
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in **QPL International Holdings Limited**, you should at once hand this Circular with the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

- (I) PROPOSED CAPITAL REORGANISATION;
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(III) CHANGE IN BOARD LOT SIZE;
(IV) PROPOSED PLACING OF NEW SHARES UNDER A SPECIFIC MANDATE;
(V) PROPOSED OPEN OFFER ON THE BASIS OF FIVE (5) OFFER SHARES FOR EVERY ONE (1) NEW SHARE IN ISSUE HELD ON THE RECORD DATE; AND
(VI) NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to the Company

Opus Capital Limited
創富融資有限公司

Underwriter of the Open Offer

Opus Capital Limited
創富融資有限公司

Placing Agent to the Placing



BLACK MARBLE

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



Titan Financial Services Limited

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

A letter from the Board is set out on pages 13 to 46 of this Circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on page 47 of this Circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 48 to 68 of this Circular.

A notice convening the SGM to be held at Best Western Plus Hotel Hong Kong (Jasmine Room 3/F), 308 Des Voeux Road West, Hong Kong at 10:30 a.m. on Friday, 26 February 2016 is set out on pages SGM-1 to SGM-4 of this Circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy previously submitted shall be deemed to be revoked.

The Open Offer is subject to the satisfaction of certain conditions as described under the section headed "Conditions of the Open Offer". In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (see the section headed "Termination of the Underwriting Agreement" of this Circular) on or before the Latest Time for Termination. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares up to the date when the conditions of the Open Offer are fulfilled.

3 February 2016

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DEFINITIONS

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

“Announcements”	the announcements dated 7 January 2016, 28 January 2016, 29 January 2016 and 2 February 2016 issued by the Company in relation to, among others, the Capital Reorganisation, the Increase in Authorised Share Capital, the Change in Board Lot Size, the Placing and the Open Offer
“Application Form(s)”	the form(s) of application to be used by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Bye-Laws”	the bye-laws of the Company
“Capital Reduction”	a reduction of the issued share capital of the Company by way of: (i) a rounding down of the total number of issued Consolidated Shares to a whole number by cancelling any fraction in the total number of issued Consolidated Shares following the Share Consolidation; and (ii) a proposed reduction of the par value of each of the issued Consolidated Shares from HK\$0.32 to HK\$0.08 each by cancelling the paid-up capital to the extent of HK\$0.24 on each of the issued Consolidated Shares
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation and the Capital Reduction
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size for trading from 1,000 Existing Shares to 9,000 New Shares upon the Capital Reorganisation becoming effective

DEFINITIONS

“Circular”	the circular of the Company dated 3 February 2016 containing, among other things, further details on the Capital Reorganisation, the Increase in Authorised Share Capital, the Change in Board Lot Size, the Placing, the Open Offer and a notice convening the SGM to be despatched to the Shareholders
“Company”	QPL International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.32 each in the issued share capital of the Company immediately upon the Share Consolidation becoming effective but before the Capital Reduction becoming effective
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.08 each in the existing share capital of the Company immediately before the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$130,000,000 divided into 1,500,000,000 New Shares and 500,000,000 Limited Voting Preference Shares to HK\$1,210,000,000 divided into 15,000,000,000 New Shares and 500,000,000 Limited Voting Preference Shares by the creation of an additional 13,500,000,000 New Shares upon the Capital Reorganisation becoming effective

DEFINITIONS

“Independent Board Committee”	a committee of the Board comprising Mr. How Sze Ming, Mr. Lee Kwok Wan and Mr. Yau Chi Hang, all being independent non-executive Directors, constituted to advise the Independent Shareholders on the Open Offer
“Independent Financial Adviser”	Titan Financial Services Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer
“Independent Shareholder(s)”	any Shareholder(s) other than the Controlling Shareholders and their respective associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties not connected with or acting in concert with any Directors, chief executive or Substantial Shareholder(s) or its subsidiaries of the Company and their respective associates
“Last Trading Day”	6 January 2016, being the last trading day for the Shares immediately prior to the date of the announcement of the Company dated 7 January 2016
“Latest Practicable Date”	1 February 2016, being the latest practicable date before the printing of this Circular for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	the latest time for acceptance for the Offer Shares at 4:00 p.m., on Thursday, 24 March 2016 or such other time as may be agreed between the Company and the Underwriter, being the latest time for application for, and payment for the Offer Shares
“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement at 4:00 p.m., on Thursday, 31 March 2016, being the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter
“Limited Voting Preference Shares”	redeemable preference share(s) of par value of HK\$0.02 each in the authorised share capital of the Company

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange
“Mr. Li”	Mr. Li Tung Lok, the Executive Chairman and Chief Executive of the Company, who holds 230,385,226 Existing Shares as at the date of the Underwriting Agreement
“New Share(s)”	ordinary share(s) of par value HK\$0.08 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whose registered addresses in the register of members of the Company as at the Record Date are in places where the Board, after making enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient not to offer the Offer Shares to such Overseas Shareholders
“Offer Shares”	1,151,054,435 New Shares to be allotted and issued pursuant to the Open Offer
“Open Offer”	the proposed issue by way of open offer to the Qualifying Shareholders on the basis of five (5) Offer Shares for every one (1) New Share in issue held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“Placee(s)”	any individual(s), corporate, institutional investor(s) or other investor(s) to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s), on a best efforts basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent” or “Black Marble Securities”	Black Marble Securities Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity under the SFO

DEFINITIONS

“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 7 January 2016 in relation to the Placing under the Specific Mandate
“Placing Price”	HK\$0.32 per Placing Share
“Placing Shares”	a maximum of 875,000,000 New Shares proposed to be placed pursuant to the Placing Agreement and each a “Placing Share”
“PRC”	the People’s Republic of China which, for the purpose of this Circular, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Prospectus”	the document containing details of the Open Offer to be despatched to the Qualifying Shareholders and for information only, the Non-Qualifying Shareholders (if any)
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Thursday, 10 March 2016 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 9 March 2016 (or such other date as may be agreed between the Company and the Underwriter), as the date by reference to which entitlements to the Open Offer are expected to be determined
“Registrar”	Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, being the Hong Kong branch share registrar of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at 10:30 a.m. on Friday, 26 February 2016 to consider and approve, among other things, the Capital Reorganisation, the Increase in Authorised Share Capital, the Placing and the Open Offer
“Share(s)”	Existing Share(s), Consolidated Share(s) and/or New Share(s), as the case may be

DEFINITIONS

“Share Consolidation”	the proposed consolidation of every four (4) issued Existing Shares of par value of HK\$0.08 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.32 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of up to a maximum of 875,000,000 Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.32 per Offer Share
“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Underwriter”	Opus Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 7 January 2016 and entered into between the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	1,151,054,435 Offer Shares to be underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“mm”	millimetre
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

DEFINITIONS

- Notes: (i) For the purpose of this Circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.18, conversion of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.80. This exchange rate is adopted for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate at all.*
- (ii) Certain amounts and percentages figures included in this Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation, the Open Offer and Change in Board Lot Size set out below is indicative only:

Event	2016
Latest time for lodging transfer of shares in order to qualify for attendance and voting at the SGM	4:30 p.m. on Friday, 19 February
Closure of register of members of the Company to determine the qualification for attendance and voting at the SGM (both day inclusive)	Monday, 22 February to Friday, 26 February
Latest time for lodging forms of proxy for the SGM (not less than 48 hours prior to time of the SGM)	10:30 a.m. on Wednesday, 24 February
Record date for attendance and voting at the SGM	Friday, 26 February
Date and time of the SGM	10:30 a.m. on Friday, 26 February
Announcement of poll result of SGM	Friday, 26 February
Register of members re-opens	Monday, 29 February
Effective time and date of the Capital Reorganisation	9:00 a.m. on Monday, 29 February
Commencement of dealings in the New Shares	9:00 a.m. on Monday, 29 February
Original counter for trading in Shares in existing share certificates in board lots of 1,000 Shares temporarily closes	9:00 a.m. on Monday, 29 February
Temporary counter for trading in New Shares in board lots of 250 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 29 February
First day of free exchange of existing certificates for the Existing Shares into new certificates for the New Shares	Monday, 29 February
Last day of dealings in New Shares on cum-entitlements basis of the Open Offer	Monday, 29 February
First day of dealings in New Shares on ex-entitlements basis of the Open Offer	9:00 a.m. on Tuesday, 1 March
Latest time for lodging transfers of New Shares in order to qualify for the Open Offer	4:30 p.m. on Wednesday, 2 March

EXPECTED TIMETABLE

Closure of register of members of the Company	Thursday, 3 March to Wednesday, 9 March to determine the entitlements to the Open Offer (both day inclusive)
Record Date for the Open Offer	Wednesday, 9 March
Register of members re-opens	Thursday, 10 March
Despatch of Prospectus Documents.	Thursday, 10 March
Designated brokers starts to stand in the market to	9:00 a.m. on Monday, 14 March provide matching services for sale and purchase of odd lots of New Shares
Original counter for trading in the New Shares.	9:00 a.m. on Monday, 14 March in board lots of 9,000 New Shares (in the form of new certificates) re-opens
Parallel trading in New Shares (in the form of both existing	9:00 a.m. on Monday, 14 March certificates in board lots of 250 New Shares and new certificates in board lots of 9,000 New Shares) commences
Latest Time for Acceptance	4:00 p.m. on Thursday, 24 March
Latest Time for Termination of the Underwriting Agreement	4:00 p.m. on Thursday, 31 March
Announcement of results of the Open Offer	Tuesday, 5 April
Temporary counter for trading in New Shares in board.	4:00 p.m. on Wednesday, 6 April lots of 250 New Shares (in the form of existing certificates) closes
Parallel trading in the New Shares (represented by both existing	4:00 p.m. on Wednesday, 6 April certificates in board lots of 250 New Shares and new certificates in board lots of 9,000 New Shares) ends
Designated brokers ceases to stand in the market to provide.	4:00 p.m. on Wednesday, 6 April matching services for sale and purchase of odd lots of New Shares
Despatch of share certificates for Offer Shares,	Wednesday, 6 April or refund cheques if the Open Offer is terminated
Expected first day of dealings in fully-paid Offer Shares	9:00 a.m. on Thursday, 7 April on the Stock Exchange
Last day of free exchange of existing certificates for new certificates	Friday, 8 April

EXPECTED TIMETABLE

All times and dates stated in this Circular refer to Hong Kong local times and dates, unless otherwise stated. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT ON BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place at 4:00 p.m. on Thursday, 24 March 2016 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning, if such circumstances are:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. The Latest Time for Acceptance will not take place at 4:00 p.m. on the date of the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same Business Day instead;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. The Latest Time for Acceptance will not take place on the date of the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on Thursday, 24 March 2016, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (e) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 20 consecutive Business Days, excluding any suspension in connection with the clearance of the announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Open Offer; or

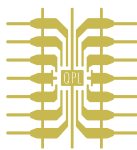
TERMINATION OF THE UNDERWRITING AGREEMENT

- (3) the Prospectus in connection with the Open Offer when published contains information (either as to the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to apply for its assured entitlements of Offer Shares under the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

In the event that the Underwriter terminates the Underwriting Agreement prior to the Latest Time for Termination and in accordance with the terms stated above, all obligations of each of the parties under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Underwriting Agreement except for, among others, any antecedent breach of any obligation under the Underwriting Agreement.

LETTER FROM THE BOARD



QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

Executive Directors:

Mr. Li Tung Lok
(Executive Chairman and Chief Executive)
Mr. Phen Hoi Ping, Patrick
Ms. Tung Siu Ching

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Non-executive Director:

Mr. Wong Wai Man

Principal place of business:

8th Floor
Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Independent non-executive Directors:

Mr. How Sze Ming
Mr. Lee Kwok Wan
Mr. Yau Chi Hang

3 February 2016

*To the Qualifying Shareholders and
for information purposes only, to the Non-Qualifying Shareholders*

Dear Sir or Madam,

- (I) PROPOSED CAPITAL REORGANISATION;
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(III) CHANGE IN BOARD LOT SIZE;
(IV) PROPOSED PLACING OF NEW SHARES UNDER A SPECIFIC MANDATE;
(V) PROPOSED OPEN OFFER ON THE BASIS OF FIVE (5) OFFER SHARES
FOR EVERY ONE (1) NEW SHARE IN ISSUE HELD ON THE RECORD DATE; AND
(VI) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcements in relation to, among other things, the proposed Capital Reorganisation, the Increase in Authorised Share Capital, the Change in Board Lot Size, the Placing and the Open Offer.

LETTER FROM THE BOARD

The purpose of this Circular is to provide the Shareholders, among other things, (i) further details about the proposed Capital Reorganisation, the Increase in Authorised Share Capital, the Change in Board Lot Size, the Placing and the Open Offer; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Open Offer; and (iv) a notice of the SGM.

(I) PROPOSED CAPITAL REORGANISATION

Capital Reorganisation

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation and the Capital Reduction, details of which are as follows:

(i) *Share Consolidation*

Every four (4) issued Existing Shares of par value of HK\$0.08 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.32 each in the issued share capital of the Company.

(ii) *Capital Reduction*

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which:

- (1) the total number of issued Consolidated Shares will be rounded down to a whole number by cancelling any fraction in the total number of issued Consolidated Shares; and
- (2) the par value of each of the then issued Consolidated Shares will be reduced from HK\$0.32 to HK\$0.08 each by cancelling the paid-up capital of the Company to the extent of HK\$0.24 on each of the then issued Consolidated Shares.

The credits arising from:

- (a) such reduction of the paid-up capital; and
- (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation,

which together amounts to approximately HK\$55,250,612.96, will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

The Limited Voting Preference Shares will not be subject to the Share Consolidation and the Capital Reduction.

LETTER FROM THE BOARD

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the passing of the necessary special resolution(s) by the Shareholders at the SGM to approve the Capital Reorganisation;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation;
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Assuming the above conditions are fulfilled, the Capital Reorganisation is expected to become effective on the next Business Day after the date of passing of the special resolution approving the Capital Reorganisation at the SGM.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$130,000,000 divided into 1,500,000,000 Existing Shares and 500,000,000 Limited Voting Preference Shares, of which 920,843,549 Existing Shares are in issue and credited as fully paid. No Limited Voting Preference Share is outstanding. Upon the proposed Share Consolidation becoming effective and based on the issued share capital of the Company as at the Latest Practicable Date, the issued share capital of the Company will be consolidated into 230,210,887 Consolidated Shares of nominal value of HK\$0.32 each.

