328	11,417,178	951,024	2,325,808

6. OTHER REVENUE

	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	RMB	*RMB*	*RMB*	*RMB*
			(Unaudited)	
Other revenue				
Distribution from unlisted investments	–	652,967	123,879	123,879
Interest income	11,079	2,686	546	1,116
	11,079	655,653	124,425	124,995

7. SEGMENT INFORMATION

The most senior executive management has been identified as the directors of the Target Company. The directors of the Target Company review the Target Company's internal reporting in order to assess performance and allocate resources. For the period from 29 March 2012 (date of establishment) to 31 March 2014, the directors of the Target Company consider that the Target Company's operations are operated and managed as a single segment – private investment fund management services, private securities investment, private equity investment and venture capital investment in PRC. The Target Company is domiciled in the PRC. No separate segment information has been presented for the Relevant Period.

8. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	RMB	*RMB*	*RMB* (Unaudited)	*RMB*
Auditor's remuneration	4,500	5,000	–	–
Depreciation	26,708	49,560	4,653	17,806
Operating lease rentals in respect of land and building	706,323	918,722	132,549	342,199
Staff costs (excluding directors' remuneration)				
– Wages, salaries and other benefits	501,209	2,039,310	396,957	333,906
– Retirement benefits scheme contributions	75,713	185,212	4,539	73,454

9. DIRECTORS' AND EMPLOYEES' REMUNERATION

The details of emoluments of directors are shown below:

	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	RMB	*RMB*	*RMB* (Unaudited)	*RMB*
Wages, salaries and other benefits:				
ZHU Chuan	–	–	–	114,000
WANG Qiang	–	456,000	114,000	114,000
BAO Shan Shan	38,736	80,648	31,128	31,920
	38,736	536,648	145,128	259,920
Retirement benefits scheme contributions:				
WANG Qiang	–	38,640	9,660	9,660
BAO Shan Shan	5,572	12,073	2,786	3,343
	5,572	50,713	12,446	13,003

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period.

The five highest paid employees during the Relevant Period included one or two directors whose remuneration is set out in directors' remuneration in above. Details of remuneration of the remaining non-director employees are as follows:

	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	RMB	*RMB*	*RMB* (Unaudited)	*RMB*
Wages, salaries and other benefits	317,700	991,100	366,450	204,600
Retirement benefits scheme contributions	44,796	50,103	15,450	9,660
	362,496	1,041,203	381,900	214,260

The number of non-director, highest employees whose remuneration fell within the following band is as follows:

	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013 (Unaudited)	Three months ended 31 March 2014
Nil to RMB806,452 (approximately to HK$1,000,000)	4	4	4	3

10. INCOME TAX EXPENSE

	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	RMB	*RMB*	*RMB* (Unaudited)	*RMB*
PRC enterprise income tax – current period	–	346,333	–	–

PRC enterprise income tax has been provided for at the rate of 25% on the estimated assessable profits for Relevant Period.

No provision for deferred taxation has been made in view of immaterial effect.

The income tax expense for the Relevant Period can be reconciled to the (loss)/profit before taxation per statement of profit or loss and other comprehensive income as follows:

	From 29 March 2012 to 31 December 2012	Year ended 31 December 2013	Three months ended 31 March 2013	
			2013	2014
	RMB	*RMB*	*RMB*	*RMB*
			(Unaudited)	
(Loss)/profit before taxation	(1,785,102)	1,386,625	(62,409)	(2,617,454)
Notional tax at applicable rate of 25%	(446,276)	346,656	(15,602)	(654,364)
Net expenses not deductible for tax purpose	96,999	348,954	–	–
Utilisation of previously unrecognised tax losses	–	(349,277)	–	–
Unrecognised tax losses	349,277	–	15,602	654,364
	–	346,333	–	–

11. DIVIDEND

No dividend was paid or proposed during the Relevant Period.

12. EARNINGS PER SHARE

For the purpose of this report, earnings per share information is not presented as its inclusion is not considered meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *RMB*	Computer software *RMB*	Computers, Furniture and equipment *RMB*	Total *RMB*
Cost				
At 29 March 2012	–	–	–	–
Additions	50,000	8,600	71,799	130,399
At 31 December 2012	50,000	8,600	71,799	130,399
At 1 January 2013	50,000	8,600	71,799	130,399
Additions	–	–	67,038	67,038
At 31 December 2013	50,000	8,600	138,837	197,437
At 1 January 2014	50,000	8,600	138,837	197,437
Additions	–	4,200	6,368	10,568
At 31 March 2014	50,000	12,800	145,205	208,005
Deduct: Accumulated depreciation				
At 29 March 2012	–	–	–	–
Charge for the period	18,750	1,925	6,033	26,708
At 31 December 2012	18,750	1,925	6,033	26,708
At 1 January 2013	18,750	1,925	6,033	26,708
Charge for the year	25,000	4,300	20,260	49,560
At 31 December 2013	43,750	6,225	26,293	76,268
At 1 January 2014	43,750	6,225	26,293	76,268
Charge for the period	6,250	1,600	9,956	17,806
At 31 March 2014	50,000	7,825	36,249	94,074
Net book values				
At 31 March 2014	–	4,975	108,956	113,931
At 31 December 2013	6,250	2,375	112,544	121,169
At 31 December 2012	31,250	6,675	65,766	103,691

14. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 December		As at 31 March
	2012 *RMB*	2013 *RMB*	2014 *RMB*
Unlisted equity investments, at cost	7,800,000	9,800,000	9,800,000

These unlisted equity investments are measured at cost less impairment, if any at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Target Company are of the opinion that their fair value cannot be measured reliably.

15. TRADE AND OTHER RECEIVABLES

	As at 31 December		As at 31 March
	2012	**2013**	**2014**
	RMB	*RMB*	*RMB*
Trade receivable	800,152	1,221,644	–
Prepayment	–	2,224,400	2,124,400
Other receivables	5,674,681	6,468,924	5,657,619
	6,474,833	9,914,968	7,782,019

Trade receivable is neither past due nor impaired and with aging of 30 days or below.

Prepayment represents the prepaid consultancy fee and commission expense in relation to promotion and introducing potential investors of investment funds managed by the Target Company.

Other receivables include an amount of RMB5,000,000 due from the ultimate holding company which is unsecured, interest fee and repayable on demand.

16. TRADE AND OTHER PAYABLES

	As at 31 December		As at 31 March
	2012	**2013**	**2014**
	RMB	*RMB*	*RMB*
Sundry creditors and payables	85,874	859,111	2,179,566
Other payables	6,000,000	8,000,000	8,000,000
Accruals	290,743	1,312,171	1,940,320
Temporary receipt	132,010	104,800	104,800
	6,508,627	10,276,082	12,224,686
Other payables classified as non-current liabilities	(6,000,000)	(2,000,000)	–
Current portion	508,627	8,276,082	12,224,686

Other payables represent medium term financing for the operations of Target Company and are unsecured and interest bearing at 12% – 15%. The maturity date will be no later than January 2015.

At 31 March 2014, included in other payables is amount of RMB1,000,000 due to a director of the Target Company and RMB7,000,000 due to close family members of another director of the Target Company.

17. REGISTERED CAPITAL

	As at 31 December		As at 31 March
	2012	**2013**	**2014**
	RMB	*RMB*	*RMB*
Registered and paid up capital	10,000,000	10,000,000	10,000,000

18. CAPITAL MANAGEMENT

The Target Company's objective when managing capital is to safeguard the Target Company's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders and to provide adequate return to the owners by pricing products and services commensurately with the level of risk.

The Target Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the directors of the Target Company may adjust the distribution payment to owners, return capital to owners and increase the capital.

19. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December		As at 31 March
	2012	**2013**	**2014**
	RMB	*RMB*	*RMB*
Financial assets			
Trade and other receivables	6,474,833	7,690,568	5,657,619
Available-for-sale investments	7,800,000	9,800,000	9,800,000
Cash at bank and on hand	345,001	41,468	1,512,805
	14,619,834	17,532,036	16,970,424
Financial liabilities			
Trade and other payables	6,508,627	10,276,082	12,224,686

(b) Financial risk management and policies

The Target Company's major financial instruments are set out in section (a) of this note. The risks associated with these financial instruments include credit risk and liquidity risk and policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Credit risk management

At 31 March 2014, the Target Company's maximum exposure to credit risk, which will cause a financial loss to the Target Company due to failure to perform an obligation by the counterparties, is the carrying amount of the respective recognised financial assets as stated in the statement of financial position. In order to minimise the credit risk, the management has strengthened the credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The credit risk on liquid funds is limited because the counterparties are reputable bank or bank with high credit-rating.