Upon the proposed Capital Reduction becoming effective, the total number of Consolidated Shares will be rounded down to a whole number and the nominal value of all the issued Consolidated Shares will be reduced from HK\$0.32 each to HK\$0.08 each by cancelling paid-up capital to the extent of HK\$0.24 on each Consolidated Share in issue. Upon completion of the Share Consolidation and the Capital Reduction, the issued share capital of the Company will be reduced to HK\$18,416,870.96 divided into 230,210,887 New Shares of nominal value of HK\$0.08 each.

Any fractional Consolidated Share to which an individual Shareholder is entitled to will not be issued by the Company to such Shareholders, but will be aggregated, sold and retained for the benefit of the Company.

Assuming no further Existing Share will be issued or repurchased between the Latest Practicable Date and the date on which the Capital Reorganisation becomes effective, a credit of approximately HK\$55,250,612.96 will arise as a result of the Capital Reduction.

LETTER FROM THE BOARD

Assuming no Existing Shares are issued or repurchased from the Latest Practicable Date until the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately after the Capital Reorganisation becoming effective
Authorised share capital	HK\$130,000,000.00	HK\$130,000,000.00
Par value	HK\$0.08 per Existing Share HK\$0.02 per Limited Voting Preference Share	HK\$0.08 per New Share HK\$0.02 per Limited Voting Preference Share
Number of authorised Shares	1,500,000,000 Existing Shares 500,000,000 Limited Voting Preference Shares	1,500,000,000 New Shares 500,000,000 Limited Voting Preference Shares
Amount of issued share capital	HK\$73,667,483.92	HK\$18,416,870.96
Number of issued Shares	920,843,549 Existing Shares	230,210,887 New Shares
Amount of unissued share capital	HK\$56,332,516.08	HK\$111,583,129.04
Number of unissued Shares	579,156,451 Existing Shares 500,000,000 Limited Voting Preference Shares	1,269,789,113 New Shares 500,000,000 Limited Voting Preference Shares

Note: The above share capital structure of the Company is for illustration purpose only.

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Group or the interests of the Shareholders as a whole, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled to. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company, nor will it result in any change in the relative rights of the Shareholders.

LETTER FROM THE BOARD

Reasons for the Capital Reorganisation

The Board is aware that the value of each board lot of Existing Shares is less than HK\$2,000, which is the suggested board lot value as stated in the Guide on Trading Arrangements for Selected Types of Corporate Actions published by the Stock Exchange. In order to restore the value of each board lot of the Shares to not less than HK\$2,000, the Board proposed to conduct the Share Consolidation. Based on the closing price of HK\$0.235 per Existing Share as quoted on the Stock Exchange on the Last Trading Day, the value of each board lot of Existing Shares is HK\$235. Assuming that the Share Consolidation and the Change in Board Lot Size (as detailed below) has become effective, the theoretical value of each board lot of New Share will be HK\$8,460 based on the closing price of HK\$0.235 per Existing Share on the Last Trading Day. Accordingly, the Board considers that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Capital Reduction will keep the par value of the Shares at a low level that can facilitate the Company's future fund raising activities as the Company will not be allowed to issue any Shares below its par value.

The Board believes that the Capital Reorganisation will provide greater flexibility for equity fund-raising of the Company in the future. Accordingly, the Board is of the view that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Status of the New Shares

All New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other in accordance with the Bye-Laws and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Listing application

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares in issue and to be issued arising from the Capital Reorganisation.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the New 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 New Shares on the Stock Exchange or such other date 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.

LETTER FROM THE BOARD

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal in is being currently proposed to be sought from any other stock exchange.

Free exchange of share certificates for the New Shares and trading arrangement

Subject to the Capital Reorganisation becoming effective, which is expected to be on Monday, 29 February 2016, Shareholders may on or after Monday, 29 February 2016 and until Friday, 8 April 2016 (both days inclusive) submit their existing share certificates (in pink colour) for the Existing Shares to the Registrar for exchange for new certificates (in grey colour) for the New Shares at the expense of the Company.

All existing certificates of the Existing Shares will continue to be good evidence of entitlement to such Existing Shares and be valid for delivery, transfer and settlement purpose. Nevertheless, they will not be acceptable for trading, settlement and registration purposes after the Capital Reorganisation becomes effective.

Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled/issued is higher. After 4:00 p.m. on Wednesday, 6 April 2016, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for New Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Arrangement for matching service for odd lots

Please refer to the arrangements set out below in the section headed “(III) Change in Board Lot Size and odd lot matching” of this Circular.

(II) INCREASE IN AUTHORISED SHARE CAPITAL

The Board further proposes, subject to the Capital Reorganisation becoming effective, to increase the authorised share capital of the Company from HK\$130,000,000 divided into 1,500,000,000 New Shares and 500,000,000 Limited Voting Preference Shares to HK\$1,210,000,000 divided into 15,000,000,000 New Shares and 500,000,000 Limited Voting Preference Shares by the creation of an additional 13,500,000,000 New Shares of HK\$0.08 each, which will rank *pari passu* in all respects with each other.

LETTER FROM THE BOARD

The proposed Increase in Authorised Share Capital of the Company is conditional upon: (i) the Capital Reorganisation becoming effective; and (ii) the passing of an ordinary resolution by the Shareholders approving the Increase in Authorised Share Capital at the SGM.

(III) CHANGE IN BOARD LOT SIZE AND ODD LOT MATCHING

As at the Latest Practicable Date, the Existing Shares are traded in board lots of 1,000 Existing Shares. The Board also proposes to change the board lot size for trading in the Shares from 1,000 Existing Shares to 9,000 New Shares subject to and upon the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.108 per Existing Share (equivalent to the theoretical closing price of HK\$0.432 per New Share) as at the Latest Practicable Date, (i) the value of each board lot of 1,000 New Shares, assuming the Capital Reorganisation had already been effective, would be HK\$432; and (ii) the estimated market value per board lot of 9,000 New Shares would be HK\$3,888 assuming the Change in Board Lot Size had also been effective. The Board announces that the board lot size for trading in the Shares of HK\$0.08 each in the share capital of the Company on the Stock Exchange will be changed from 1,000 Existing Shares to 9,000 New Shares with effect from 9:00 a.m. on Monday, 14 March 2016.

Based on the theoretical ex-entitlement price of HK\$0.339 per New Share pursuant to the Open Offer, the value of each board lot of 9,000 New Shares would be HK\$3,051. The Offer Shares will be traded in the board lot of 9,000 New Shares.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. The Directors consider that the Change in Board Lot Size will increase the value of each board lot of the Shares, as well as to reduce transaction and registration costs incurred by the Shareholders and investors. Therefore, the Directors consider that the Change in Board Lot Size is in the interest of the Company and the Shareholders as a whole.

In order to alleviate the difficulties in trading in odd lots of the New Shares arising from the Capital Reorganisation and the Change in Board Lot Size, the Company has appointed Black Marble Securities as an agent to provide matching service on a best efforts basis regarding the sale and purchase of odd lots of New Shares on behalf of Shareholders. Holders of odd lots of the New Shares who wish to take advantage of this trading facility to dispose of or top up odd lots should contact Mr. KC Shum of Black Marble Securities at Unit 03 & 05, 32/F, Sino Plaza, 255-257 Gloucester Road Causeway Bay, Hong Kong or at telephone number: (852) 3700 9604 during the period from 9:00 a.m. on Monday, 14 March 2016 to 4:00 p.m. on Wednesday, 6 April 2016 (both dates inclusive). Holders of odd lots of New Shares should note that successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

(IV) PROPOSED PLACING

THE PLACING AGREEMENT

Date: 7 January 2016

Parties: (1) Issuer: the Company
(2) Placing agent: Black Marble Securities

LETTER FROM THE BOARD

The Placing Agent has been appointed to place, on a best efforts basis, the Placing Shares at the Placing Price. The Placing Agent is a corporation licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity under the SFO. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to the Placees which will be independent individuals, corporates and/or institutional investors. The Placees and their ultimate beneficial owners are Independent Third Parties. It is a term of the Placing Agreement that upon completion of the Placing, none of the Placees will become a Substantial Shareholder of the Company.

Placing Shares

The maximum number of Placing Shares amounting to 875,000,000 Placing Shares represents:

- (i) approximately 380.09% of the number of New Shares immediately upon the Capital Reorganisation becoming effective (based on the existing issued share capital of the Company as at the Latest Practicable Date);
- (ii) approximately 79.17% of the Company's issued share capital of 1,105,210,887 New Shares as enlarged by the allotment and issue of the Placing Shares (assuming that no Shares are repurchased by the Company from the Latest Practicable Date and up to the date of allotment and issue of the Placing Shares); and
- (iii) approximately 38.78% of the Company's issued share capital of 2,256,265,322 New Shares as enlarged by the allotment and issue of the Placing Shares and the Offer Shares (assuming that no Shares are repurchased by the Company from the Latest Practicable Date and up to the date(s) of allotment and issue of the Placing Shares and the Offer Shares).

The aggregate nominal value of the maximum number of Placing Shares amounts to HK\$70,000,000.

Assuming the maximum number of Placing Shares are placed, the gross proceeds from the Placing will amount to approximately HK\$280.00 million and the net proceeds of the Placing, after deduction of the commission and other related expenses of approximately HK\$4.62 million, will be approximately HK\$275.38 million.

LETTER FROM THE BOARD

Placing Price

The Placing Price of HK\$0.32 represents:

- (i) a discount of approximately 65.96% to the adjusted closing price of HK\$0.940 per New Share (calculated based on the closing price of HK\$0.235 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (ii) a discount of approximately 24.35% to the theoretical ex-entitlement price of approximately HK\$0.423 per New Share after the Open Offer (calculated based on the closing price of HK\$0.235 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iii) a discount of approximately 67.15% to the adjusted average of the closing price of approximately HK\$0.974 per New Share (calculated based on the average closing price of approximately HK\$0.243 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iv) a premium of approximately 932.26% to the audited consolidated net asset value per Existing Share of approximately HK\$0.031 (based on the audited net asset value of the Group of HK\$28,457,000 as at 30 April 2015 and 920,843,549 Existing Shares in issue as at the Latest Practicable Date);
- (v) a premium of approximately 158.06% to the audited proforma consolidated net asset value per New Share of approximately HK\$0.124 (based on the audited net asset value of the Group of HK\$28,457,000 as at 30 April 2015 and 230,210,887 New Shares in issue as at the Latest Practicable Date and adjusted for the effect of the Capital Reorganisation); and
- (vi) a discount of approximately 25.93% to adjusted closing price of HK\$0.432 per New Share (calculated based on the closing price of HK\$0.108 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Capital Reorganisation).

The Placing Price of HK\$0.32 per Placing Share was arrived at after arm's length negotiation between the Company and the Placing Agent with reference to, among other things, the prevailing market conditions and the theoretical ex-entitlement price of approximately HK\$0.423 per New Share after the Open Offer, based on the closing price of the Existing Shares on the Last Trading Day.

The Board has reviewed all the placing proposals announced by other companies listed on the Stock Exchange for a period of six calendar months immediately prior to the Last Trading Day, and identified an exhaustive list of 34 placings which are subject to the grant of specific mandate by shareholders (the "**Placing Comparable(s)**"). The placing prices of the Placing Comparables

LETTER FROM THE BOARD

range from a premium of approximately 64.86% to a discount of approximately 83.33% over/to the market price of the relevant shares, with an average discount of approximately 25.81%. As, according to the terms of the Placing Agreement, the Placing is conditional upon, among others, completion of the Open Offer, the Company considers that it is more reasonable to use the theoretical ex-entitlement price of the Shares, i.e. approximately HK\$0.423 per New Share after the Open Offer, as the basis to calculate the discount of the Placing Price. In addition, given that the Placing Price represents approximately 24.35% discount to the theoretical ex-entitlement price of the New Shares, which is below the average discount of the Placing Comparables of approximately 25.81% and is within the range of discounts, the Directors are of the view that the Placing Price is fair and reasonable and in the best interest of the Shareholders. The Directors also consider that other terms of the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. After deduction of the Placing commission and other related expenses, the net issue price for each Placing Share will be approximately HK\$0.31.

Placing commission

Pursuant to the Placing Agreement, the Company shall pay the Placing Agent a commission of 1.5% of the aggregate Placing Price of the Placing Shares actually placed by the Placing Agent on behalf of the Company.

Such commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors consider that the placing commission is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfilment of the following conditions:

- (i) the Capital Reorganisation having become effective;
- (ii) the Increase in Authorised Share Capital having become effective;
- (iii) the Stock Exchange granting the listing of and permission to deal in, the Placing Shares;
- (iv) the Specific Mandate being obtained at the SGM; and
- (v) completion of the Open Offer.

LETTER FROM THE BOARD

Each of the Company and the Placing Agent shall use their respective best endeavours to procure the satisfaction of the above conditions by 5:00 p.m. on the date falling 30 days after the date of the SGM (the “**Long Stop Date**”). If the above conditions are not satisfied by the Long Stop Date, all obligations of the Placing Agent and of the Company shall cease and terminate and none of the parties to the Placing Agreement shall have any claim against the other in relation to the Placing Agreement (save for any antecedent breach of any obligation thereunder).

Completion of the Placing

Completion of the Placing will take place on the later of: (i) the third Business Day after the fulfilment of the conditions of the Placing (or such other date as agreed by the parties to the Placing Agreement in writing); or (ii) the Business Day immediately following the Record Date. Accordingly, the Placees are not entitled to participate in the Open Offer.

Mandate to issue the Placing Shares

The Placing Shares proposed to be issued under the Placing Agreement will be allotted and issued under the Specific Mandate to be obtained at the SGM.

Termination of the Placing Agreement

The Placing Agent has the right to terminate the Placing Agreement by notice in writing given to the Company at any time prior to 8:00 a.m. on the date of completion of the Placing Agreement, if in its reasonable opinion:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in the previous announcements published by the Company since the publication of the announcement of the Company relating to the interim results of the Company for the six months ended 31 October 2015 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

LETTER FROM THE BOARD

Upon termination of the Placing Agreement pursuant to the above mentioned factors, all obligations of the Company and the Placing Agent shall cease and no party of the Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save of any antecedent breach of any obligation under the Placing Agreement.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

WARNING

Shareholders and potential investors of the Company should note that completion of the Placing is subject to fulfilment of the conditions as set out above and the Placing Agent is entitled to terminate the Placing Agreement under certain circumstances. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY FOR PLACING

Set out below is the existing shareholding structure of the Company and the effect on the shareholding structure of the Company: (i) immediately after the Capital Reorganisation but before completion of the Placing and the Open Offer; and (ii) upon completion of the Placing but before the Open Offer (assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the completion of the Placing):

	As at the Latest Practicable Date		Immediately after the Capital Reorganisation but before completion of the Placing and the Open Offer		Upon completion of the Placing but before the Open Offer	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Director						
Mr. Li	230,385,226	25.02	57,596,306	25.02	57,596,306	5.21
Public						
The Placees (Note 1)	-	-	-	-	875,000,000	79.17
Existing public Shareholders	690,458,323	74.98	172,614,581	74.98	172,614,581	15.62
Total	<u>920,843,549</u>	<u>100.00</u>	<u>230,210,887</u>	<u>100.00</u>	<u>1,105,210,887</u>	<u>100.00</u>

Note:

- It is a term of the Placing Agreement that upon completion of the Placing, none of the Placees will become a Substantial Shareholder of the Company.

LETTER FROM THE BOARD

Since the Placing is conditional upon completion of the Open Offer, there will not be a situation where completion of the Placing will take place before the completion of the Open Offer. The table shown above is for illustrative purpose only. Changes in shareholding structure of the Company before and after the completion of the Open Offer and the Placing is set out under the section headed “Changes in shareholding structure of the Company for Open Offer and Placing” below in this Circular.

(V) PROPOSED OPEN OFFER

The Company proposes to raise approximately HK\$368.34 million, before expenses, by way of the Open Offer and the details are set out as follows:

Issue statistics

Basis of the entitlement:	Five (5) Offer Shares for every one (1) New Share in issue held on the Record Date
Subscription Price:	HK\$0.32 per Offer Share
Number of Existing Shares in issue as at the Latest Practicable Date:	920,843,549 Existing Shares
Number of New Shares in issue immediately upon the Capital Reorganisation having become effective:	230,210,887 New Shares (assuming no Shares being repurchased by the Company between the Latest Practicable Date and the date on which the Capital Reorganisation becomes effective)
Number of Offer Shares:	1,151,054,435 Offer Shares
Number of Underwritten Shares:	1,151,054,435 Offer Shares
Number of enlarged Shares in issue upon completion of the Open Offer:	1,381,265,322 New Shares

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The Open Offer is fully underwritten by the Underwriter, which shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 8.08 of the Listing Rules.

LETTER FROM THE BOARD

Assuming that no Shares are repurchased by the Company from the Latest Practicable Date and up to the Record Date, the 1,151,054,435 Offer Shares proposed to be allotted and issued represent: (i) 500.00% of the number of New Shares immediately upon the Capital Reorganisation becoming effective (based on the existing issued share capital of the Company as at the Latest Practicable Date); (ii) approximately 83.33% of the Company's issued share capital of 1,381,265,322 New Shares as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Open Offer; and (iii) approximately 51.02% of the Company's issued share capital of 2,256,265,322 New Shares as enlarged by the allotment and issue of the Placing Shares and the Offer Shares.

The aggregate nominal value of the Offer Shares will be HK\$92,084,354.80.

Basis of entitlement

The basis of entitlement shall be five (5) Offer Shares for every one (1) New Share in issue held by the Qualifying Shareholders on the Record Date. Application for all or any part entitlement of a Qualifying Shareholder should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for with the Registrar by the Latest Time for Acceptance.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. Subject to the passing of the resolution approving the Open Offer by the Independent Shareholders at the SGM and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will send the Prospectus Documents to the Qualifying Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date: (a) be registered on the register of members of the Company; and (b) not being the Non-Qualifying Shareholders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 2 March 2016.

LETTER FROM THE BOARD

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company as at the Latest Practicable Date, there were 15 Overseas Shareholders whose registered addresses are in the United States of America, Singapore, Macau, the United Kingdom, France, the PRC, Canada and Australia. Each of the Overseas Shareholders represents less than 0.001% of the total issued Shares as at the Latest Practicable Date. Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders. The results of the enquiries and the basis of the exclusion, if any, will be included in the Prospectus to be despatched to the Shareholders in connection with, among other matters, the Open Offer.

Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but no Application Form will be sent to them.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

Subscription Price

The Subscription Price is HK\$0.32 per Offer Share, payable in full upon application.

The Subscription Price represents:

- (i) a discount of approximately 65.96% to the adjusted closing price of HK\$0.940 per New Share (calculated based on the closing price of HK\$0.235 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);

LETTER FROM THE BOARD

- (ii) a discount of approximately 24.35% to the theoretical ex-entitlement price of approximately HK\$0.423 per New Share after the Open Offer (calculated based on the closing price of HK\$0.235 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iii) a discount of approximately 67.15% to the adjusted average closing price of approximately HK\$0.974 per New Share (calculated based on the average closing price of approximately HK\$0.243 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iv) a premium of approximately 932.26% to the audited consolidated net asset value per Existing Share of approximately HK\$0.031 (based on the audited net asset value of the Group of HK\$28,457,000 as at 30 April 2015 and 920,843,549 Existing Shares in issue as at the Latest Practicable Date); and
- (v) a discount of approximately 25.93% to adjusted closing price of HK\$0.432 per New Share (calculated based on the closing price of HK\$0.108 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Capital Reorganisation).

In determining the current subscription ratio and the Subscription Price for the Open Offer, the Company has considered the following factors:

- (i) a discount to the closing price of the Share is necessary in order to encourage the Shareholders to participate in the Open Offer;
- (ii) the funding need of approximately HK\$368.34 million;
- (iii) the recent open offers conducted by other Hong Kong listed issuers;
- (iv) the Subscription Price has to be set at a discount level to the closing price of the Share to be acceptable to the Underwriter;
- (v) the Subscription Price cannot be set below the par value per Share;
- (vi) the dilution effect to the Independent Shareholders in the event that they do not take up the provisional allotment in full; and
- (vii) the Open Offer is subject to the Independent Shareholders' approval at the SGM.

LETTER FROM THE BOARD

The Subscription Price of HK\$0.32 per Offer Share was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares and the prevailing market conditions. The Board has made reference to the open offers announced by other companies listed on the Stock Exchange in the six calendar months prior to and up to the Last Trading Day, and identified an exhaustive list of 11 open offers which have subscription ratios above 1-for-2 and are also subject to shareholders' approval (the "**Open Offer Comparable(s)**"). The subscription prices of all of the Open Offer Comparables are set at discounts to market price of the relevant shares, ranging from a discount of approximately 12.28% to approximately 82.76%, with an average discount of approximately 58.22%. For the proposed Open Offer, the discount represented by the Subscription Price to the closing price of the Shares on the Last Trading Day of approximately 65.96% is slightly higher than the average discount of the Open Offer Comparables but is within the range of discounts.

Given that: (i) there is a need to increase the attractiveness of the Offer Shares to the Qualifying Shareholders and the Underwriter; and (ii) the proposed discount of the Subscription Price to the prevailing market price is above the average discount represented by the Open Offer Comparables but is within the range of discounts of the Open Offer Comparables, the Company is of the view that the Subscription Price is fair and reasonable and in the interests of the Company and Shareholders as a whole. The Directors consider that each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date and the terms of the Open Offer, including the Subscription Price which has been set at a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Group, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole (in the case of the independent non-executive Directors, subject to the advice of the Independent Financial Adviser). After deducting all relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$0.31.

Ranking of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully paid form.

Fractions of the Offer Shares

On the basis of five (5) Offer Shares for every one (1) New Share held on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer.

LETTER FROM THE BOARD

Share certificates and refund cheques for the Open Offer

Subject to the fulfilment of the conditions of the Open Offer as set out in the section headed “Conditions of the Open Offer” below, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 6 April 2016. If the Underwriting Agreement is terminated or does not become unconditional, refund cheques will be despatched on or before Wednesday, 6 April 2016 by ordinary post at the respective Shareholders’ own risk.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company and is negotiated on an arm’s length basis with the Underwriter, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs of approximately HK\$120,000 to administer the excess application procedures (including preparing and arranging the excess application, reviewing the relevant documents, liaising with professional parties and printing of application forms which is not cost effective from the point of view of the Company). Furthermore, as stated in the section headed “Reason for the Placing and the Open Offer and the use of proceeds” below, the estimated net proceeds from the Placing and the Open Offer has been earmarked for specific uses with concrete expansion plans. Therefore, the Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising and accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer 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 Offer Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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No part of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Closure of register of members

The register of members of the Company will be closed from Thursday, 3 March 2016 to Wednesday, 9 March 2016, both dates inclusive, to determine the eligibility of the Qualifying Shareholders. No transfer of Shares will be registered during such period.

The Underwriting Agreement

Date:	7 January 2016
Underwriter:	Opus Capital Limited
Number of Underwritten Shares:	1,151,054,435 Offer Shares
Underwriting commission:	1.5% of the aggregate Subscription Price in respect of the number of 1,151,054,435 Underwritten Shares

Under the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriter and the Underwriter shall procure that any subscribers procured by them shall be Independent Third Parties and shall not become Substantial Shareholders holding 10% or more shareholding in the Company immediately after completion of the Open Offer.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Underwriter and its ultimate beneficial owners are Independent Third Parties.

The underwriting commission was determined between the Company and the Underwriter by reference to the market rate. The Directors (including the independent non-executive Directors) considers the terms of the Underwriting Agreement including the commission rate to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the right to terminate the Underwriter's obligations thereunder on the occurrence of certain events. The Underwriter may terminate the Underwriting Agreement on or before the Latest Time for Termination, if prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

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- (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (e) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 20 consecutive Business Days, excluding any suspension in connection with the clearance of the announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) the Prospectus in connection with the Open Offer when published contains information (either as to the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to

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the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to apply for its assured entitlements of Offer Shares under the Open Offer, the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (1) the Capital Reorganisation having become effective;
- (2) the Increase in Authorised Share Capital having become effective;
- (3) the passing by the Independent Shareholders at the SGM of an ordinary resolution to approve the Open Offer by no later than the Prospectus Posting Date;
- (4) the Stock Exchange granting or agreeing to grant (subject to allotment) the listing of and permission to deal in all the Offer Shares and the Stock Exchange not having withdrawn or revoked such listings and permission;
- (5) the filing and registration of all documents relating to the Open Offer, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) by no later than the Prospectus Posting Date;
- (6) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (7) the compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement by the Latest Time for Termination;
- (8) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms of the Underwriting Agreement on or before the Latest Time for Termination;
- (9) (if necessary) compliance with any other requirements under the applicable laws and regulations of Hong Kong and Bermuda; and
- (10) the passing by the Shareholders at the SGM of an ordinary resolution to approve the Placing by no later than the Prospectus Posting Date.

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The Company shall use all reasonable endeavours to procure the fulfillment of all the conditions precedent by the respective dates specified above.

If the above conditions are not satisfied by the respective dates specified above (or such later date or dates as the Underwriter may agree with the Company in writing), the Underwriting Agreement shall terminate and no party will have any claim against any other party for cost, damages, compensation or otherwise, and the Open Offer will not proceed.

The Open Offer is conditional upon the passing by the Shareholders at the SGM of an ordinary resolution to approve the Placing by no later than the Prospectus Posting Date. The Placing is conditional upon the passing by the Shareholders at the SGM of an ordinary resolution to approve the Open Offer and the completion of the Open Offer.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY FOR OPEN OFFER AND PLACING

Set out below is the shareholding structure of the Company before and after the completion of the Open Offer and the Placing:

Assuming there is no Non-Qualifying Shareholder:

	As at the Latest Practicable Date		Immediately after the Capital Reorganisation but before completion of the Open Offer		Upon completion of the Open Offer (assuming that all Shareholders have fully subscribed for their entitlements under the Open Offer)		Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders)		Upon completion of the Open Offer and the Placing (assuming that all Shareholders have fully subscribed for their entitlements under the Open Offer)		Upon completion of the Open Offer and the Placing (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders)	
	Number of	Approximate %	Number of	Approximate %	Number of	Approximate %	Number of	Approximate %	Number of	Approximate %	Number of	Approximate %
	Shares		Shares		Shares		Shares		Shares		Shares	
Director												
Mr. Li (Note 1)	230,385,226	25.02	57,596,306	25.02	345,577,836	25.02	57,596,306	4.17	345,577,836	15.32	57,596,306	2.55
The Underwriter (Note 2)	-	-	-	-	-	-	213,554,435	15.46	-	-	213,554,435	9.46
The Sub-underwriter (Note 3)	-	-	-	-	-	-	545,500,000	39.49	-	-	545,500,000	24.18
The Other Sub-underwriters (Note 3)	-	-	-	-	-	-	392,000,000	28.38	-	-	392,000,000	17.37
The Other Sub-underwriter 1	-	-	-	-	-	-	68,000,000	4.92	-	-	68,000,000	3.01
The Other Sub-underwriter 2	-	-	-	-	-	-	68,000,000	4.92	-	-	68,000,000	3.01
The Other Sub-underwriter 3	-	-	-	-	-	-	62,500,000	4.52	-	-	62,500,000	2.77
The Other Sub-underwriter 4	-	-	-	-	-	-	62,500,000	4.52	-	-	62,500,000	2.77
The Other Sub-underwriter 5	-	-	-	-	-	-	66,000,000	4.78	-	-	66,000,000	2.93
The Other Sub-underwriter 6	-	-	-	-	-	-	65,000,000	4.71	-	-	65,000,000	2.88
The Placées (Note 4)	-	-	-	-	-	-	-	-	875,000,000	38.78	875,000,000	38.78
Existing public Shareholders	690,458,323	74.98	172,614,581	74.98	1,035,687,486	74.98	172,614,581	12.50	1,035,687,486	45.90	172,614,581	7.65
Total	920,843,549	100.00	230,210,887	100.00	1,381,265,322	100.00	1,381,265,322	100.00	2,256,265,322	100.00	2,256,265,322	100.00

Notes:

- The 230,385,226 Existing Shares include 208,794,282 Existing Shares held by Mr. Li, 3,000,000 Existing Shares held by Ms. Su Ching Wah Theresa, the spouse of Mr. Li and 18,590,944 Existing Shares held by Solar Forward Company Limited, which is wholly owned by Mr. Li. Therefore, Mr. Li is deemed to be interested in all the Shares held by his spouse and Solar Forward Company Limited under the SFO.

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2. The Underwritten Shares will be subscribed by subscribers who will be independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners are Independent Third Parties. It is a term of the Underwriting Agreement that the Underwriter irrevocably undertakes to the Company as follows:
 - (a) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations under the Underwriting Agreement;
 - (b) the Underwriter shall use its reasonable endeavours to ensure that the subscribers for Underwritten Shares shall be third parties independent of and not connected with the Company and its connected persons and their respective associates and the subscribers for Underwritten Shares are not acting in concert with the Company and its associates;
 - (c) none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares will be a Substantial Shareholder of the Company holding 10% or more shareholding in the Company as a result of the subscription of the Underwritten Shares; and
 - (d) the Underwriter shall and shall cause the sub-underwriters to procure independent subscribers and/or placees to take up such number of Shortfall Underwritten Shares (as defined below) as necessary to ensure that the Company will comply with the public float requirement under the Listing Rules upon completion of the Open Offer.