(ii) Liquidity risk management

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Target Company's contractual maturity for its financial liabilities and undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay.

2014	**On demand**	**Due over 1 year**	**Total carrying amount at 31 March 2014**
	RMB	*RMB*	*RMB*
Trade and other payables	12,224,686	–	12,224,686

2013	**On demand**	**Due over 1 year**	**Total carrying amount at 31 December 2013**
	RMB	*RMB*	*RMB*
Trade and other payables	8,276,082	2,000,000	10,276,082

2012	**On demand**	**Due over 1 year**	**Total carrying amount at 31 December 2012**
	RMB	*RMB*	*RMB*
Trade and other payables	508,627	6,000,000	6,508,627

(c) Fair values

The directors consider that the carrying amount of financial assets and liabilities recorded at amortised cost in the Financial Information approximate the fair values.

20. RELATED PARTY TRANSACTIONS

In addition to those disclosed in the Financial Information, technical fee of RMB150,000 was charged by a related company which was controlled by a substantial shareholder of the Target Company during the three months ended 31 March 2014. The amount of RMB150,000 was outstanding at 31 March 2014.

21. COMMITMENTS

Operating lease commitments

At the end of the reporting period, the Target Company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 31 December		As at 31 March
	2012	**2013**	**2014**
	RMB	*RMB*	*RMB*
Land and buildings			
– within 1 year	795,295	198,824	842,077
– in the 2nd to 5th years inclusive	198,824	–	842,077
	994,119	198,824	1,684,154

22. ULTIMATE HOLDING COMPANY

The directors consider the parent company, Beijing Yuxin Shang Fang Technology Company Limited, a company established in PRC, to be the ultimate holding company.

23. SUBSEQUENT EVENTS

(a) On 9 April 2014, the Target Company entered into an agreement to act as a fund manager of an investment fund of which the fund will invest in a project located in Zhuhai for the total amount not less than RMB50,000,000.

(b) On 26 May 2014, Beijing Yuxin Shang Fang Technology Company Limited and Asian Capital Resources (Holdings) Limited entered in a sale and purchase agreement, whereby the Asian Capital Resources (Holdings) Limited will acquire 51% of equity interest in the Target Company, subject to certain conditions being satisfied.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 March 2014 up to the date of this report.

Yours faithfully,

Cheng & Cheng Limited
Certified Public Accountants

Hong Kong

Tong Yat Hung
Practising Certificate number P01055

Set out below is the management discussion and analysis on the financials of the Target Companies based on the financial information of the Target Companies as set out in Appendix II to this circular.

FINANCIAL REVIEW

Target Company A

Target Company A remained dormant since its incorporation in May 2001. It was acquired by Vendor A in March 2013 at the consideration of USD1.00 for the purpose to engage in real estate business management and consulting services in the Asia Pacific Region. As Target Company A was inactive in 2012 and 2013, no material profits and losses was recognised by Target Company A for the two years ended 31 December 2013. Accordingly, no material assets and liabilities were found in its statements of financial position.

Target Company A recorded an revenue of RMB 150,000 for the three months ending 31 March 2014. Revenue of Target Company A represented revenue derived from technical fee income from the Management Agreement signed with Target Company B. Target Company A commenced providing service under the Management Contract to Target Company B in January of 2014.

Target Company B

Target Company B recorded revenue for each of the financial years ended 31 December 2012 and 2013 of approximately RMB874,328 and RMB11,417,178 respectively. Revenue of Target Company B represented revenue derived from management and consultancy fee income. Target Company B was incorporated on 29 March 2012 and therefore only very little revenue was generated in 2012 because certain contracts secured in 2012 would only be recognised later in the year or even in 2013. For the three months period ended 31 March 2014, revenue increased significantly from RMB951,024 (2013) to RMB2,325,808 because of the generic growth in its business. However, it incurred gross loss during such three month period because certain direct costs, such as printing and promotion costs, for projects to be completed and billed in the second quarter were incurred.

Target Company B recorded (loss)/profit for the two financial years ended 31 December 2012 and 2013 of approximately (RMB1,785,102) and RMB1,040,292 respectively. The turnaround from a loss to profit was mainly due to the fact that Target Company B was only set up in March 2012 and that insufficient business had been secured to cover its operating expenses in 2012. Target Company B recorded a loss of (RMB2,617,454) as at 31 March 2014 as compared to a loss of (RMB62,409) (2013) because of administrative expenses on potential projects were incurred. The Board noted that Target Company B recorded a net loss for the three month period ended 31 March 2014 and still considered that the Target Companies could achieve the Guaranteed Profits since those financial and consulting contracts secured by Target Company B have not yet been executed during such period under review.

SIGNIFICANT INVESTMENT

Given the fact that Target Company A was inactive in 2012 and 2013, Target Company A did not have any significant investment.

As at 31 December 2012 and 2013, and 31 March 2014, Target Company B had available-for-sales investments of RMB7,800,000, RMB9,800,000 and RMB9,800,000 respectively, in unlisted equities investments, which represent direct investments by Target Company B from self-generated, self-financed portfolio of capital made available for the Group to pursue medium term capital gain and dividend income from the investments. The equity interests held by Target Company B in all of the unlisted equities investments are less than 3% of each of the invested entities except for one investment that is 10% of an invested entity. The Directors of Target Company B are of the opinion that no quoted market price in an active market was available for these investment and their fair value could not be readily measured by alternative valuation methods. In accordance to the provisions under IFRS and adopted by Target Company B, the investments are carried at cost, subject to review of impairment loss. As at 31st March, 2014, no impairment provision was considered necessary by the directors. The business sectors that the investments are engaged in ranging from the media industry to the real estate industry in the PRC.

LIQUIDITY AND FINANCIAL RESOURCES

Target Company A did not have any material balance sheet items as at 31 December 2011, 2012 and 2013, and as at 31 March 2014, there was an accounts receivable of HK$186,000.

Target Company B maintained positive net current assets as at 31 December 2012 and 2013. Target Company B obtained a medium term financing of RMB6 million for two years in October 2012 to finance its operation. It further obtained RMB2 million in 2013. Due to their terms, these financing facilities were re-classified as current liabilities as at 31 March 2014. As at 30 July 2014, agreements have been entered into for the purpose of extending the maturity the above medium term financing as to RMB6 million to October 2015 and as to RMB1 million to January 2016.

During the financial period under review, Target Company B did not have any material capital expenditure commitments.

FOREIGN EXCHANGE EXPOSURE

Most of the sales and purchases carried out by the Target Companies were denominated in RMB, which does not fluctuate significantly against the Hong Kong dollar, and, therefore, the Target Companies is not expected to expose to significant foreign exchange risk. Accordingly, the Target Company did not have any foreign currency hedging activity during the financial periods as reported in Appendix II.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions or disposals of subsidiaries and associated companies by the Target Companies during the financial periods as reported in Appendix II.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There was no material contingent liabilities or capital commitments for Target Company A as at the financial periods end as reported in Appendix II.

Save for the operating leases commitment as disclosed in note 21 to the Accountants' Report of the Target Company B as set out in Appendix II, Target Company B did not have any material contingent liabilities and capital commitments.

PLEDGE OF ASSETS

No assets of the Target Companies were pledged as at the financial periods end as reported in Appendix II.

EMPLOYEES AND REMUNERATION POLICY

Target Company A

As at 31 December 2011, 2012 and 2013 and as at 31 March 2014, Target Company A had no employees respectively.

Target Company A commenced providing its services under the Management Contract to Target Company B in January 2014. Such services were provided by Mr. Wang Qiang in the capacity as the sole director of Target Company A.