“Shortfall Underwritten Shares” refers to any Underwritten Shares not accepted by Shareholders or for which duly completed Application Forms (accompanied by cheques or banker’s cashier orders for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before the Latest Time for Acceptance.
3. The Underwriter has entered into a sub-underwriting agreement with a sub-underwriter who is an Independent Third Party for 937,500,000 Offer Shares (the “**Sub-underwriter**”). On 1 February 2016, the Sub-underwriter has further entered into sub-underwriting agreements with five (5) sub-underwriters for 66,000,000 Offer Shares, 68,000,000 Offer Shares, 68,000,000 Offer Shares, 62,500,000 Offer Shares and 62,500,000 Offer Shares respectively. On 2 February 2016, the Sub-underwriter has further entered into sub-underwriting agreement with one (1) sub-underwriter for 65,000,000 Offer Shares (collectively, the “**Other Sub-underwriters**”).
4. It is a term of the Placing Agreement that upon completion of the Placing, none of the Placees will become a Substantial Shareholder of the Company. According to the terms of the Placing, completion of the Placing will take place after the Record Date, therefore the Placees are not entitled to participate in the Open Offer.

As at the Latest Practicable Date, the existing public Shareholders hold approximately 74.98% of the entire issued share capital of the Company. Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders), the existing public Shareholders will hold approximately 12.50% of the entire enlarged issued share capital of the Company. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Open Offer is approximately 83.33%. Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders) and the Placing, the existing public Shareholders will hold approximately 7.65% of the entire enlarged issued share capital of the Company. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Open Offer is approximately 89.80%.

As discussed with the Underwriter, in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer solely because of the Underwriter’s performance of its obligations pursuant to the Underwriting Agreement, the Underwriter agrees to take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules. The Underwriter will use its best endeavours to ensure that the subscribers and/or sub-underwriters are: (i) Independent Third Parties, and (ii) will not hold 10% or more of the equity

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interest and voting rights in the Company upon completion of the Open Offer. The Underwriter will also ensure that at least 25% of the total issued capital of the Company is held by the public at all times such that the public float requirements under Rules 8.08 of the Listing Rules will be complied with by the Company.

On 8 January 2016, after trading hours, the Underwriter has entered into sub-underwriting agreement with the Sub-underwriter who is an Independent Third Party for 937,500,000 Offer Shares. The Sub-underwriter has further entered into sub-underwriting agreements with six (6) Other Sub-underwriters for an aggregate of 392,000,000 Offer Shares. On 1 February 2016, the Sub-underwriter has entered into sub-underwriting agreements with: (i) four (4) Other Sub-underwriters who are companies and Independent Third Parties for 68,000,000 Offer Shares (the “**Other Sub-underwriter 1**”), 68,000,000 Offer Shares (the “**Other Sub-underwriter 2**”), 62,500,000 Offer Shares (the “**Other Sub-underwriter 3**”) and 62,500,000 Offer Shares (the “**Other Sub-underwriter 4**”) respectively; and (ii) one (1) Other Sub-underwriter who is an individual and Independent Third Party for 66,000,000 Offer Shares (the “**Other Sub-underwriter 5**”). On 2 February 2016, the Sub-underwriter has entered into sub-underwriting agreement with one (1) Other Sub-underwriter who is a company and Independent Third Party for 65,000,000 Offer Shares (the “**Other Sub-underwriter 6**”). None of them will hold 5% or more of equity interest and voting rights in the Company upon completion of the Open Offer. Since all the Other Sub-underwriters will hold less than 5% equity interest of the Company upon completion of the Open Offer and the Placing, they will be considered as public Shareholders. Taking into account of the Other Sub-underwriters, the public float will be at least: (i) approximately 40.88% upon completion of the Open Offer; and (ii) approximately 25.02% upon completion of the Open Offer and the Placing, assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders.

Therefore, taking into account of the underwriting arrangement and the sub-underwriting arrangements, at least 25% of the total issued capital of the Company will be held by public under all circumstances upon completion of the Open Offer and the Placing. To the extent that the Underwriter subsequently enters into any further sub-underwriting arrangements, the Underwriter shall use its best endeavours to ensure that each subscriber and/or sub-underwriter is an Independent Third Party and will not hold more than 10% of the equity interest and voting rights in the Company upon completion of the Open Offer.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlements basis commencing from Tuesday, 1 March 2016 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Thursday, 31 March 2016), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

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FUND RAISING EXERCISES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any other fund raising exercise in the past twelve months immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activities	Net proceeds raised	Proposed use of net proceeds	Actual use of the net proceeds as at the Latest Practicable Date
2 June 2015	Placing of 153,470,000 new Shares at a price of HK\$0.56 per Share	Approximately HK\$84.5 million	As general working capital of the Group (including salaries and other related expenses, etc.)	Used as to: (i) approximately HK\$0.5 million as administration expenses; and (ii) approximately HK\$32.2 million as held-for-trading securities. Approximately HK\$51.8 million will be utilised as general working capital.

As at the Latest Practicable Date and to the best of the Directors' knowledge, information and belief, the Company is not considering any equity fund raising exercise during the next 12 months from the date of this Circular. To the best of the Directors' knowledge, information and belief, the proceeds from the Placing and the Open Offer and the internal funding of the Company can satisfy the Company's expected funding needs for the next 12 months from the date of this Circular.

REASONS FOR THE PLACING AND OPEN OFFER AND USE OF PROCEEDS

The Company acts as an investment holding company. The principal activities of its subsidiaries are manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners and investment holding.

The net proceeds of the Placing, after deduction of the Placing commission and other related expenses of approximately HK\$4.62 million, will be approximately HK\$275.38 million. The gross proceeds from the Open Offer will be approximately HK\$368.34 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be approximately HK\$362.39 million.

As part of the plan to expand its production line, the Company intends to apply the total net proceeds of approximately HK\$637.77 million from the Placing and the Open Offer for the following:

- (i) approximately HK\$100.00 million for the acquisition of land for the construction of a new factory;

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- (ii) approximately HK\$235.00 million for the purchase of new machinery for the new factory; and
- (iii) approximately HK\$302.77 million for the construction of the new factory.

(i) Acquisition of land for the construction of new factory

Having taken into account that: (i) the Company plans to expand its existing business by producing more advanced types of products to meet its customers' orders, which would require more advanced machinery as detailed below; (ii) the current machinery in the existing factory is functional and can manufacture products that would not breach the Environmental Protection Framework (as defined below); (iii) the existing factory has no room for expansion; and (iv) the renovation of the existing factory would require suspension of operations which would adversely affect the financial performance of the Group, the management of the Company proposes to acquire a piece of land and construct a new factory on it for the expansion of its existing business to a more advanced level, such that the minimum lead pitch fabrication of the product manufactured by the Company could be reduced from 0.180 mm to 0.150 mm. Details of the new factory, including new machinery to be purchased and deployed in the new factory, are set out in the following paragraphs.

The Company is in negotiations with various potential vendors of land for the construction of a new factory. Based on the negotiations, management of the Company expects that the land will be located in Guangdong province or other places in Southern China with consideration ranging from approximately HK\$80 million to approximately HK\$120 million.

The Company will finance the acquisition of the land by internally generated funds if the cost is higher than HK\$100 million. If the cost is below HK\$100 million, the Company will therefore allocate the remaining proceeds for general working capital of the Group.

(ii) Purchase of new machinery

In view of the technological advances, the machinery and equipment of the existing factory is not capable of producing certain more advanced types of products sought by the customers. For example, the integrated circuit packages are getting smaller, thinner and finer due to the increased demand for smaller devices as compared with the last decade (i.e. wearable technology and hand-held devices as compared with desktop computers). The minimum lead pitch fabrication of the product manufactured by the Company is currently 0.180mm only. More advanced machinery is necessary to meet the specifications required for the manufacture of up-to-date products with finer lead pitch fabrication down to 0.150 mm.

In response to the need to satisfy the higher standard of specification required by the more advanced type of products ordered by the customers as stated above, the management of the Company is of the view that the purchase of new machinery is both necessary and reasonable.

The management of the Company has started discussion with the potential suppliers of the new machinery for the new factory. The prices of the new machinery range from approximately US\$0.10 million (equivalent to approximately HK\$0.78 million) to approximately US\$2.83 million

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(equivalent to approximately HK\$22.07 million). The Company intends to purchase 71 new machinery in aggregate for the new factory. Based on the quotations provided by the suppliers, the cost for the new machinery is approximately US\$30.16 million (equivalent to approximately HK\$235.25 million).

(iii) Construction of new factory

As detailed above, the purchase of new machinery and equipment would enable the Group to manufacture certain more advanced types of products to meet the customers' orders. Taking into account that: (i) the manufacture of new products necessitates the instalment of more advanced environmental protection facilities to fulfil the regulatory framework from the Ministry of the Environmental Protection of the PRC (the "Environmental Protection Framework") as detailed below (such environmental protection facilities will be part of the facilities included in the new factory); (ii) current machinery in the existing factory is still capable of manufacturing existing products which would not breach the Environmental Protection Framework; (iii) the existing factory has no room for expansion (including the new machinery and relevant environmental protection facilities); and (iv) in case a renovation of the existing factory is carried out, its operations would have to be suspended which would adversely affect the financial performance of the Group, management proposes to construct on the Land a new factory accommodating the new machinery to be purchased and with built-in advanced environmental protection facilities.

According to the Company's PRC legal adviser, the Environmental Protection Framework that applies to the operation of the Company comprises: (i) law of the PRC on Appraising of Environment Impacts (《中華人民共和國環境影響評價法》); (ii) Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》); (iii) Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢棄物污染環境防治法》); (iv) Law of the PRC on the Prevention and Control of Noise Pollution (《中華人民共和國雜訊污染防治法》); (v) Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》); (vi) Classified Administration Catalogue of Environmental Impact Assessments for Construction Projects (《建設項目環境保護分類管理名錄》); and (vii) Environmental Protection Law of the PRC (《中華人民共和國環境保護法》). The Environmental Protection Framework sets out the national environmental standard relevant to the operation of the Company. As far as the management of the Company is concerned, the operation of the Company's existing factory complied with the requirement of the Environmental Protection Framework. However, since the existing factory lacks relevant environmental protection facilities for the manufacture of the new product, the Company would be exposed to certain risks of non-compliance under the Environmental Protection Framework, such as fines and suspension of operation, were the Company to manufacture certain types of new products at the existing factory. This would adversely affect the operations of the Group. Accordingly, a new factory with relevant environmental protection facilities is required in order to manufacture certain advanced types of product to meet the customers' orders.

According to the Company's PRC legal adviser, the legal procedures for obtaining approvals in respect of the construction of a new factory from respective government authorities of the PRC, might be expected to take a minimum of 60 Business Days in total, and would involve the following six stages:

- (1) Site Selection (選址階段) (approximately 10 Business Days): involving the review of the selected site by the Municipal Urban and Rural Planning Bureau (市城鄉規劃局);

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- (2) Environmental Assessment, Land Use Initial Review and Project Approval (環境影響評價、用地預審和專案立項階段) (approximately 10 Business Days): involving: (i) the approval of the environmental assessment studies by the Municipal Environmental Bureau (市環保局); (ii) the initial review of the land use by the Municipal Land Resources Bureau (市國土資源局); and (iii) the project approval by the Municipal National Development and Reform Commission (市國家發展和改革委員會) simultaneously;
- (3) Land Use Permit (建設用地規劃許可階段) (approximately 13 Business Days): involving the overall examination and final review of the land use by the Municipal Urban and Rural Planning Bureau, which will issue the “Planning on Land Use Permit” (《建設用地規劃許可證》);
- (4)(A) Engineering Design (工程設計階段) (approximately 18 Business Days): involving approval of: (i) engineering design; (ii) revised initial design of largescale and high-rise projects; and (iii) integrated pipelines layout plan by various government departments of the PRC lead by the Municipal Urban and Rural Planning Bureau; and
- (B) Provision of Land, Dismantlement Permit and Land Use Right Transfer (供地、拆遷許可及土地使用權出讓階段) (approximately 13 Business Days): involving: (i) the provision of land by the Municipal Land Resources Bureau; (ii) the issue of the Dismantlement Permit (《拆遷許可證》) the Municipal Housing Administrative Bureau (市房地產管理局); and (iii) the issue of “Land Use Approval” (《建設用地批准書》) by the Municipal Land Resources Bureau. As stage 4(A) and 4(B) proceed simultaneously, stage 4 will last for approximately 18 Business Days;
- (5) Project Planning Permit (工程規劃許可階段) (approximately 8 Business Days): involving: (i) the approval on civil air defense by the Municipal Office of Civil Air Defense (市人民防空辦公室); (ii) the issue of “Planning on Construction Project Permit” (《建設工程規劃許可證》) by the Municipal Urban and Rural Planning Bureau; and (iii) the review of fire design by the Municipal Fire Brigade (市消防支隊); and
- (6) Construction permit (施工許可階段) (approximately 3 Business Days): involving the review on, among others, tender, quality of engineering, safety oversight and safety measures and the issue of “Construction Permit” (《施工許可證》) on site by the Municipal Construction Bureau (市建設局).

The Company will conduct the above procedures for obtaining the approval from respective governmental authorities after acquisition of the land.

Based on the quotation obtained from the potential contractor for the construction of the new factory, the estimated construction cost of the new factory is approximately RMB256 million (equivalent to approximately HK\$302.08 million).

LETTER FROM THE BOARD

Timing

The management of the Company expect that, assuming the completion of the Placing (in full) and the Open Offer, which are expected to take place in the second quarter of 2016: (i) the acquisition of a piece of land should be completed by the third quarter of 2016; (ii) upon approvals from respective governmental authorities, which are expected to be obtained by the third quarter of 2016, based on the opinion from the Company's PRC legal adviser, the construction of the new factory should commence in 2016 and be completed by the end of the second quarter of 2017; (iii) the Company would purchase new machinery for the new factory from the second quarter of 2016; and (iv) subject to the approvals from respective governmental authorities, the factory should be operational by the third quarter of 2017. In summary, the indicative timeline for the cash deployment is set out below:

	Calendar Year			Total
	2016	2016	2017	
	2nd Quarter	3rd Quarter	2nd Quarter	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
Acquisition of land	50.00	50.00	–	100.00
Purchase of new machinery	50.00	80.00	105.00	235.00
Construction of new factory	80.00	100.00	122.77	302.77
	<hr/>	<hr/>	<hr/>	<hr/>
Total	180.00	230.00	227.77	637.77
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The timeline above is based on the discussions with third parties and legal advisers in relation to the implementation of the investment of new factory up to the Latest Practicable Date. However, given that third parties will necessarily be involved in the process, be it regulators, service or equipment providers or new staffs, there is no assurance that the Group will be able to meet the timeline indicated.

As at the Latest Practicable Date, the management of the Company has no alternative use for the net proceeds from the Open Offer and Placing and would not terminate the investment of new factory in any circumstances.

The Company would be able to manufacture more advanced products after the new factory commences its operation, and could broaden its customer base and the revenue sources. In considering the construction of new factory and the production of the new products, the Company has conducted a survey with its existing clients in relation to their estimated demand for the new products. Based on the discussion with the Company's customers, including but not limited to the Company's top three customers in the PRC and the top two customers in Philippines, the sales teams of the Company were given to understand that the demand for the new products is strong and promising.

Global outsourced semiconductor assembly and test (OSAT) market was valued at about US\$27.1 billion in 2014, expanding by 7.9% from 2013, is expected to swell by 7.0% to US\$29 billion in 2015. In view of the strong market on OSAT and the positive feedback from the existing customers, the Board is of the view that the construction of new factory and the production of the

LETTER FROM THE BOARD

new products will potentially increase the revenue source of the Group and provide better returns for its shareholders. In addition, the Board believes that with a new factory and production of the new products, the Company will be more competitive in the market and therefore could broaden its customer base.

In estimating the Group's funding needs and its ability to satisfy the same, the Directors have considered the Group's cash and cash equivalent balance and the Group's operation cashflow. Apart from expenditure relating to the building of a new factory, the Group has no other funding needs as at the Latest Practicable Date. The Directors are of the view that, following completion of the Placing and Open Offer, the Group would have sufficient resources to satisfy its estimated funding needs for at least the twelve months thereafter, barring unforeseeable circumstances.

Based on the market outlook, the survey conducted by the sales teams of the Company and the experience of the management of the Company, the Board expects the payback period for the investment of the new factory to be six to ten years.

As at the Latest Practicable Date, the Company has not entered into any agreement or memorandum of understanding for the transactions to be carried out under the expansion plan as detailed above, and no concrete terms have been established nor have any definitive agreements been reached in relation to the above expansion plan. The Company is in negotiations with various potential vendors of land for the construction of the new factory. Regarding the procurement of new machinery, having considered: (i) long term relationship between the Company and the suppliers of machinery to the Company's existing factory (the "**Existing Suppliers**"); (ii) the quality of the machinery provided by the Existing Suppliers; and (iii) the maintenance services provided by the Existing Suppliers, the Company has obtained quotations from the Existing Suppliers only. The management of the Company has concluded that the Group will be in a better negotiating position with respect to potential vendors of land and the Existing Suppliers (or other suppliers) if the Group is able to complete the Placing and Open Offer before formalising binding arrangements with regard to the land and new machinery. Accordingly, the Board takes the decision to proceed with the fund raising in the absence of formal commitments in respect of the land for the proposed new factory.

If the Placing does not proceed but the Open Offer is implemented, or both fund raising exercises proceed but the Placing is scaled back, on the basis that the Placing Agent is unable to place all of the Placing Shares, the Board will re-appraise the Company's expansion plans. Whilst priority will be given to acquiring the land, and the anticipated expenditure of approximately HK\$100 million is unlikely to change (meaning that acquisition of a smaller site or a site in a more remote or less-expensive location is not presently contemplated), the balance of the proceeds, apportioned between buying new machinery and constructing the new factory may need to be downsized in a ratio that would feasibly contemplate construction of a smaller, viable factory, on which could be operated with a reduced number of new machines.

The Directors will make further announcement(s) concerning the use of the proceeds according to the actual scale of the fund raising. In any event, the Company will make further announcement(s) and comply with the Listing Rules as regards any agreement entered into relating to the purchase of new land and machinery, as may be required pursuant to Chapter 14 or other relevant provisions of the Listing Rules.

LETTER FROM THE BOARD

As detailed above, advanced machinery and environmental protection facilities are necessary for the manufacturing of certain types of new products. They could not be produced at the existing factory for various reasons, including the risk of non-compliance under the Environmental Protection Framework. Meanwhile, if negotiations with the potential vendors of land do not materialise, the Group will seek other land for the construction of the new factory in order to manufacture certain types of new products.

Other considerations in the context of this fund raising

The Company proposes to raise a total of HK\$648.34 million by way of the Placing and the Open Offer. The Board considers that: (i) the Placing and the Open Offer represent good opportunities to strengthen the financial position of the Group and to raise additional funds at a reasonable cost to support the Group's continuing development and business growth; (ii) the Placing will further broaden the Company's shareholder base and, with the introduction of additional institutional and professional investors, this will further enhance the profile of the Company's shareholder base, thereby increasing the liquidity of the Shares; and (iii) the Open Offer will give Qualifying Shareholders the opportunity to subscribe for Shares according to their respective shareholding interests in the Company. The Board is also of the view that if the fund raising is conducted solely through a placing of new Shares, the existing Shareholders would not have the opportunity to participate in the exercise at all. Meanwhile, if fund raising is conducted solely through an open offer and considering the amount of funds to be raised (approximately HK\$648.34 million in total before expenses), the underwriting commitment, and thus underwriting risk, would be on a scale unacceptable to potential underwriters. As such, the Directors (other than the independent non-executive Directors whose view will be formed after considering the opinion of the Independent Financial Adviser as regards to their view regarding the Open Offer) consider that the current structure, involving a combination of an open offer and a best-efforts placing, which was arrived at after arm's length negotiations between the Company, the Underwriter and the Placing Agent, and the terms of the Placing and the Open Offer are fair and reasonable, and the Placing and Open Offer are in the interests of the Company and the Shareholders as a whole.

On the basis that the fund raising is designed to achieve gross proceeds of approximately HK\$648.34 million, in the event that the number of Placing Shares were to be reduced to a lower number, or the subscription ratio of the Open Offer set at a lesser proportion (such as one Offer Share for every four Shares held on the record date), the placing price and the subscription price would be higher than the Placing Price or the Subscription Price, with a lesser discount to the prevailing market price of the Shares. Having considered that the Placing Price and the Subscription Price should be set at a discount to increase the attractiveness of the Placing Shares and the Offer Shares as detailed above, the Company considers that the number of Placing Shares and the subscription ratio of the Open offer are fair and reasonable.

In the course of considering the Open Offer, the Company has approached five securities houses as prospective underwriters. The Board considers that the Underwriter has offered the Company the most competitive terms, including the underwriting commission and the capacity of having the Open Offer fully underwritten. The Board further considers that the terms of the Underwriting Agreement are consistent with market practice.

LETTER FROM THE BOARD

Assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the completion of the Open Offer (without taking into account the dilutive effect of the Placing), the shareholdings of the Qualifying Shareholders, who do not elect to subscribe for their allotment in full under the Open Offer, will be diluted from approximately 74.98% to approximately 12.50% after completion of the Open Offer, and further diluted to approximately 7.65% after completion of the Placing and the Open Offer. Assuming that save for the Open Offer, there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the completion of Placing, the shareholdings of the Qualifying Shareholders, who subscribe for their allotment in full under the Open Offer, will be diluted from approximately 74.98% to approximately 45.90%.

However, the Board considers that such scenario of maximum dilution is unlikely to occur since it assumes that: (i) the Independent Shareholders would have voted in favour of the Open Offer at the SGM; but (ii) no Independent Shareholder would take up their allotment under the Open Offer, which is a complete misalignment between the voting behaviour of the Independent Shareholders and their economic interests represented in the form of subscribing for the Offer Shares.

Other fund raising alternatives

The Board has considered other fund raising alternatives before resolving to the Open Offer, including but not limited to debt financing and rights issue. The Board also considered bank borrowings or debt financing but chose not to pursue this alternative having considered: (i) the Group's past financial performance (the Group recorded a loss of approximately HK\$46.7 million for the year ended 30 April 2015) and financial position (net assets of the Group amounted to approximately HK\$28.5 million as at 30 April 2015); and (ii) it would result in an additional interest burden to the Group.

The Board also considered a rights issue as an alternative to the Open Offer. Although rights issue is similar to open offer, the rights issue enables the qualifying shareholders to trade in the nil-paid rights in the market for economic benefits. However, additional administrative work, time and cost would be involved in the preparation, printing, posting and processing of trading arrangements in relation to nil-paid rights and liaising with other parties such as the Registrar, financial printer and other professional advisers. The Board considers that it is important for the Group to minimise costs associated with the fund raising. In this regards, the Directors are of the view that if the Company is to carry out a rights issue instead of the Open Offer, the Company will incur: (i) splitting costs for Shareholders who only take up their rights issue entitlement partially; (ii) the fee payable for nil-paid rights trading arrangement; (iii) additional printing costs of share certificates for new Shareholders who will purchase the nil-paid rights on the market; and (iv) additional professional fees for preparing and reviewing the provisional allotment letters and the excess application forms and liaising with the Registrar. It is estimated that the additional costs and expenses of approximately HK\$230,000 would be incurred for such administrative work and the arrangement of trading the nil-paid rights. In addition, given the loss-making position of the Group for the year ended 30 April 2015, the Board considers that it is important for the Group to minimise the cost which may be incurred during the fund raising.

LETTER FROM THE BOARD

The objective of the Open Offer is to enable the Shareholders to maintain their proportionate interests in the Company should they wish to do so, ensuring stability in the Company's Shareholders' base, and to participate in the Company's future growth and development. The Board therefore considers, since the Open Offer will already give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, even without the right to trade their nil-paid rights as in a rights issue, on balance, to conduct an open offer instead of a rights issue will be more beneficial to the Company and the Shareholders in the current circumstances.

Having considered other fund raising alternatives for the Group as disclosed above, and taking into account the benefits and cost of each of the alternatives, the Directors (including the independent non-executive Directors) are of the view that the Open Offer is in the interest of the Company and the Shareholders as a whole since it offers the Qualifying Shareholders the opportunity to maintain their pro-rata shareholding interests in the Company.

(VI) LISTING RULES IMPLICATIONS

The Capital Reorganisation and the Increase in Authorised Share Capital are subject to, among other things, the passing of relevant resolution by the Shareholders approving the same at the SGM. The Placing Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the SGM. No Shareholder is required to abstain from voting on the resolutions in respect of the Capital Reorganisation, the Increase in Authorised Share Capital and the Placing at the SGM.

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on approval by Independent Shareholders in the SGM by a resolution on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Open Offer.

As at the Latest Practicable Date, since the Company has no Controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates will abstain from voting in favour of the resolution to approve the Open Offer at the SGM pursuant to the Listing Rules.

As at the Latest Practicable Date, Mr. Li, the Executive Chairman and Chief Executive of the Company, holds 230,385,226 Existing Shares, representing approximately 25.02% of the entire issued share capital of the Company. Accordingly, Mr. Li will abstain from voting in favour of the resolution to approve the Open Offer at the SGM. Save as aforesaid, to the best knowledge of the Directors, no other Director or chief executive of the Company holds any Shares as at the Latest Practicable Date.

GENERAL

An Independent Board Committee of the Company comprising all the independent non-executive Directors has been established to make recommendation to the Independent Shareholders in respect of the Open Offer. Titan Financial Services Limited has been appointed to advise the Independent Board Committee of the Company and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

A notice convening the SGM is set out on pages SGM-1 to SGM-4 of this Circular. The SGM will be held at Best Western Plus Hotel Hong Kong (Jasmine Room 3/F), 308 Des Voeux Road West, Hong Kong, at 10:30 a.m. on Friday, 26 February 2016 for the purpose of, among others, considering and, if thought fit, to approve the proposed Capital Reorganisation, the proposed Increase in Authorised Share Capital the proposed Placing and the proposed Open Offer.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

Upon approval of the Open Offer by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on the Prospectus Posting Date and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only. No Application Form will be sent to the Non-Qualifying Shareholders.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 47 of this Circular which contains its recommendation to the Independent Shareholders as to voting at the SGM in relation to the proposed Open Offer. Your attention is also drawn to the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the proposed Open Offer and the principal factors and reasons considered by it in arriving thereat. The text of the letter from the Independent Financial Adviser is set out on pages 48 to 68 of this Circular.

The Directors (including the independent non-executive Directors who have considered the advice of the Independent Financial Adviser) consider that the proposed Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors who have considered the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the proposed Open Offer. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding how to vote on the resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
QPL INTERNATIONAL HOLDINGS LIMITED
Li Tung Lok
Executive Chairman and Chief Executive

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Open Offer.



QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

3 February 2016

To the Independent Shareholders,

Dear Sir or Madam,

OPEN OFFER ON THE BASIS OF FIVE (5) OFFER SHARES FOR EVERY ONE (1) NEW SHARE IN ISSUE HELD ON THE RECORD DATE

We refer to the circular of the Company dated 3 February 2016 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as members to form the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable insofar as the Independent Shareholders are concerned.

Titan Financial Services Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

Having taken into account the terms of the Open Offer and the advice of Titan Financial Services Limited, we are of the opinion that the Open Offer is on normal commercial terms, are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Open Offer.

Yours faithfully,

For and on behalf of

the Independent Board Committee of
QPL International Holdings Limited

Mr. How Sze Ming

Mr. Lee Kwok Wan

Mr. Yau Chi Hang

Independent non-executive Directors

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Titan Financial Services Limited in respect of the Open Offer prepared for the purpose of inclusion in this Circular.



Titan Financial Services Limited
Suites 3201-02, 32/F
COSCO Tower, Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

3 February 2016

*To the Independent Board Committee
and the Independent Shareholders
of QPL International Holdings Limited*

Dear Sirs,

OPEN OFFER ON THE BASIS OF FIVE (5) OFFER SHARES FOR EVERY ONE (1) NEW SHARE IN ISSUE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) in the Company’s circular dated 3 February 2016 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As stated in the Letter from the Board, upon the Capital Reorganisation becoming effective, the Company proposes to raise approximately HK\$368.34 million (before expenses) by issuing 1,151,054,435 Offer Shares at the Subscription Price of HK\$0.32 per Offer Shares on the basis of five (5) Offer Shares for every one (1) New Share in issue held on the Record Date, and payable in full upon application. The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. No excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be fully underwritten by the Underwriter, on the terms and subject to the conditions of the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter has conditionally undertaken to underwrite the Underwritten Shares, being 1,151,054,435 Offer Shares. In addition to the Underwriting Agreement, the Company has also entered into the Placing Agreement with the Placing Agent, whose ultimate beneficial owners are Independent Third Parties, to place, on a best effort basis, a maximum of 875,000,000 Placing Shares at the Placing Price to raise a maximum of approximately HK\$280.00 million before expenses and approximately HK\$275.38 million after expenses. The Open Offer and the Placing are inter-conditional to each other. Please refer to the paragraph headed “(IV) Proposed Placing – The Placing Agreement” in the Letter from the Board for further details in respect of the terms of the Placing Agreement.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on approval by the Independent Shareholders at the SGM by a resolution on which any Controlling Shareholders and their respective associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the Open Offer. Since there is no Controlling Shareholder as at the Latest Practicable Date, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the Open Offer at the SGM. As at the Latest Practicable Date, Mr. Li, the Executive Chairman and Chief Executive of the Company, holds 230,385,226 Shares, representing approximately 25.02% of the entire issued share capital of the Company. Accordingly, Mr. Li will abstain from voting in favour of the resolution to approve the Open Offer at the SGM.