Target Company B

As at 31 December 2012 and 2013 and as at 31 March 2014, Target Company B had 9, 33 and 26 employees respectively. The remuneration policy and package of the Target Company B are maintained at market level and reviewed annually. Apart from basic salaries, employees are members of the state managed pension scheme operated by the PRC government.

The aggregate remuneration amount of the Target Companies comprised only of Target Company B and is reflected in Note 9 of the Accountant's Report (Appendix II). During the periods under review, there was no bonus, share option nor training schemes adopted by the Target Companies.

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS 鄭鄭會計師事務所有限公司

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

TO THE DIRECTORS OF ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asian Capital Resources (Holdings) Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") and, Joint Victory Inc. and 上海清科凱盛投資管理有限公司 (Shanghai Zero2ipo M&A Fund Management Co., Ltd.*) (together the "**Target Companies**", and collectively the Group and the Target Companies form the "**Enlarged Group**") as prepared by the directors for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 December 2013, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages IV-4 to IV-8 of the Company's circular dated 10 September 2014, in connection with the proposed acquisition of the Target Companies (the "**Transaction**") by the Group. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in notes 1 to 9.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2013, as if the Transaction had taken place at 31 December 2013,. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 December 2013, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting Accountant's Responsibility

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Cheng & Cheng Limited
Certified Public Accountants

Hong Kong, 10 September 2014

Tong Yat Hung
Practising Certificate number P01055

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**"), which has been prepared on the basis of the notes set out below and in accordance with paragraph 7.31 of the GEM Listing Rules for the purpose of illustrating the effects of the Transaction on the Group, assuming that the Transaction had been completed on 31 December 2013.

The Unaudited Pro Forma Financial Information has been prepared using accounting policies consistent with that of the Group, as set out in the Company's 2013 Annual Report.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information contained in this circular and the accountant's report on Joint Victory Inc. as set out in Appendix II and the accountant's report on Shanghai Zero2ipo M&A Fund Management Co., Ltd. as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information has been prepared by the directors for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not reflect the true picture of the financial position of the Enlarged Group had the Transaction been completed at 31 December 2013 or at any future date.

B. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AT 31 DECEMBER 2013

	Consolidated statement of assets and liabilities of the Group at 31 December 2013	Joint Victory Inc.	Shanghai Zero2ipo M&A Fund Management Co., Ltd.		Sub-total	Pro Forma	Adjustments	Unaudited pro forma statement of assets and liabilities of the Enlarged Group at 31 December 2013
	HK$'000	*HK$'000*	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*		*Note 6 & 7*	*Note 8*	
Non-current assets								
Property, plant and equipments	366	–	121	153	519	–	–	519
Intangible assets	1,014	–	–	–	1,014	–	–	1,014
Available-for-sale investments	–	–	9,800	12,429	12,429	–	–	12,429
Goodwill	–	–	–	–	–	256,000	–	256,000
	1,380	–	9,921	12,582	13,962	256,000	–	269,962
Current assets								
Trade and other receivables	20,281	–	9,915	12,576	32,857	–	–	32,857
Cash and cash equivalents	50,175	–	41	52	50,227	(6,324)	–	43,903
	70,456	–	9,956	12,628	83,084	(6,324)	–	76,760
Current liabilities								
Trade and other payables	(38,235)	–	(8,276)	(10,496)	(48,731)	–	(1,000)	(49,731)
Tax payable	(1,275)	–	(346)	(439)	(1,714)	–	–	(1,714)
	(39,510)	–	(8,622)	(10,935)	(50,445)	–	(1,000)	(51,445)
Net current assets	30,946	–	1,334	1,693	32,639	(6,324)	(1,000)	25,315
Total assets less current liabilities	32,326	–	11,255	14,275	46,601	249,676	(1,000)	295,277
Non-current liabilities								
Convertible bonds	–	–	–	–	–	(120,377)	–	(120,377)
Other payables	–	–	(2,000)	(2,537)	(2,537)	–	–	(2,537)
Deferred tax liabilities	(254)	–	–	–	(254)	–	–	(254)
Amount due to a director	(5,537)	–	–	–	(5,537)	–	–	(5,537)
Amount due to a substantial shareholder	(25,106)	–	–	–	(25,106)	–	–	(25,106)
	(30,897)	–	(2,000)	(2,537)	(33,434)	(120,377)	–	(153,811)
Net assets	1,429	–	9,255	11,738	13,167	129,299	(1,000)	141,466

C. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. Amounts are extracted from the audited consolidated statement of financial position of the Group at 31 December 2013 as set out in the Company's 2013 Annual Report.

2. Amounts are derived from the statement of financial position at 31 December 2013 of the accountant's report of Joint Victory Inc. as set out in Appendix II to this circular. As the amounts are less than thousand dollars, nil amount is presented.

3. Amounts are derived from the statement of financial position at 31 December 2013 of the accountant's report of Shanghai Zero2ipo M&A Fund Management Co., Ltd. as set out in Appendix II to this circular.

4. For the purpose of the Unaudited Pro Forma Financial Information, the statement of financial position of Shanghai Zero2ipo M&A Fund Management Co., Ltd. at 31 December 2013 is translated into Hong Kong dollars at the exchange rate of RMB1 = HK$1.2683.

   Such translation is for illustration purpose only and does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted, or vice versa, at the above rate.

5. Pursuant to the sale and purchase agreement (the "**S&P Agreement**") dated 26 May 2014, the total maximum consideration for the acquisition (the "**Transaction**") of the Target Companies is HK$255,000,000 which will be satisfied by:

   (i) RMB5,100,000 (equivalent to approximately HK$6,324,000) in cash upon completion of the Transaction;

   (ii) a maximum of HK$124,338,000 (subject to adjustment) by allotment and issue of the Consideration Shares at the issue price of HK$0.45 per share; and

   (iii) a maximum of HK$124,338,000 (subject to adjustment) by issue of the Convertible Bonds upon the fulfillment of the profit guarantees.

   The above consideration includes initial consideration of HK$130,662,000 ("**Initial Consideration**") and contingent consideration up to a maximum of HK$124,338,000 ("**Contingent Consideration**"), comprising:

   Initial Consideration

   (i) RMB5,100,000 (equivalent to approximately HK$6,324,000) in cash upon completion of the Transaction; and

   (ii) HK$124,338,000 (subject to adjustment) by allotment and issue of the Consideration Shares at the issue price of HK$0.45 per share.

   Contingent Consideration

   A maximum of HK$124,338,000 (subject to adjustment) by issue of the Convertible Bonds ("**Contingent Convertible Bonds**").

   According to the S&P Agreement, Contingent Consideration will be paid if the Target Companies are able to attain certain agreed levels of profit after tax for the year ending 30 June 2015 and 2016 respectively.

6. Hong Kong Financial Reporting Standard 3 (Revised) "Business Combination" (the "**HKFRS 3**") requires the consideration transferred in a business combination to be measured at fair value at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, which considers the facts and circumstances that existed as of that date or, if known, during the measurement period.

An analysis of the total estimated cost of the Transaction assuming the Transaction had taken place on 31 December 2013 is set out as follows:

	Face value	**Fair value at 31 December 2013**
	HK$'000	*HK$'000*
Consideration:		
Initial Consideration to be recognised		
– Cash	6,324	6,324
– Consideration Shares *(note)*	124,338	171,310
	130,662	177,634
Contingent Consideration to be recognised		
– Contingent Convertible Bonds *(note)*	124,338	120,377
Total consideration		298,011

(note):

The directors have engaged an independent valuer, Vigers Appraisal & Consulting Limited to determine the fair value of the Consideration Shares and Contingent Convertible Bonds to be recognised, in accordance with HKFRS 13 issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Fair value is defined in HKFRS 13 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

The fair value of Consideration Shares at 31 December 2013 is $0.62 per share based on the last traded price of shares as of 31 December 2013.

Based on business contract covering the period from the first quarter of 2014 to the fourth quarter of 2014 and profit and loss budget prepared by the management, the directors consider the profit guarantee shall be achieved and 100% of Contingent Convertible Bonds shall be issued. The fair value of the Contingent Convertible Bonds is valued by Binomial model. Key valuation parameters include discount rates (9.84%), volatility (74%), share price (HK$0.62) and conversion price (HK$0.45). The Contingent Convertible Bonds are classified as financial liabilities, measured at fair value through profit or loss within the scope of Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement".