An Independent Board Committee, comprising Mr. How Sze Ming, Mr. Lee Kwok Wan and Mr. Yau Chi Hang, all being the independent non-executive Directors, has been established to make recommendations to the Independent Shareholders regarding the Open Offer. Our role as the Independent Financial Adviser is to (i) provide our independent opinion and recommendation to the Independent Board Committee and Independent Shareholders as to whether the Open Offer is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in relation to (i) above.

As at the Latest Practicable Date, we were not aware of any relationships or interests between us and any member of the Group or any of their substantial shareholders, directors or chief executive, or their respective associates, that could reasonably be regarded as hindrance to our independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders. Accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Open Offer. In addition to our appointment as the Independent Financial Adviser, we have not acted as the independent financial adviser in respect of any transaction of the Company in the past two years.

BASIS OF OUR OPINION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and/or the management of the Company (the “**Management**”).

We have assumed that all information and representations provided by the Directors and/or the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be true up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration by the Directors and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We

LETTER FROM INDEPENDENT FINANCIAL ADVISER

have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and/or the Management nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or the prospects of the markets in which the Group operates.

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules. The Directors have confirmed, after having made all reasonable enquiries, which to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

This letter was issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in respect of the Open Offer.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons. Our conclusions are based on the results of our analyses taken as a whole.

1. Background of and reasons for the Open Offer

1.1 Information on the Group

Principal business of the Group

The Company is an investment holding company and the Group is principally engaged in the manufacturing and sale of integrated circuit leadframes, heatsinks and stiffeners.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Financial information of the Group

Set out below is a summary of the consolidated financial results of the Group for (i) the two financial years ended 30 April 2014 and 2015 (“**FY2014**” and “**FY2015**”, respectively) as extracted from the annual report of the Company for the year ended 30 April 2015 (the “**AR2015**”); and (ii) the six months ended 31 October 2014 and 2015 (“**1H2014**” and “**1H2015**”) as extracted from the interim report of the Company for the six months ended 31 October 2015 (the “**IR2015**”):

	For the year ended		For the six months ended	
	30 April		31 October	
	2014	2015	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	262,714	262,303	141,262	152,498
Profit/(Loss) before taxation	2,699	(45,491)	(6,039)	69,208
Profit/(Loss) for the year/period	1,655	(46,736)	(6,724)	55,344

As set out in the AR2015, the Group recorded a mild decrease in the turnover of approximately 0.2% from approximately HK\$262.7 million for the FY2014 to approximately HK\$262.3 million for the FY2015. The Group recorded a consolidated loss of approximately HK\$46.7 million for the FY2015, as compared with a consolidated profit of approximately HK\$1.7 million for the FY2014, which was, as advised by the Management, mainly attributable to (i) the substantial increase in impairment loss on property, plant and equipment of approximately HK\$23.4 million, as resulted from the expected deterioration in the long-term profitability of the Group with the existing machinery of relatively obsolete technology; (ii) the substantial increase in the costs of raw materials and consumables used of approximately HK\$9.9 million, as resulted from lower production efficiency and capacities of the existing machinery with relatively obsolete technology; (iii) the substantial decrease in other gains and losses of approximately HK\$7.6 million, as resulted from the one-off gain on disposal of available-for-sale investment of approximately HK\$7.0 million recorded in FY2014 (FY2015: nil); and (iv) the substantial increase in staff costs of approximately HK\$6.1 million, as resulted from the general increase of basic salaries among the factory workers in Dongguan.

As stated in the IR2015, the Group recorded an increase in the turnover of approximately 7.9% from approximately HK\$141.3 million for the 1H2014 to approximately HK\$152.5 million for the 1H2015. As advised by the Management, the increase was mainly resulted from the seasonal sales orders from its existing customers which is not significant and may not be recurring in nature. The Group recorded a consolidated profit of approximately HK\$55.3 million for the 1H2015, as compared with a consolidated loss of approximately HK\$6.7 million for the 1H2014. Such turnaround was primarily due to (i) the significant increase in the net gain on fair value changes of investments held for trading of approximately HK\$79.4 million (the “**FV Changes**”); and (ii) the decrease in depreciation of property, plant and equipment of approximately HK\$4.5 million, being partially net-off by (a) the increase in raw materials and consumables used of

LETTER FROM INDEPENDENT FINANCIAL ADVISER

approximately HK\$12.9 million; and (b) the increase in staff costs of approximately HK\$3.5 million. As further discussed with the Management, we understood that the FV Changes are one-off and non-recurring in nature. In this regard, by excluding the one-off non-recurring FV Changes, the Group should have recorded loss before taxation of HK\$10.2 million for the 1H2015, instead of a profit-making position before taxation of approximately HK\$69.2 million for the 1H2015.

Set out below is a summary of the consolidated financial positions of the Group as at 30 April 2014 and 2015 and 31 October 2015, as extracted from the AR2015 and IR2015:

	As at 30 April		As at
	2014	2015	31 October
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(audited)	(audited)	(unaudited)
Non-current assets	59,488	33,043	36,670
Current assets	119,643	90,442	268,914
<i>Total assets</i>	<i>179,131</i>	<i>123,485</i>	<i>305,584</i>
Current liabilities	103,954	95,028	124,039
Non-current liabilities	1	1	13,103
<i>Total liabilities</i>	<i>103,955</i>	<i>95,029</i>	<i>137,142</i>
Net assets attributable to the Shareholders	75,176	28,456	168,442
Net current assets/(liabilities)	15,689	(4,586)	144,875
Bank balances and cash	9,600	4,686	49,163

As set out in the table above, as at 31 October 2015, the Group had unaudited consolidated liabilities of approximately HK\$137.1 million, net current assets of approximately HK\$144.9 million and net assets attributable to the Shareholders of approximately HK\$168.4 million. The bank balances and cash of the Group were approximately HK\$49.2 million as at 31 October 2015, indicating a significant increase of approximately 946.8% from approximately HK\$4.7 million as at 30 April 2015. The increase in bank balances and cash of the Group was primarily attributable to the net proceeds from the placing exercise in June 2015, details of which are set out in the paragraph headed “Fund raising exercise of the Company in the past twelve months” in the Letter from the Board.

Upon our enquiries with the management of the Company, we were given to understand that the current unsatisfactory financial performance of the Group’s existing business as mentioned above was mainly due to the need for more advanced machinery for the production of more advanced and up-to-date products so as to (i) meet the customers’ orders given the rapid changes in the technological requirements of the industry that the Group is principally engaged in; and (ii) improve its competitiveness in the market as well as enhance the long-term growth potential of the

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Company. In light of the above, we are of the view that it is fair and reasonable for the Group and in the interests of the Shareholders, to devote more of its resources to enhance and improve the existing business operation of the Group.

1.2 Reasons for the Open Offer and the intended use of proceeds

As noted in the Letter from the Board, the Open Offer and the Placing are inter-conditional to each other. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be approximately HK\$362.39 million, and the net proceeds from the Placing, after deduction of the Placing commission and other related expenses of approximately HK\$4.62 million, will be approximately HK\$275.38 million. As such, the aggregate net proceeds from the Placing and the Open Offer are approximately HK\$637.77 million.

According to the AR2015 and as discussed with the Management, in order to improve the Group's operational performance, the Group will continue to implement plans to increase its production efficiency and capacity, and the Group proposed to seek opportunities to acquire land, plant and machinery for the construction of an additional factory and environmental protection facilities (the "**Expansion Plan**"). In order to implement the Expansion Plan, the Company intends to apply the aggregate net proceeds from the Placing and the Open Offer of approximately HK\$637.77 million as follows:

- (i) approximately HK\$100.00 million for the acquisition of land for the construction of a new factory (the "**Acquisition**");
- (ii) approximately HK\$235.00 million for the purchase of new machinery for the new factory (the "**Purchase**"); and
- (iii) approximately HK\$302.77 million for the construction of the new factory (the "**Construction**").

Further details of the use of the net proceeds regarding (i) the acquisition of land for the Acquisition; (ii) the Purchase; and (iii) the Construction, which forms part of the Expansion Plan are set out the paragraph headed "Reasons for the Placing and Open Offer and Use of Proceeds" in the Letter from the Board.

To facilitate our understanding regarding the reasons for the Open Offer, we have (i) discussed with the Management in relation to the Expansion Plan, in particular, the reasons for implementing the Expansion Plan; and (ii) conducted researches regarding the market outlook of the Group, details of which are presented below:

Reasons for implementing the Expansion Plan

As set out in the Letter from the Board, the machinery and equipment of the existing factory is not capable of producing certain more advanced types of products sought by the customers. For example, the integrated circuit packages are getting smaller, thinner and finer due to the increased demand for smaller devices as compared with the last decade (i.e. wearable technology and hand-

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held devices as compared with desktop computers). We have discussed with the Management and were given to understand that the Group has been receiving orders from its major customers requiring products with specification of minimum lead pitch fabrication of 0.150 mm. In this regard, we have obtained samples of specification made by two major customers of the Company in 2015, and noted that these customers required the products with minimum lead pitch fabrication of 0.150 mm. However, due to the constraints of Group's existing production facilities, the minimum lead pitch fabrication of the product manufactured by the Company is 0.180 mm only and thus the Group is not able to accommodate and receive orders from our existing clients. To this end, more advanced machinery is needed in order to meet the specifications required for the manufacturing of up-to-date products with finer lead pitch fabrication down to 0.150 mm.

Further set out in the Letter from the Board, having considered, among others, (i) the existing factory has no room for expansion; and (ii) the renovation of the existing factory would require suspension of operations which would adversely affect the financial performance of the Group, the Management proposed that the implementation of the Expansion Plan is necessary. In addition, since the existing factory lacks relevant environmental protection facilities for the manufacturing of the new product with minimum lead pitch fabrication of 0.150 mm, the Company will be exposed to certain risks of non-compliance under the environmental protection framework published by the Ministry of the Environmental Protection of the PRC, such as fines and suspension of operation, which could adversely affect the business and financial performance of the Group. Accordingly, the Directors believe that a new factory with relevant environmental protection facilities is required in order to manufacture the advanced types of product to meet the customers' requirements.

Further to our discussions with the Management regarding the Expansion Plan, we have obtained the Company's investment analyses on its investment on the new factory and note that the Company has considered, among others, the estimated demand of products from their customers based on the Company's survey, expected scrap sales to sales ratio and materials used to sales ratio, estimated other operational cost, estimated annual capital expenditure, etc. in forming its investment decision on the Expansion Plan. In addition, we have also discussed with the Management regarding the current status of the Expansion Plan and were given to understand that (i) the Company is currently in the negotiations with various potential vendors of land for the Acquisition and expects that the land will be located in Guangdong province or other places in Southern China with consideration ranging from approximately HK\$80 million to approximately HK\$120 million and that no written quotation has been obtained for the time being; (ii) the Company has obtained various quotations from the potential suppliers regarding the Purchase and based on the quotation provided by the potential suppliers, the aggregated estimated cost for the new machinery is approximately US\$30.16 million (equivalent to approximately HK\$235.25 million); and (iii) based on the quotation obtained from the potential contractor of the new factory, the estimated construction cost of the new factory would be approximately RMB256.00 million (equivalent to approximately HK\$302.08 million).

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As further advised by the Management, they have concluded that the Group will be in a better negotiating position with respect to potential vendors of land and the Existing Suppliers (or other suppliers) in the event that the Group is able to complete the Open Offer and the Placing before formalising any binding arrangements with regard to the Acquisition and the Purchase. Accordingly, the Directors takes the decision to proceed with the fund raising in the absence of formal commitments in respect of the Acquisition.

In relation to the Purchase, we have obtained from the Company all the quotations of new machinery from different potential vendors, who are Independent Third Parties as confirmed by the Management, for the purchase of 71 machinery, and we note that the quotations are in the aggregate estimated amount of US\$30.16 million (equivalent to approximately HK\$235.25 million). The prices of the new machinery range from approximately US\$0.10 million (equivalent to approximately HK\$0.78 million) to approximately US\$2.83 million (equivalent to approximately HK\$22.0 million).

Moreover, we also obtained from the Company the quotation from a potential contractor of the new factory, who is an Independent Third Party as confirmed by the Management, and note that the estimated construction cost of new factory would be approximately RMB256.00 million (equivalent to approximately HK\$302.08 million).

Having considered that the estimated costs required for executing the Expansion Plan and the existing cash level of the Company of approximately HK\$49.2 million as at 31 October 2015, we are of the view that the Open Offer would provide financial readiness and flexibility for the Group to implement the Expansion Plan swiftly should the Company materialise the Expansion Plan with formal commitments.

The market outlook of the Group

As mentioned in the Letter from the Board, the Company would be able to manufacture more advanced products after the new factory commences its operation, and could broaden its customer base and the revenue sources. In considering the construction of new factory and the production of the new products, the Company has conducted a survey with its existing clients in relation to their estimated demand for the new products. Based on the Company's discussion with its customers, including but not limited to, the Company's top three customers in the PRC and the top two customers in Philippines, the sales teams of the Company were given to understand that the demand for the new products is strong and promising. However, should the Company fails to fulfil the customers' demand on the new products, the orders from these customers may fall into the Company's competitors' hand.

In addition, as set out in the Letter from the Board, global outsourced semiconductor assembly and test ("OSAT") market was valued at about US\$27.1 billion in 2014, expanding by 7.9% from 2013, is expected to swell by 7.0% to US\$29 billion in 2015. In view of the strong market on OSAT and the positive feedback from the existing customers, the Directors are of the view that the construction of new factory and the production of the new products will potentially increase the revenue source of the Group and provide better returns for its shareholders, which would put the Company in a more competitive position in the market and to capture the needs of the potential customers thereby broadening its customer base.

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According to the extracts of a report “Global Market Study on Semiconductor Assembly & Testing Services (SATS): To be Driven by Increasing Demand for High-End Packaging Solutions” published by Persistence Market Research in November 2015, a provider of market research reports and consulting services in the U.S., we note that the semiconductor assembly and testing services (“SATS”) market was estimated to be valued at approximately US\$29.6 billion by the end of 2015 and is anticipated to expand at a compound annual growth rate of 4.7% from 2015 to 2021, to be valued at approximately US\$39.0 billion by 2021, which shows similar positive results as the above research which is set out in the Letter from the Board. The global SATS market is mainly driven by factors such as increasing demand for mobility and connectivity in the consumer electronics products including smartphones and tablets having connectivity and multimedia capabilities are fuelling the demand for higher packaging technologies and setting up potential revenue opportunity for the SATS market.

In view of the rapid growth of the semiconductor assembly market as illustrated in the above, we concur with the Directors’ view that the future prospects and outlook of the semiconductor assembly market is positive thereby creating a positive development prospect for the Group should the Group is able to keep pace with the technology advancement in the market. In addition, as confirmed with the Management, as the Company’s products are mainly for the ultimate application on mobile electronic devices, such as smartphones and tablets, should the Company is able to keep pace with the technology advancement in the market, e.g. production with finer minimum lead pitch fabrication, the Directors believe, and we concur with the views of the Directors that the Company will be benefited from the prospects in the semiconductor assembly market which is mainly driven by the growth in the application in the consumer electronics products such as smartphones and tablets in the future.

Having considered (i) the current unsatisfactory financial performance of the Group primarily resulted from the need of technological improvements in its production process to keep pace of the market changes as illustrated in the paragraph headed “Background of and reasons for the Open Offer – Information on the Group – Financial information of the Group” above; (ii) the Expansion Plan contemplated by the Group would allow the Group to breakthrough in producing more advanced product which will broaden the portfolio of the customers of the Group; and (iii) the favourable market outlook of the Group should the Group is able to keep pace with the technology advancement in the market, we are of the view that there are funding needs for the Group in order to maintain and improve its competitiveness in the market and thus the reasons for the Open Offer and use of proceeds are justifiable.

1.3 Other fund raising alternatives and reasons for choosing the Open Offer

According to the Letter from the Board and as discussed with the Management, we are given to understand that apart from the Open Offer, the Directors had also considered rights issue and debt financing as other fund raising alternatives.

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The Directors considered rights issue as an alternative to the Open Offer. Although rights issue is similar to open offer, the rights issues enables the qualifying shareholders to trade in the nil-paid rights in the market for economic benefits. However, additional administrative work, time and cost would be involved in the preparation, printing, posting and processing of trading arrangements in relation to nil-paid rights and liaising with other parties such as the Registrar of the Company, the Underwriter, financial printer and other professional advisers. It is estimated that the additional costs and expenses of approximately HK\$230,000 would be incurred for such administrative work and the arrangement of trading the nil-paid rights. In addition, given the loss-making position of the Group for the year ended 30 April 2015, the Directors consider that it is important for the Group to minimise all costs which may be incurred during the fund raising exercises. Having considered and weighed up the extra administrative work and additional cost involved in providing for the trading of nil-paid rights, and given that all Qualifying Shareholders can have an equal opportunity to maintain their interests in the Company (except for the Placing), the Directors are of the view that raising funds by way of the Open Offer is the better option and the Open Offer is in the interests of the Company and the Shareholders as a whole.

We understand that the Directors have also considered bank borrowings or debt financing but chose not to pursue this alternative given that (i) the Group's past financial performance (the Group recorded a loss of approximately HK\$46.7 million for the year ended 30 April 2015) and financial position (net assets of the Group amounted to approximately HK\$28.5 million as at 30 April 2015); and (ii) it would result in an additional interest burden to the Group, which would adversely affect the Group's performance and the Group may subject to, including but not limited to, lengthy due diligence and negotiations with banks and the prevailing market condition.

In light of (i) the administrative work and costs to be incurred in the rights issue; (ii) the current unsatisfactory financial performance of the Company; (iii) any debt financing would pose additional interest burden to the Group; and (iv) the Open Offer offers the Qualifying Shareholders the opportunity to maintain their pro-rata shareholding interests in the Company, we concur with the view of the Directors that the Open Offer is an equitable means to raise capital for the Company under the existing circumstances.

2. The Open Offer

2.1 *Principal terms of the Open Offer*

The table below summarises the issue statistics of the Open Offer:

Basis of the entitlement	:	Five (5) Offer Shares for every one (1) New Share in issue held on the Record Date
Subscription Price	:	HK\$0.32 per Offer Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	920,843,549 Existing Shares

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Number of New Shares in issue immediately upon the Capital Reorganisation having become effective	:	230,210,887 New Shares (assuming no Shares being repurchased by the Company between the Latest Practicable Date and the date on which the Capital Reorganisation becomes effective)
Number of Offer Shares	:	1,151,054,435 Offer Shares
Number of Underwritten Shares	:	1,151,054,435 Offer Shares. Accordingly, the Open Offer is fully underwritten
Number of enlarged Shares in issue upon completion of the Open Offer	:	1,381,265,322 New Shares

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to the Record Date, the 1,151,054,435 Offer Shares represent (i) 500.00% of the number of New Shares immediately upon the Capital Reorganisation becoming effective (based on the existing issued share capital of the Company as at the Latest Practicable Date); (ii) approximately 83.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Offer; and (iii) approximately 51.02% of the issued share capital of the Company as enlarged by the allotment and issued of the Placing Shares and the Offer Shares.

Subscription Price

The Subscription Price of HK\$0.32 per Offer Share will be payable in full upon application by the Qualifying Shareholder. The Subscription Price represents:

- (i) a discount of approximately 65.96% to the adjusted closing price of HK\$0.940 per New Share (calculated based on the closing price of HK\$0.235 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (ii) a discount of approximately 24.35% to the theoretical ex-entitlement price of HK\$0.423 per New Share after the Open Offer (calculated based on the closing price of HK\$0.235 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iii) a discount of approximately 67.15% to the average closing price of approximately HK\$0.974 per New Share (calculated based on the average closing price of approximately HK\$0.243 per Existing Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation);

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- (iv) a premium of approximately 932.26% to the audited consolidated net asset value per Existing Share of approximately HK\$0.031 (based on the audited net asset value of the Group of HK\$28,457,000 as at 30 April 2015 and 920,843,549 Existing Shares in issue as at the Latest Practicable Date); and
- (v) a discount of approximately 25.93% to adjusted closing price of HK\$0.432 per New Share (calculated based on the closing price of HK\$0.108 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Capital Reorganisation).

As stated in the Letter from the Board, in determining the current subscription ratio and the Subscription Price for the Open Offer, the Company has considered the following factors (i) a discount to the closing price of the Share is necessary in order to encourage the Shareholders to participate in the Open Offer; (ii) the funding need of approximately HK\$368.34 million; (iii) the recent open offers conducted by other Hong Kong listed issuers; (iv) the Subscription Price has to be set at a discount level to the closing price of the Share to be acceptable to the Underwriter; (v) the Subscription Price cannot be set below the par value per Share; (vi) the dilution effect to the independent Shareholders in the event that they do not take up the provisional allotment in full; and (vii) the Open Offer is subject to the Independent Shareholders' approval at the SGM.

Analyses of the Subscription Price

For the purpose of assessing the fairness and reasonableness of the Subscription Price, we have compared the Subscription Price with reference to (i) the historical share price performance; and (ii) the market comparable analysis, as follows:

Historical share price performance

We have reviewed the daily closing price of the Consolidated Shares (which has taken into account of the effect of the Capital Reorganisation) (the “**Adjusted Closing Price**”) for the period from 7 January 2015 to 6 January 2016, being the 12-month period prior to the Last Trading Day (the “**Review Period**”). On 3 June 2015, the Share price surged significantly and the Adjusted Closing Price reached its peak of HK\$2.84 per Share. We note that, the Company issued an announcement on 2 June 2015 that the Company and the placing agent entered into the placing agreement for the placing of new Shares under general mandate (the “**June Placing**”). Please refer to the relevant announcement for further details. Afterwards, the Share price started to drop gradually and reached the lowest Adjusted Closing Price of HK\$0.856 on 2 September 2015 and 4 September 2015. Other than the Share price fluctuation possibly caused by the June Placing, we did not notice any significant fluctuation of the Share price during the remaining Review Period. Therefore, we considered that the Review Period using the 12-month period as the basis of analysing the Share price performance is adequate to illustrate the recent performance of the Shares and should be an appropriate benchmark to reflect the recent market sentiments. The chart below illustrates the Adjusted Closing Price during the Review Period (adjustment to the Share price has been made assuming the Share Consolidation becoming effective during the Review Period):

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Source: Website of the Stock Exchange (www.hkexnews.com.hk)

As shown in the above chart, we note that the Adjusted Closing Price was fluctuated during the Review Period. During the Review Period, the highest Adjusted Closing Price and the lowest Adjusted Closing Price were HK\$2.84 on 3 June 2015 and HK\$0.856 on 2 September 2015 and 4 September 2015, respectively, and the average Adjusted Closing Price during the Review Period was HK\$1.35. The Subscription Price of HK\$0.32 is lower than all the Adjusted Closing Price during the Review Period, representing a discount of approximately 88.7% and 62.6% to such highest and lowest Adjusted Closing Prices and a discount of approximately 78.0% to the average Adjusted Closing Price during the Review Period.

Taking into consideration that (i) the past share price performance of the Company as shown above; (ii) the Subscription Price has been set at a discount to the recent Adjusted Closing Price with the objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company; (iii) the Underwriter was the only available underwriter to the Open Offer; (iv) the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares and the prevailing market conditions; and (v) it is a common market practice that the subscription price represents a discount to the prevailing market prices of the relevant shares as discussed in paragraph headed "Comparison with recent open offer comparables" below, we consider that the proposed discount of the Subscription Price to the prevailing market price of the Shares is in line with the general market practice and is fair and reasonable.

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Comparison with recent open offer comparables

To further assess the fairness and reasonableness of the Open Offer, we have, on our best effort basis, looked into all recent open offer transactions announced by companies listed on the Main Board and Growth Enterprise Market of the Stock Exchange. Based on the information available on the Stock Exchange's website, we have reviewed, so far as we are aware of, all the open offer transactions announced by the companies listed on the Stock Exchange, for the six-month period immediately before the publication of the Announcement, i.e. from 8 July 2015 to 7 January 2016 (the "**Comparable Period**"), and identified an exhaustive list of 29 open offer transactions during the Comparable Period. Out of the 29 open offer transactions identified, we have excluded (i) one of the open offers that announced by a company which has been suspended for trading for more than 12 months before the dates of the respective announcements in relation to the open offer transactions, given that the closing price of this company is too distant in history and therefore bear little to no relevance to the relevant subscription price for comparison; and (ii) one of the open offers that announced by a company which showed a premium of subscription price over the closing price per share and the ex-entitlements price per Share on the last trading day prior/on the date of announcement in relation to the respective Open Offer, having considered that such case is rare and the data is distinctive and may not relevant for comparison, details of these two open offers are set out in the table below for reference purposes. In this regard, we have a list of 27 open offer transactions (the "**Comparable Companies**") for our analysis on the fairness and reasonableness of the Open Offer.

In light of the Comparable Companies (i) represent an exhaustive list which included sufficient number of transactions for comparison purposes; (ii) reflect the prevailing market conditions and sentiments of open offer transactions in the Hong Kong stock market, allowing the Shareholders to have a general understanding of the recent open offer transactions conducted by other companies listed on the Stock Exchange, we consider that the Comparable Period of being six months is sufficient and appropriate for our analyses as the market sentiment at the relevant time in general plays a more essential role in the determination of the Subscription Price. We also noted that the business activities of the Comparable Companies are not directly comparable to those carried out by the Group and the terms of the open offer of the Comparable Companies may vary between the companies with different financial standings, business performance and future prospects. Since the Comparable Companies are the most recent open offer transactions announced to the public, we consider that the list of Comparable Companies could represent the recent trend of the open offer transaction in the prevailing market condition and could provide a general reference in respect of the common market practice on open offers conducted by listed companies in Hong Kong. Details of the Comparable Companies are summarised in the following table:

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Company name	Stock code	Announcement date	Basis of entitlement	Premium/ (discount) of the subscription price to the closing price per share on the last trading day prior/on the date of announcement in relation to the respective open offer (%)	Premium/ (discount) of the subscription price to the ex-entitlements price per share on the last trading day prior/on the date of announcement in relation to the respective open offer (%)	Maximum dilution (Note 1) (%)	Underwriting commission (%)	Excess application (Yes/No)
China Billion Resources Limited (Note 2)	274	16/12/2015	2 for 1	(82.8)	N/A	66.7	3.0	No
Kong Shum Union Property Management (Holding) Limited	8181	03/12/2015	3 for 1	(55.6)	(24.1)	75.0	2.5	Yes
Deson Development International Holdings Limited	262	27/11/2015	1 for 2	(40.7)	(31.9)	33.3	3.5	No
Timeless Software Limited	8028	20/11/2015	1 for 5	(39.4)	(35.1)	16.7	2.0	Yes
Wealth Glory Holdings Limited	8269	09/11/2015	1 for 2	(27.1)	(19.5)	33.3	3.5	No
PPS International (Holdings) Limited	8201	06/11/2015	1 for 2	(58.1)	(48.0)	33.3	2.5	No
UDL Holdings Limited	620	02/11/2015	2 for 5	(6.1)	(4.3)	28.6	0.0	Yes
Merry Garden Holdings Limited	1237	30/10/2015	1 for 2	(29.8)	(9.8)	33.3	1.0	No
Ausnutria Dairy Corporation Ltd (Note 3)	1717	28/10/2015	1 for 10	6.3	83.3	9.1	0.0	Yes
Shihua Development Company Limited	485	07/10/2015	4 for 1	(82.5)	(48.6)	80.0	2.0	No
Zhi Cheng Holdings Limited	8130	02/10/2015	1 for 2	(77.8)	(70.0)	33.3	4.0	No
eForce Holdings Limited	943	16/09/2015	4 for 1	(61.6)	(24.3)	80.0	3.0	Yes
China Investment and Finance Group Limited	1226	09/09/2015	8 for 1	(64.8)	(16.9)	88.9	1.5	No
Kingwell Group Limited	1195	08/09/2015	1 for 9	(46.7)	(44.1)	10.0	3.0	No
Flying Financial Service Holdings Limited	8030	07/09/2015	1 for 2	(48.1)	(38.2)	33.3	2.5	Yes
Megalagic Technology Holdings Limited	8242	01/09/2015	3 for 1	(29.8)	(9.5)	75.0	3.0	No
Legend Strategy International Holdings Group Company Limited	1355	28/08/2015	1 for 4	(36.5)	(31.6)	20.0	1.5	No
Group Sense (International) Limited	601	20/08/2015	1 for 1	(44.4)	(28.6)	50.0	1.0	No
SEEC Media Group Limited	205	19/08/2015	3 for 1	(63.0)	(30.1)	75.0	2.0	No
Lerado Group (Holding) Company Limited	1225	14/08/2015	3 for 1	(68.1)	(34.8)	75.0	2.0	No
Huili Resources (Group) Limited	1303	12/08/2015	1 for 2	(57.3)	(47.2)	33.3	3.4	Yes
Neo Telemedia Limited	8167	11/08/2015	1 for 2	(77.5)	(69.7)	33.3	1.5	No
U-Home Group Holdings Limited	2327	04/08/2015	1 for 2	(17.5)	(12.4)	33.3	2.0	Yes
International Standard Resources Holdings Limited	91	30/07/2015	1 for 4	(34.1)	(29.3)	20.0	2.5	Yes
Golden Meditech Holdings Limited	801	27/07/2015	1 for 2	(7.4)	(4.8)	33.3	2.0	Yes
China 33 Media Group Limited	8087	24/07/2015	7 for 1	(75.6)	(28.6)	87.5	1.5	No
Ding He Mining Holdings Limited	705	21/07/2015	1 for 2	(55.0)	(44.8)	33.3	2.5	No
China Environmental Resources Group Limited	1130	17/07/2015	1 for 2	(41.4)	(32.1)	33.3	2.0	No
Sau San Tong Holdings Limited	8200	07/07/2015	1 for 1	(12.3)	(6.5)	50.0	2.5	No
				Maximum (Notes 2 and 3)	(82.5)	(70.0)	88.9	4.0
				Minimum (Notes 2 and 3)	(6.1)	(4.3)	10.0	0.0
				Average (Notes 2 and 3)	(46.6)	(30.5)	45.6	2.2
	The Company		5 for 1	(66.0)	(24.4)	83.3	1.5	No

Notes:

- Maximum dilution effect of each open offer is calculated as: (number of offer shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the open offer under the basis of entitlement + number of open offer to be issued under the basis of entitlement) X 100%.
- Please note that we have excluded this company for our analyses which have been suspended for trading for more than 12 months before the dates of the respective announcements in relation to the open offer transactions as this company would make the closing price too distant in history and therefore bear little to no relevance to the relevant subscription price for comparison.