7. Pursuant to the S&P Agreements, the consideration for the Transaction is HK$255,000,000 which is attributable to the acquisition of 100% equity interest in Joint Victory Inc. and 51% equity interest in Shanghai Zero2ipo M&A Fund Management Co., Ltd.. For the purpose of the Unaudited Pro Forma Financial Information and for illustration purpose only, the directors have determined the fair values of identification net assets and liabilities of Joint Victory Inc. and Shanghai Zero2ipo M&A Fund Management Co., Ltd. are assumed their respective carrying amounts as at 31 December 2013 after considering the nature of their business and assets and liabilities. In view of immaterial amount involved in net liabilities of Joint Victory Inc., no allocation of consideration or goodwill need to be determined.

   Accordingly, the goodwill arising from the Transaction is calculated as follows:

	HK$'000
Consideration for 51% equity interest in Shanghai Zero2ipo M&A Fund Management Co., Ltd. *(Note 6)*	298,011
Non-controlling interests *(note)*	5,752
	303,763
Less: Fair value of net assets	11,738
Goodwill	292,025
Less: Impairment	36,025
Carrying value of goodwill	256,000

   (note):

   The Enlarged Group recognises the non-controlling interests in Shanghai Zero2ipo M&A Fund Management Co., Ltd. at the non-controlling interest's proportionate share of the fair value of Shanghai Zero2ipo M&A Fund Management Co., Ltd.'s identification net assets and liabilities as set out above.

   Since the fair values and the carrying amounts of the identifiable net assets and liabilities of Joint Victory Inc. and Shanghai Zero2ipo M&A Fund Management Co., Ltd. as at the completion date may be materially different from their respective values used in the preparation of the Unaudited Pro Forma Financial Information, the actual amounts of the assets, liabilities and goodwill to be recorded in the consolidated financial statements of the Enlarged Group upon completion may be materially different from the estimated amounts shown in this Appendix. The directors have considered impairment of HK$36,025,000 should be recognised in profit or loss based on report issued by an independent valuer, Vigers Appraisal & Consulting Limited as set out in Appendix V to this circular. In the forthcoming financial years, a valuation based on discounted cash flow model will be performed to test for impairment of the goodwill, as and when appropriate, in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets".

8. The adjustment represents the estimated amounts for legal and professional fees and other expenses payable by the Group relating to the Transaction of approximately HK$1 million.

9. No other adjustments have been made to reflect any trading result or other transactions of the Group, Joint Victory Inc. and Shanghai Zero2ipo M&A Fund Management Co., Ltd. entered into subsequent to 31 December 2013. Unless otherwise stated, the adjustments above do not have a recurring effect.

   There is no event or transaction subsequent to 31 December 2013 which may have significant effect to the pro forma financial information presented.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

10 September 2014

The Directors
Asian Capital Resources (Holdings) Limited
Room 2102, Fu Fai Commercial Center,
2 Hiller Street, Hong Kong

Dear Sirs,

Investment Value of 51% equity interest in Shanghai Zero2ipo M&A Fund Management Co., Ltd.

In accordance with the instruction from Asian Capital Resources (Holdings) Limited (the "**ACR**"), we have estimated a forward price-to-earnings multiple, which is applicable to the Shanghai Zero2ipo M&A Fund Management Co., Ltd. as at 28 May 2014. As per request from ACR, we were asked to provide an indicative value on the Investment Value of 51% equity interest in the Company ("**the Interest**") on the assumption that ACR expected that the guaranteed profit will be able to be achieved by the Company (the "**Investment Value**") as at the 28 May 2014 for internal reference purpose.

BACKGROUND

Shanghai Zero2ipo M&A Fund Management Co., Ltd. (the "Company")

Based on the information provided to us, the Company is established under the laws of the People's Republic of China ("**PRC**") on 29 March 2013 (Registration No. 310110000587433), which principally focus on offering short term secured financing services which includes collateral backed financing, entrusted financing services, and real estate-backed financing services. The Company has become a special member of Asset Management Association of China since April 2014. The financial statement audited by PRC auditor in 2013 reported a net profit of RMB2 million approximately.

Profit Guarantee provided by Vendor

– Pursuant to the Sale and Purchase Agreement dated 26 May 2014 provided by the ACR, the basis of the profit guarantee is from 100% of the after-tax net profit of Joint Victory Inc. and 51% of the after-tax net profit of the Company. As per advice from the ACR, Joint Victory Inc. is a company principally engaged in providing business management and consulting services in the Asia Pacific region. With reference to the historical financial information provided by the ACR and as per advice from the ACR, it is expected that Joint Victory Inc. does not have material contribution to any net profit or loss. Thus the profit guarantee will be effectively contributed by 51% of the after-tax net profit of the Company. The Vendor undertakes a profit guarantee of after-tax net profit not less than HKD25,500,000 for the 12 months ending 30 June 2015 (the "**First Year**"), and a profit guarantee of after-tax net profit not less than HKD25,500,000 for the 12 months ending 30 June 2016 (the "**Second Year**").

– Pursuant to the Supplemental Agreement dated 8 September 2014, the amount of Convertible Bonds will be conditionally issued pursuant to the following methods:

After expiry of the First Year

1. If the Guaranteed Profits for the First Year are achieved, 50% of the Convertible Bonds shall be issued by ACR to the Vendors when the audited report for the First Year is completed and presented;

2. If the Guaranteed Profits for the First Year are not achieved, the principal value of the Convertible Bonds to be released in the First Year shall be adjusted as follows:

   Adjusted principal value of the Convertible Bonds of the First Year (the "**1st year Adjusted CBs**") = 50% of the original Convertible Bonds × Actual Profit for the First Year / 25,500,000 (the "**Formula 1**")

After expiry of the Second Year

1. If the Guaranteed Profits for the First Year and for the Second Year are both achieved, 50% of the Convertible Bonds shall be issued by ACR to the Vendors when the audited reports for each of the First Year and the Second Year are completed and presented.

2. In the event that either the Guaranteed Profits for the First Year or the Second Year is not achieved, the aggregate principal value of the Convertible Bonds to be released for the above two said periods shall be adjusted as follows:

   = Actual Profit for the First Year and the Second Year / 51,000,000 × original Convertible Bonds (the "**Formula 2**")

Note 1: The calculation result of (Actual Profit for the First Year and the Second Year / 51,000,000 × original Convertible Bonds) shall not be greater than the original Convertible Bonds.

Note 2: In the event when the amount of Formula 2 is greater than that of Formula 1, the principal value of the Convertible Bonds to be issued in the Second Year is as follows:-

= the amount of Formula 2 – the amount of Formula 1

Note 3: In the event when the amount of Formula 2 is smaller than that of Formula 1, the principal value to be deducted from the 1st Adjusted CBs is as follows:-

= the amount of Formula 1 – the amount of Formula 2

Note 4: In the event when the amount of Formula 2 is a negative figure, the 1st Adjusted CBs granted to the vendor will be fully cancelled, and no further Convertible Bonds will be issued in the Second Year.

SCOPE OF WORK

Our scope of work includes only: (1) to assist in the selection of an appropriate valuation methodology; (2) the search of comparable companies to the Company; (3) the estimation of a forward price-to-earnings multiple which is applicable to the Company. For indicative purpose, we have been asked to provide an indicative value based on the guaranteed profit to be achieved by the Company that ACR expects. We do not, and are not in a position to, verify if the profit guarantee is achievable. We also do not have or provide any opinion on the Company's earnings capability.

RISK DISCLOSURE

1. With reference to the audited financial statement of the Company for FYE 2013, the Company recorded after-tax net loss of about RMB1,605,000 (about RMB819,000 for 51% equity interest) for FYE 2012, and recorded after-tax net profit of about RMB2,060,000 (about RMB1,051,000 for 51% equity interest) for FYE 2013. And from the management accounts of the Company for the period from Jan 2014 to March 2014, the Company recorded net profit (without consideration of profits tax) of about RMB3,188,000 (about RMB1,626,000 for 51% equity interest) for the period from Jan 2014 to March 2014. We have been provided the above guaranteed profits for the period of 12 months ending 30 June 2015 and for the period of 12 months ending 30 June 2016. We are, however, not furnished with enough information on whether the guarantee profits can be achieved in the respective periods. It is the ACR's assumption that the guarantee profits can be satisfied.

2. We have been asked to provide an indicative value of the Investment Value of the Interest on the basis of the assumption that the guaranteed profit for the period of 12 months ending 30 June 2015 can be satisfied. It is the ACR's expectation that the guaranteed profit would best represent the forecast earnings for the above said period. Reader shall note the result indicates the value on the Interest particularly to ACR under the hypothesis that the guaranteed profit can be met. Reader shall also note that the value of the Interest is subject to change if actual earnings cannot meet the guaranteed profit level.

3. The Company is a newly start-up company which focuses on debt and equity investment, and asset management. The sustainability of earnings of the Company relies on its capability to source new projects, the return rates of the projects, and the credibility of counterparties. The sustainability of earnings is also highly affected by the economic environment of the PRC and related government policy. Reader shall note that the guarantee profit period does not imply that the Company operation remains no change beyond the guarantee period. We are not in position to comment, nor verify on the sustainability of the Company's earnings in view of its short historical records. The calculation is based on ACR's assumption that the Company is able to continuously operate to indefinite future.

BASIS AND METHODOLOGY

We have been asked to estimate a forward price-to-earnings multiple. As per request from ACR, we have also provided an indicative value of the 51% interest in the Company based on the assumption that the guaranteed profit ACR expected to be achieved by the Company. This indicative value solely represents the Investment value to ACR. Investment value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives. This is an entity-specific basis of value. Although the value of an asset to the owner may be the same as the amount that could be realized from its sale to another party, this basis of value reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. Investment value reflects the circumstances and financial objectives used for measuring investment performance. Difference between investment value of an asset and its market value provide the motivation for buyers or sellers to enter the marketplace.

Investment value has been adopted since: (1) the guaranteed profit, which made reference to the Sale and Purchase Agreement, has been assumed as the basis of expected earnings level for the period of 12 months ending 30 June 2015, which does not necessarily represent the market participants' expectation on the Company's earnings level. The provision of an indicative value, assuming the profit guarantee as the earnings basis, is a hypothetical value particular to ACR on the assumption that the guaranteed profit can be achieved. (2) ACR expected the Company operates to indefinite future, in contrast to the Company's short historical records. Such would be possibly different from the market view on the Company's operating life.

In the process of valuation, we make reference to three generally accepted approaches to value, namely; the Market Approach, the Cost Approach and the Income Approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to indicate market prices to reflect condition and utility of the appraised assets relative to the comparable market transactions.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation as condition or obsolescence present, whether arising from physical, functional or economic causes.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risk.

In this exercise, market approach is the primary consideration and we adopted the forward price-to-earnings multiples comparison as the valuation method. The choice of method will be discussed in the following sections. Cost approach is not considered since it fails to consider value of the on-going operation of the subject. Income approach is not considered, since ACR or the Company cannot provide us the financial projection of the Company. Under the circumstance of lacking of financial projection, income approach will be subject to high estimation risk, and the result under income approach would be less reliable. Therefore income approach has not been adopted for this exercise.

Information Reviewed

As part of our analysis we have obtained the information required for the exercise, including but not limited to the following:

– The business nature of the Company, Business License, Private Investment Fund Manager Registration Certificate, background and relevant information of the Company provided by the ACR;

– Financial statements of the Company for the financial year 2013 audited by Cheng and Cheng Limited provided by the ACR;

– Management accounts of the Company for the period from January 2014 to May 2014 provided by the ACR;

– Financial information of Joint Victory Inc. for the financial year ended 2012 and 2013 provided by the ACR;

– The Sale and Purchase agreement for the acquisition of 100% equity interest in Joint Victory Inc. and 51% equity interest in Shanghai Zero2ipo M&A Fund Management Co., Ltd. dated 26 May 2014 provided by the ACR (the "**Sale and**

Purchase Agreement") and Supplemental Agreement dated 8 September 2014 (the "**Supplemental Agreement**");

– Contracts and agreements in relation to the projects invested by the Company provided by the ACR. However, as we are not legal professional nor auditor, we cannot verify if the Contracts and agreements are legally enforceable. We are also not in a position to verify if the Contracts and agreements have been properly enforced and executed on the date we performed this calculation;

– Discussion with management of the ACR in relation to the current status and the future business development of the Company;

– Competitive advantages and risks of the Company;

– Financial performance of other similar companies.

Unless stated otherwise, the exercise is based on the information provided above. We were furnished with limited financial information and other documents in relation to the calculation. Our opinion is subject to change if any of the information provided is misleading, not correct or properly prepared, and we reserve the right to change or withdraw our opinion without any liabilities.

Price-to-Earnings Multiple Method

We consider that the use of the price-to-earnings multiples is appropriate for the valuation of the Interest, since the method reflects the going concern of the Company and provides direct market reference on the value from a group of comparable companies in the market. Price-to-earnings multiple is a common method under market approach. Market approach considered price recently paid for an asset and yet required to compare the performance of the asset. Price-to-earnings multiple provides a comparison basis between the price and the earnings performance of an asset. Price-to-book multiple is not considered for the calculation, as the Company does not derive its income by principally leveraging on its assets, book value is thus not considered appropriate under such a circumstance.

Forward price-to-earnings multiple is the ratio of the current price to the earnings in the next financial period, while historical price-to-earnings multiple is the ratio of the current price to the earnings in the last financial period. Forward price-to-earnings multiple reflects the requirement of market approach that it considers the relationship between the current price of an asset and its earnings performance in the next financial period. This multiple is considered in the calculation, since the reference of the earnings basis, i.e. the guaranteed profit of the Company, is for the coming financial period. To provide a similar comparison ground, a multiple based on forecasted earnings for the next financial period, i.e. forward price-to-earnings multiple, of the comparable should be obtained as reference. Thus companies not having forward price-to-earnings multiple cannot be used as reference in this calculation. Historical price-to-earnings multiple was not used since it would cause a mismatch error given that it's a multiple referred to historical earnings.

The valuation is derived from applying (i) a forward price-to-earnings multiple from a group of listed companies engaged in similar business, adjusted for the uniqueness of the subject being valued, (ii) the guaranteed profit of the Company for the period of 12 months ending 30 June 2015.

Before arriving at the Investment Value, we have considered, inter alia, the following factors:

- the nature of the business and the history of the Company;
- the guaranteed profit amount stated in the Sale and Purchase Agreement;
- the financial condition of the Company; and
- the specific risks associated with the Company.

Assumptions

In preparing this exercise, a number of assumptions have been made in calculating the Investment Value. The following assumptions are considered to be applicable to the valuation in connection with the Company and have a significant effect on this exercise. These assumptions have been evaluated and validated in order to provide a reasonable basis in arriving at the value. The major assumptions adopted are as follows:

- The Company will retain the key management, competent personnel and technical staff to support its ongoing operation;
- It is assumed the business of the Company will run into indefinite future. It is assumed that the business license can be renewed, or relevant administrative procedure in relation to the renewal of business can be properly carried out. It is further assumed the Company remains as the special member of Assets Management Association of China in future;
- As per advice from the ACR, it is assumed that Joint Victory Inc. does not have material contribution to any net profit or loss in the future;
- As per discussion with the ACR, the guaranteed profit for the period of 12 months ending 30 June 2015 will be HKD25.5 million on 51% of the after-tax net profit of the Company, and will be used to approximate as the expected profit in the above said period.

We have assumed the reasonableness of the information provided and relied to a considerable extent on such information in arriving at our calculation valuation.

Sampling Considerations

Our investigation has considered the earnings multiples of companies engaged in short term secured financing services in relation to property, which includes collateral backed financing, entrusted financing services, real estate- backed financing services, or similar business. We consider price-to-earnings multiple as the appropriate method to evaluate the Investment Value of subjects being valuated since: (I) the valuation is to determine the equity value of the Company. The measurement of benefit stream shall make reference to the net profit to the firm. Under this premise, net profit is an appropriate parameter as compared to other measurement, since it represents the earnings to the equity holder after deducting all operating expenses and taxes (II) Since price to earnings multiples collected directly from similar companies on the market, the use of multiple also reflect the market sentiment on the growth potential in the industry.

In the construction of comparables, we have considered the following factors in order to provide appropriate comparison. First, the comparables shall be in the same or similar industry as the subject being compared, where over 50% of their overall revenues are from related or similar business. We perform our search from Bloomberg and select companies which have their operation focusing in short term secured financing services in relation to property, which includes collateral backed financing, entrusted financing services, real estate-backed financing services, or similar business. Second, the comparables shall have forward price-to-earnings multiples in order to apply to the expected earnings in 2014. Third, we have selected companies who have their core operation in the PRC and overseas. This enlarges the sample size and allows us to obtain observations from all relevant companies to draw comparison.

We will also make adjustments on the conclusion of forward price-to-earnings multiple, where appropriate; such as the marketability of the equity interest of the Company; or other possible factors such as size and country difference which may affect the value of the Company, in order to obtain a reasonable forward price-to-earnings multiple. We have included the following companies which listed on the Hong Kong and United States which are principally engaged in same or similar line of business with the Company. The following are the details of the Comparables:

	Company name	Company description	Market capitalization (in USD million)	Historical P/E ratio	Forward P/E ratio before adjustment
993 HK Equity	SIMSEN INTERNATIONAL CORP	Simsen International Corporation Limited, through its subsidiaries, trades and brokers securities, bullion, forex, futures and options, as well as provides brokers securities, bullion, forex, futures and options, as well as provides loan and margin financing, and asset management services.	331.76	57.36	N/A

	Company name	Company description	Market capitalization (in USD million)	Historical P/E ratio	Forward P/E ratio before adjustment
1290 HK Equity	CHINA HUIRONG FINANCIAL HOLD	China Huirong Financial Holdings Limited is a short-term secured financing service provider. The Company specializes in providing short-term loans secured by collateral, or "pawn loans", to customers.	157.36	5.33	N/A
8207 HK Equity	CREDIT CHINA HOLDINGS LTD	Credit China Holdings Ltd. is a short-term financing service provider in Shanghai. The Company's focus is to offer financing consultancy services and short-term real estate pawn loans and entrusted loans to SMEs and individuals.	758.46	25.82	27.14
8030 HK Equity	FLYING FINANCIAL SERVICE HOL	Flying Financial Service Holdings Limited provides integrated short-term services, including pawn loan services and entrusted loan services. The Company also offers financial consultation services to its customers.	46.73	28.64	N/A
ABR US Equity	ARBOR REALTY TRUST INC	Arbor Realty Trust, Inc. is a specialized real estate finance company. The Company invests in real estate related bridge and mezzanine loans, preferred equity and, in limited cases, discounted mortgage notes and other real estate related assets.	358.98	22.38	18.36
RAS US Equity	RAIT FINANCIAL TRUST	RAIT Financial Trust is an internally managed real estate investment trust. The Trust originates secured and unsecured credit facilities including bridge and mezzanine loans, preferred equity investments, trust preferred securities and subordinated debt for private and corporate owners of commercial real estate, REITs, and real estate operating companies and their intermediaries.	653.39	N/A	31.76

Source: Bloomberg.

Analysis of Comparables

Our first consideration is to identify the relevance of the business engaged by the companies in the Comparables. We may not consider those companies which have higher weighting in non-related business. This leaves us a total of 6 companies for comparison. In the determination of forward price-to-earnings multiple for the subject, we have considered all companies that have forward price-to-earnings multiples available to the general public, sourced from Bloomberg. To give out a forward price-to-earnings multiple, a company should have a forecasted earnings for the next financial period. The earnings of the company in the next financial period is estimated by analysts, who follow the companies and provide their estimate to the general public or Bloomberg. This earnings estimate represents an average view of market analysts. Thus the resulting forward price-to-earnings multiple forms a market consensus. From the above, a total of 3 companies remained for comparison, as forward price-to-earnings multiples are not available for the other 3 companies.

Since some of the companies are not trading in Hong Kong stock market, their forward price-to-earnings multiples would require adjustment on the country difference. We have made reference to the difference between the forward price-to-earnings multiple of the Hong Kong market index and the US market index for the consideration of such adjustment.

Since the size of the Company is materially different from the comparables, we have considered adjustment to reflect such discrepancy. We consider an about 32% discount would be sufficient to justify the difference on size when comparing the Company against the comparable companies.

Since the forward price-to-earnings multiple inferred by the comparables represents the value of equity interest in a freely transferable status, we shall also make a discount on its marketability to reflect its illiquidity in nature. The estimated marketability discount applied to the Company was about 27%.

Having considered the above, below are the details of the findings:

Date: 28/5/2014	**Forward P/E ratio after adjustment**
8207 HK Equity	13.56
ABR US Equity	6.08
RAS US Equity	10.52
Average	10.05

OPINION ON THE FORWARD PRICE-TO-EARNINGS MULTIPLE

Based on the aforesaid investigation, analysis and method employed, the forward price-to-earnings multiple we estimated for the Company can be reasonably and approximately stated as 10.05x.

INVESTMENT VALUE ON THE INTEREST

This section solely provides the result of the Investment Value of the Interest, by the multiplication of the guaranteed profit by the estimated forward price-to-earnings multiple. The result is based on the assumptions that (1) the guaranteed profit can be achieved by the Company, and (2) the Company operates to indefinite future. For indicative purpose, as at 28 May 2014, the Investment Value of the 51% equity interest of the Company, on the basis of the profit guarantee that ACR expected to achieve, can be approximately stated as HKD256 million (HKD256,000,000) only. Reader should note that the result relies on the assumptions stated above, and is subject to change if any of the assumptions, including but not limited to, the Profit Guarantee, provided by the ACR is not reasonably or properly made.

The valuation was based on generally accepted appraisal procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Although it is reasonable for the assumptions and the consideration of the uncertainties, the valuation may be affected by any major uncertainties on business or operation, economy, competition, and contingencies which are outside control of the Company.

The opinion was based on the discussion, assumptions and representations with the ACR, in oral or writing. The projection or estimates set out in the calculation formed part of the assumptions. We were furnished with limited financial information and other documents germane to the valuation. These data had been utilized without further verification as correctly representing the results and future prospects of the operation and the financial condition of the Company. No responsibility is assumed for the accuracy of the provided information. The valuation is subject to change if any of the assumptions, including but not limited to, the Profit Guarantee, provided by the ACR is not reasonably or properly made, and we reserve the right to change or withdraw our opinion without any liabilities.

This report is restricted to the client for the specific purpose to which it refers, and should not be the only factor to be referred by the client. We have not been engaged to make specific sales or purchase recommendation. The use of the report will not supplant other due diligence which the company or the concerned parties should conduct in reaching business decision regarding the subject of valuation.

The valuation procedure did not require us to conduct legal due diligence on the legality and formality of the Company and its related legal documents, and it should be the responsibility of the legal advisor to the management of the ACR. Thus, no responsibility or liability is assumed from our report to the origin and continuity of the Company. We have not inspected the original documents filed in the relevant authorities to verify ownership of the Company. We have not inspected the office of the Company. We need to state that we are not legal professional and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the Company. No responsibility or liability is assumed in relation to those opinions or copies of document provided (if any).

In accordance with our standard practice, this report is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of the contents of this report.

We hereby certify that we have neither present nor prospective interests in the assets or the value reported.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL & CONSULTING LTD.

Raymond Ho Kai Kwong
Registered Professional Surveyor
Registered PRC Real Estate Appraiser
MRICS, MHKIS, MSc (e-com)
Managing Director

Favian Kam Man Yin
Chartered Financial Analyst
CFA, MBA
Executive Director

Note: Raymond K. K. Ho, Registered Professional Surveyor, Registered PRC Real Estate Appraiser, MRICS, MHKIS, RPS, MSc (e-com), has over twenty seven years' experience in undertaking valuation of properties, intangible and business in Hong Kong, Macau and the PRC and has extensive experience in business valuation in the Greater China region since 1993. Favian M. Y. Kam, CFA, has over 14 years' experience in business valuation.

LIMITING CONDITIONS

1. Vigers Appraisal & Consulting Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this assessment, with reference to the project described herein, unless prior arrangements have been made.

2. No opinion is intended to express for matters that require legal or other specialized expertise or knowledge, beyond that customarily employed by valuers.

3. As part of our analysis, we have reviewed financial and business information from public sources together with such financial information, project documentation and other pertinent data concerning the project as has been made available to us. Such information was provided by the Company and related parties acting in concert. We assumed such information reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value.

4. Our conclusions assume a continuation of prudent management policies over whatever period of time which is believed reasonable and is necessary to maintain the character and integrity of the assets valued.

5. We assume that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions which may require an adjustment in the assessment.

6. Neither the whole nor any part of this report and assessment, nor any reference thereto, may be included in any document, circular or statement without our written approval of the form and content in which it will appear.

7. This report is confidential to the client for the specific purpose to which it refers. In accordance with our standard practice, we must state that this report and assessment is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

GENERAL SERVICE CONDITIONS

The service(s) provided by Vigers Appraisal & Consulting Limited will be performed in accordance with professional appraisal standard. Our compensation is not contingent in any way upon our conclusions of value. We assume, without independent verification, the accuracy of all data provided to us. We will act as an independent contractor and reserve the right to use subcontractors. All files, working papers or documents developed by us during the course of the engagement will be our property. We will retain this data for as long as we wish.

Our report is to be used only for the specific purpose stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties who need to review the information contained herein. No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subjects in connection with this engagement. You will not be liable for our negligence. Your obligation for indemnification and reimbursement shall extend to any controlling person of Vigers Appraisal & Consulting Limited, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 respect and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) Immediately upon Share Capital Increase becoming effective, after the Completion of the Acquisition and full conversion of the Convertible Bonds (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date up to the completion of the Acquisition except for the issue of the Consideration Share and the Conversion Shares):

As at the Latest Practicable Date:

Authorised capital:		*HK$*
2,000,000,000	Shares of HK$0.10 each	200,000,000
Issued and fully paid:		*HK$*
1,485,518,897	Shares of HK$0.10 each	148,551,889.70

Upon Share Capital Increase becoming effective and after the Completion of the Acquisition and full conversion of the Convertible Bonds:

Authorised capital:		*HK$*
10,000,000,000	Shares of HK$0.10 each	1,000,000,000
Issued and fully paid:		*HK$*
1,485,518,897	Shares of HK$0.10 each	148,551,889.70
276,306,666	Consideration Shares to be issued upon the completion of the Acquisition	27,630,666.60
276,306,666	Convertible Bonds to be issued upon the completion of the Acquisition and Conversion Shares to be allotted and issued upon full exercise of the conversion rights attaching to the Convertible Bonds	27,630,666.60
2,038,132,229		203,813,222.90

The existing Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to convert into or subscribe for Shares.

3. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

Long position in the Shares

Name	Capacity and nature of interest	Number of Shares held	Approximately percentage of interests in the issued share capital
Mr. Chu Yat Hong	Interest of a controlled corporation *(Note 1)*	544,514,782	36.66%
Mr. Xie Xuan	Interest of a controlled corporation *(Note 1)*	544,514,782	36.66%
Mr. Qiu Yue	Beneficial owner	15,430,000	1.04%
	Interest of a controlled corporation *(Note 2)*	18,620,436	1.25%

Note 1: The controlled corporation is Glamour House Limited which is beneficially owned as to 90% by Mr. Chu Yat Hong and 10% by Mr. Xie Xuan. It is accustomed to acting in accordance with Mr. Xie's instructions who is the sole director.

Note 2: The controlled corporation is Lucky Peace Limited which is 100% wholly-owned by Mr. Qiu Yue.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Long Position in the Shares

Name	Type of interests	Number or attributable number of Shares or underlying Shares held	Approximately percentage of interests
Glamour House Limited	Interest of a controlled corporation *(Note 1)*	544,514,782 (L)	36.66%
Asian Dynamics International Limited	Beneficial owner *(Note 2)*	544,396,132 (L)	36.65%
Logic Ease Group Limited	Beneficial owner	86,500,000 (L)	5.82%
Blue Balloon Limited	Beneficial owner	86,500,000 (L)	5.82%
Sweetly Limited	Beneficial owner	86,500,000 (L)	5.82%

L: Long position

Note 1: The controlled corporation is Asian Dynamics International Limited, which is beneficially owned as to 67.18% by Glamour House Limited.

Note 2: The controlled corporation is Glamour House Limited, which is beneficially owned as to 90% by Mr. Chu Yat Hong, and which is the beneficial owner as to 67.18% of Asian Dynamics International Limited.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any person (other than a Director or chief executive of the Company) who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under section 336 of the SFO.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

On 10 January 2014, Asian Information Resources Finance Limited (a wholly owned subsidiary of the Company) as the purchaser, and Mr. Xie Xuan (an executive Director) and Ms. Yang Xue Yi (the spouse of Mr. Xie Xuan) as the vendors entered into the sale and purchase agreement, pursuant to which the purchaser agreed to purchase 40% of the issued capital of Best Concept Limited and the sale loan in the principal amount of HK$2,700,000 at a total consideration of HK$6,070,000 from the vendors. The acquisition constitutes a connected transaction, details of which are set out in the Company's announcement dated 10 January 2014.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

Same as disclosed above, as at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinions or advice, which are contained in this circular:

Name	**Qualification**
Messis Capital Limited	a licensed corporation for type 6 (advising on corporate finance) regulated activities under the SFO
Cheng & Cheng Limited	Certified Public Accountants
Vigers Appraisal & Consulting Limited	independent professional valuer

Each of Messis Capital Limited, Cheng & Cheng Limited and Vigers Appraisal & Consulting Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of Messis Capital Limited, Cheng & Cheng Limited and Vigers Appraisal & Consulting Limited had no direct or indirect shareholdings in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for shares in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the any members of the Enlarged Group, respectively, since 31 December 2013, the date to which the latest published audited financial statements of the Group were made up.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates were interested in any business apart from the Group's businesses, which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Enlarged Group.

9. LITIGATION

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

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Enlarged Group within two years immediately preceding the date of this circular which are or may be material:

(1) the Sale and Purchase Agreement and the Supplemental Agreement;

(2) the joint venture agreement dated 10 January 2014 entered into between Asian Information Resources Finance Limited (a wholly owned subsidiary of the Company) and Kasun United Company Limited in relation to forming a joint venture company whose issued share capital is HK$1,000,000. The issued share capital of the Joint Venture Company were HK$1,000,000 fully paid up for cash, out of which HK$550,000 to be contributed by Asian Information Resources Finance Limited, and HK$450,000 to be contributed by Kasun United Company Limited;

(3) the sale and purchase agreement dated 10 January 2014 entered into between Asian Information Resources Finance Limited (a wholly owned subsidiary of the Company) as the purchaser and Mr. Xie Xuan and Ms. Yang Xue Yi as vendors in relation to the acquisition of 40% of the issued capital of Best Concept Limited and the sale loan in the principal amount of HK$2,700,000 at a total consideration of HK$6,070,000;

(4) the management agreement dated 31 December 2012 entered into between the Company, Biztech Company Limited (a wholly owned subsidiary of the Company) and 廣東至誠偉業投資有限公司 (Guangdong Zhicheng Weiye Investment Limited*, "**Guangdong Zhicheng**") in relation to providing management services to 廣東盈信信息投資有限公司 (Guangdong Yingxin

Xinxi Investment Limited*, "**Guangdong Yingxin**"), pursuant to which Biztech Company Limited will receive all the net profits after taxation of Guangdong Yingxin as management fee, and 9% equity interests in Biztech Company Limited will be transferred to Guangdong Zhicheng as consideration. The Company procured the transfer of 9% equity interest in Biztech Company Limited to Guangdong Zhicheng (or its nominees) as consideration; and

(5) the placing agreement dated 16 November 2012 entered into between Well & Well JP Capital Group Limited as the placing agent and the Company in relation to placing a maximum of 100,000,000 new Shares at a price of HK$0.65 per placing share. 2.5% of the gross proceeds of placing were paid to the placing agent as placing commission. The net proceeds from the Placing of approximately HK$62,225,000.

11. AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely, Mr. Zhang Daorong (chairperson), Mr. Wu Jixue and Mr. Zheng Hongliang. The primary duties of the audit committee are mainly to (a) review the Group's annual financial statements, interim reports and quarterly reports; and (b) to review and supervise the financial reporting process and the internal control procedures of the Group; and (c) liaise with the external auditor at least twice a year and provide advice and comments thereon to the board of Directors.

Mr. Zhang Daorong

Mr. Zhang, aged 42, is a Certified Public Accountant and Certified Tax Agent in the People's Republic of China. He holds a Bachelor degree in Economics and a Masters degree in Business Administration. He has over 17 years of experience in accounting, auditing and taxation. He is currently a project manager in a firm of certified public accountants in the PRC. He has not held any directorship in any other public companies the securities of which are listed on any securities markets in Hong Kong or overseas in the last three years.

Mr. Wu Jixue

Mr. Wu, aged 68, holds a Master degree in Economics. He is currently a professor, guest lecturer and visiting scholar at a number of colleges and universities in the PRC and abroad. He has published more than 262 papers and 18 books in the areas of economics, finance and management. He has not held any directorship in any other public companies the securities of which are listed on any securities markets in Hong Kong or overseas in the last three years.

Mr. Zheng Hongliang

Mr. Zheng, aged 55, was graduated from the Department of Economic of Renmin University of China with a Master Degree in 1987. Currently Mr. Zheng is a researcher of the Institute of Economics of the Chinese Academy of Social Sciences and a doctoral student supervisor of the Graduate School of the Chinese Academy of Social Sciences. Mr. Zheng's field of research mainly covers the areas in respect of microeconomics, comparative study of corporate system, theory of corporate governance, and revolution of state enterprises. Meanwhile, Mr. Zheng is currently the Executive Vice-Editor-in-Chief and the director of editorial office of Economic Research Journal ("《經濟研究》"), which is a leading PRC journal in economic theory research published by the Institute of Economics of Chinese Academy of Social Science. He was also an independent non-executive Director of C. banner International Holdings Limited (1028.HK) whose shares are listed on the Main Board since April 2014. Save as disclosed above, he has not held any directorship in any other public companies the securities of which are listed on any securities markets in Hong Kong or overseas in the last three years.

12. GENERAL

(a) The secretary of the Company is Mr. Lo Mun Lam, Raymond, who is a Canadian Chartered Professional Accountant.

(b) Mr. Xie Xuan, an executive Director, also acts as the compliance officer of the Company.

(c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(d) The Company's head office and principal place of business in Hong Kong situates at Room 2102, 21/F., Fu Fai Commercial Centre, 27, Hillier Street, Sheung Wan, Hong Kong.

(e) The Company's branch share registrar and transfer office in Hong Kong is Hong Kong Registrar Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(f) In the event of inconsistency, the English text shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 2102, 21/F., Fu Fai Commercial Centre, 27, Hillier Street, Sheung Wan, Hong Kong from the date of this circular up to and including the date of EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the years ended 31 December 2012 and 2013;

(c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 36 of this circular;

(d) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 37 to 77 of this circular;

(e) the accountants' report on the Target Companies from Cheng & Cheng Limited, the text of which is set out in Appendix II to this circular;

(f) written statement of adjustment dated 10 September 2014, setting out the adjustment and the reasons for the adjustment;

(g) the letter report from Cheng & Cheng Limited in respect of the unaudited pro forma statement of assets and liabilities of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(h) the written consents referred to in the paragraph headed "Experts and Consents" in this appendix;

(i) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(j) the Sale and Purchase Agreement; and

(k) this circular.

亞洲資產(控股)有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 08025)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Asian Capital Resources (Holdings) Limited (the "**Company**") will be held at 37/F, Cosco Tower, 183 Queen's Road Central, Hong Kong on Monday, 29 September 2014 at 3:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   the authorised share capital of the Company be and is hereby increased from HK$200,000,000 divided into 2,000,000,000 ordinary shares ("**Shares**") of HK$0.10 each to HK$1,000,000,000 (divided into 10,000,000,000 Shares of HK$0.10 each by the creation of an additional 800,000,000 new Shares (the "**Proposed Increase in Authorised Share Capital**"); and any one or more of the Directors be and is/are hereby authorised do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Proposed Increase in Authorised Share Capital."

2. "**THAT**:

   Subject and conditional on the passing of the ordinary resolution no.1 as set out in the notice convening the meeting:

   (a) the sale and purchase agreement entered into between the Vega International Group Limited and 廣州維嘉投資顧問有限公司 (Vega Capital Limited*) (as purchasers, the "**Purchasers**") and Century Field Limited and 北京宇信尚方科技有限公司 (Beijing Yuxin ShangFang Technology Company Limited*) (as vendors, the "**Vendors**") dated 26 May 2014 as supplemented on 8 September 2014 (the "**Sale and Purchase Agreement**") in relation to the acquisition of the entire issued share capital of Joint Victory Inc. and 上海清科凱盛投資管理有限公司 (Shanghai Zero2ipo M&A Fund Management CO., Ltd*) at a consideration of not more than HK$255,000,000 (a copy of the Sale and Purchase Agreement and the supplemental agreement dated 8 September 2014 have been produced to the meeting and marked "A" and "B" respectively, and initialed by the Chairman of the meeting for the purpose of identification), and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

* *For identification purposes*

(b) subject to completion of the transactions contemplated under the Sale and Purchase Agreement and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such Consideration Shares (as defined below), the directors of the Company (the "**Directors**") be and are hereby specifically authorised to allot and issue a maximum of 276,306,666 ordinary shares of the Company ("**Consideration Shares**") to the Vendors (or their nominees) in accordance with the terms and conditions of the Sale and Purchase Agreement and THAT such specific mandate shall be in addition to, and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 23 May 2014 or such other general or special mandate(s) which may from time to time be granted to the Directors prior to the passing of this resolution;

(c) subject to completion of the transactions contemplated under the Sale and Purchase Agreement and subject to the fulfillment of the profits guarantees as set out in the Sale and Purchase Agreement, the Directors be and are hereby specifically authorized to issue the zero (0) per cent. interest convertible bonds in an aggregate principal amount of HK$124,338,000 (the "**Convertible Bonds**") to the Vendors (or their nominees) in accordance with the terms and conditions under the Sale and Purchase Agreement;

(d) subject to completion of the transactions contemplated under the Sale and Purchase Agreement and subject to the fulfillment of the profits guarantees as set out in the Sale and Purchase Agreement and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such Conversion Shares (as defined below), the Directors be and are hereby specifically authorised to allot and issue such number of new ordinary shares as may be required to be allotted and issued (the "**Conversion Shares**") upon exercise of the conversion right attaching to the Convertible Bonds approved to be issued under paragraph (c) at the conversion price of HK$0.45 per share (subject to adjustment), credited as fully paid, to holder of the Convertible Bond in accordance with the terms and conditions of the S&P Agreement and the Convertible Bonds, and THAT such specific mandate shall be in addition to, and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 23 May 2014 or such other general or special mandate(s) which may from time to time be granted to the Directors prior to the passing of this resolution;

(e) any one of the directors of the Company be and is hereby authorised to do all such acts and things and sign, agree, ratify or execute all such documents or instrument under hand (or where required, under the common seal of the Company together with such other Director or person authorised by the board of Directors) and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Sale and Purchase Agreement and any of the transactions contemplated thereunder."

By Order of the Board
Xie Xuan
Executive Director

Hong Kong, 10 September 2014

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681GT
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business:
Room 2102, 21/F.
Fu Fai Commercial Centre
27 Hillier Street, Sheung Wan
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s), and for this purpose, seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding.

3. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the branch share registrar of the Company, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be).

4. Completion and return of the proxy forms will not preclude a member from attending and voting in person at the meeting or any adjourned meeting should he so wish.

5. As at the date of this notice, the executive directors of the Company are Mr. Xie Xuan (Chairman), Mr. Chu Yat Hong, Mr. Xiao Jing, Mr. Qiu Yue and Dr. Feng Ke; and the independent non-executive directors are Mr. Wu Jixue, Mr. Zhang Daorong and Mr. Zheng Hongliang.