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3. Please note that we have excluded this company for our analyses which showed a premium of subscription price over the closing price per share and the ex-entitlements price per Share on the last trading day prior/on the date of announcement in relation to the respective Open Offer as we consider that such case is rare and the data is distinctive and may not be relevant for comparison.

As shown in the table above, the discounts represented by the subscription prices to the closing prices of the shares of the Comparable Companies on their respective last trading days prior to/on the release of the respective announcements ranged from approximately 6.1% to approximately 82.5% (the “**LTD Market Range**”) with average being a discount of approximately 46.6% (the “**LTD Mean**”). Even though the discount of approximately 66.0% represented by the Subscription Price to the closing price of the Shares (adjusted for the effect of the Capital Reorganisation) on the Last Trading Day is much higher than the LTD Mean, it still falls within the LTD Market Range.

The discounts represented by the subscription prices to the theoretical ex-entitlement prices of the shares of the Comparable Companies ranged from approximately 4.3% to approximately 70.0% (the “**TEP Market Range**”) with average being a discount of approximately 30.5% (the “**TEP Mean**”). The discount of approximately 24.4% represented by the Subscription Price to the theoretical ex-entitlement price of the Shares falls within the TEP Market Range and falls below the TEP Mean.

Maximum Dilution

As depicted by the table above, the maximum dilution effects of the Comparable Companies ranged from approximately 10.0% to 88.9% with an average maximum dilution effects of approximately 45.6%. We note that the maximum dilution effects of the Open Offer of approximately 83.3% lies within the range of the Comparable Companies but is close to the highest maximum dilution effects of the Comparable Companies.

Notwithstanding (i) the discount of approximately 66.0% represented by the Subscription Price to the closing price of the Shares (adjusted for the effect of the Capital Reorganisation) on the Last Trading Day falls within the range of the Comparable Companies but is much higher than the LTD Mean; and (ii) the maximum dilution effects of the Company lies within the range of the Comparable Companies but is close to the highest maximum dilution effects of the Comparable Companies, having considered that (i) the Subscription Price was determined at after arm’s length negotiation between the Company and the Underwriters; (ii) the same Subscription Price is offered to all Qualifying Shareholders; (iii) the discount represented by the Subscription Price to the closing Price of the Shares on the Last Trading Day falls within the LTD Market Range; (iv) the discount represented by the Subscription Price to the theoretical ex-entitlement price of the Shares falls within the TEP Market Range; (v) the Subscription Price is set below the closing price of the Shares during the Review Period and discount to the Subscription Price would attract the Qualifying Shareholders to participate in the Open Offer; and (vi) the funding needs of the Company for the Expansion Plan as discussed in the paragraph headed “Reasons for the Open Offer and the intended use of proceeds” above, we are of the view that the discounts represented by the Subscription Price were in line with the general market practice, the Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

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Underwriting commission

As shown in the table above, the underwriting commission of the Comparable Companies ranged from approximately 0% to 4% with an average underwriting commission of approximately 2.2%. Given that the underwriting commission of 1.5% falls within the said range of underwriting commission for the Comparable Companies and the commission rate was determined after arm's length negotiations between the Company and the Underwriter with reference to the market rate, we conclude that the underwriting commission paid to the Underwriter is in line with the normal market practice and is fair and reasonable.

2.2 *No application of excess offer Shares*

As mentioned in the Letter from the Board, the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. Considering that (i) the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company and is negotiated on an arm's length basis with the Underwriter; and (ii) additional effort and costs (estimated to be approximately HK\$120,000) will be needed to administer the excess application procedures, the Directors consider that the arrangement for excess application is therefore not cost effective. Further as disclosed in the Letter from the Board, the estimated net proceeds from the Placing and the Open Offer has been earmarked for specific uses with concrete expansion plans, details of which are set out in the paragraph headed "Reason for the Placing and the Open Offer and the use of proceeds" in the Letter from the Board. With the intended usage of the net proceeds from the Placing and the Open Offer, the Directors consider that it is important for the Group to minimise all costs which may be incurred during the fund raising exercises. Notwithstanding excess application arrangement will not be made available to the Qualifying Shareholders, the Directors consider that with a deeper discount to the Offer Price offered to the Qualifying Shareholders would provide reasonable incentives for them to participate in the Open Offer and to participate in the potential growth of the Company.

Having considered the fact that (i) the terms of the Open Offer are structured with an intention to encourage all the Qualifying Shareholders to take up their respective assured allotment of the Offer Shares as the Subscription Price is set at a deep discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders to participate in the Open Offer; (ii) the Qualifying Shareholders have the first right to decide whether to accept the Open Offer; (iii) the absence of excess application would lower the administrative costs and efforts resulting from the Open Offer to the Company; and (iv) no application for excess Offer Shares is in line with the market practice, given that 18 out of 27 Comparable Companies had no excess application for their proposed open offer, details of which are set out in the paragraph headed "Comparison with recent open offer comparables" above, we are of the view and concur with the view of the Directors that the absence of excess application is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Risk associated with the Open Offer

Shareholders and potential investors of the Company should note that, as stated in the Letter from the Board, the Open Offer is conditional upon, and among other things, the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their own professional advisers.

3. Potential dilution effect on the shareholding of the Independent Shareholders as a result of the Open Offer

As the Open Offer is offered to all Qualifying Shareholders on the same basis, the Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their allotments under the Open Offer in full. Assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date to the completion of the Open Offer (without taking into account the dilutive effect of the Placing), the shareholdings of the Qualifying Shareholders, who do not elect to subscribe for their provisional allotment in full under the Open Offer, will be diluted from approximately 74.98% as at the Latest Practicable Date to approximately 12.50% after completion of the Open Offer.

In all cases of open offers, the dilution on the shareholding of those qualifying shareholders who do not take up in full their assured entitlements under the open offers is inevitable. In fact, the dilution magnitude of any open offers depends mainly on the extent of the basis of entitlement under such exercises since the higher offering ratio of new shares to existing shares is the greater the dilution on the shareholding would be.

Having taken into account:

- (i) the Open Offer would enlarge the capital base of the Company;
- (ii) the Open Offer is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the growth of the Company;
- (iii) the inherent dilutive nature of Open Offer in general; and
- (iv) the Open Offer would provide funding for the Group to pursue the Expansion Plan,

we consider the potential dilution effect on the shareholding on the Independent Shareholders which may only happen to the Qualifying Shareholders who decide not to accept the Open Offer is justifiable.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Independent Shareholders should note that the Open Offer and the Placing are inter-conditional to each other. Having considered (i) the Placing Price is the same as the Subscription Price; and (ii) the intended use of the net proceeds from the placing, both of which have been analysed in the paragraph headed “Analyses of the Subscription Price” and “Reasons for the Open Offer and the intended use of proceeds” above, we consider it is not necessary and thus no separate analyses on the terms of the Placing Agreement have been performed. Should the Placing be approved by the Shareholders at the SGM and is completed, the shareholdings of the Qualifying Shareholders will be further diluted. Assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date to the completion of the Open Offer as well as the Placing, the shareholdings of the Qualifying Shareholders, who do not elect to subscribe for their provisional allotment in full under the Open Offer, will be further diluted from approximately 74.98% to approximately 7.65%. Please refer to the paragraph headed “Changes in shareholding structure of the Company for Open Offer and Placing” in the Letter from the Board for the details of the effect on the shareholding structure of the Company after the completion of the Open Offer and the Placing.

We note that pursuant to the Underwriting Agreement, the Underwriter irrevocably undertakes to the Company that (i) the Underwriter shall use its reasonable endeavours to ensure that the subscribers for Underwritten Shares shall be third parties independent of and not connected with the Company and its connected persons and their respective associates and the subscribers for Underwritten Shares are not acting in concert with the Company and its associates; (ii) none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares will be a Substantial Shareholder of the Company holding 10% or more shareholding in the Company as a result of the subscription of the Underwritten Shares; and (iii) the Underwriter shall and shall cause the sub-underwriters to procure independent subscribers and/or placees to take up such number of Shortfall Underwritten Shares (as defined in the Circular) as necessary to ensure that the Company will comply with the public float requirement under the Listing Rules upon completion of the Open Offer.

As at the Latest Practicable Date, the Underwriter has entered into a sub-underwriting agreement with a sub-underwriter who is an Independent Third Party for 937,500,000 Offer Shares (the “**Sub-underwriter**”). The Sub-underwriter has further entered into sub-underwriting agreements with six (6) other Sub-underwriters for an aggregate of 392,000,000 Offer Shares (the “**Other Sub-underwriters**”). On 1 February 2016, the Sub-underwriter has entered into sub-underwriting agreements with (i) four (4) Other Sub-underwriters who are companies and Independent Third Parties for 68,000,000 Offer Shares, 68,000,000 Offer Shares, 62,500,000 Offer Shares and 62,500,000 Offer Shares respectively and (ii) one (1) Other Sub-underwriter who is an individual and Independent Third Party for 66,000,000 Offer Shares. On 2 February 2016, the Sub-underwriter has entered into sub-underwriting agreement with one (1) Other Sub-underwriter who is a company and Independent Third Party for 65,000,000 Offer Shares. None of them will hold 5% or more of equity interest and voting rights in the Company upon completion of the Open Offer. Since all the Other Sub-underwriters will hold less than 5% equity interest of the Company upon completion of the Open Offer and the Placing, they will be considered as public Shareholders. Taking into account of the Other Sub-underwriters, the public float will be at least: (i) approximately 40.88% upon completion of the Open Offer; and (ii) approximately 25.02% upon completion of the Open Offer and the Placing, assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Therefore, taking into account of the underwriting arrangement and the sub-underwriting arrangements, at least 25% of the total issued capital of the Company will be held by public under all circumstances upon completion of the Open Offer and the Placing. To the extent that the Underwriter subsequently enters into any further sub-underwriting arrangements, the Underwriter shall use its best endeavours to ensure that each subscriber and/or sub-underwriter is an Independent Third Party and will not hold more than 10.0% of the equity interest and voting rights in the Company upon completion of the Open Offer.

4. Financial effects of the Open Offer

4.1 *Net tangible assets*

According to the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, the unaudited consolidated net tangible assets of the Group attributable to owners of the Company was approximately HK\$168.4 million as at 31 October 2015. After taking into account the effect upon completion of the Capital Reorganisation and the Open Offer, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company would increase to approximately HK\$530.8 million as at 31 October 2015.

The unaudited consolidated net tangible assets attributable to owners of the Company per Share as at 31 October 2015 was approximately HK\$0.73. After taking into account the effect upon completion of the Capital Reorganisation and the Open Offer, the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 31 October 2015 would decrease to approximately HK\$0.38.

4.2 *Bank balances and cash*

According to IR2015, the Group had bank balances and cash of approximately HK\$49.2 million as at 31 October 2015. Upon completion of the Open Offer, the bank balances and cash of the Group will increase and improve as a result of the estimated net proceeds from the Open Offer of approximately HK\$362.39 million.

It should be noted that the analyses above are for illustrative purpose only and do not purport to represent how the financial positions and performance of the Group will be upon completion of the Open Offer.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we are of the view and concur with the view of the Directors that that the terms of Open Offer 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 would advise the (i) Independent Board Committee to recommend the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the resolution to approve the Open Offer to be proposed at the SGM.

Yours faithfully,
for and on behalf of
Titan Financial Services Limited
Eric Koo **Arthur Kan**
Managing Director *Executive Director*

Mr. Eric Koo is a licensed person under the SFO to engage in type 6 (advising on corporate finance) regulated activities. He has over 15 years of experience in corporate finance.

Mr. Arthur Kan is a licensed person under the SFO to engage in type 6 (advising on corporate finance) regulated activities. He has over 14 years of experience in corporate finance.

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 30 April 2013, 30 April 2014, 30 April 2015 and the unaudited consolidated financial statements of the Group for the six months ended 31 October 2015, including the notes thereto, have been published in the annual reports of the Company for the years ended 30 April 2013 (pages 40 to 111) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0808/LTN20130808100.pdf>), 30 April 2014 (pages 42 to 123) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0807/LTN20140807119.pdf>) and 30 April 2015 (pages 40 to 111) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0811/LTN20150811444.pdf>) and the interim report of the Company for the six months ended 31 October 2015 (pages 9 to 28) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0113/LTN20160113304.pdf>) respectively, which are incorporated by reference into this Circular. The said annual reports and interim results of the Company are available on the Company's website at <http://www.qpl.com> and the website of the Stock Exchange at www.hkexnews.hk.

2. INDEBTEDNESS STATEMENT

As at close of business on 31 December 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Group had outstanding borrowings of approximately HK\$74.2 million. These borrowings comprised: (i) collateralised bank borrowings of approximately HK\$36.2 million which was secured by certain of the Group's trade receivables and guaranteed by group entities; (ii) obligations under finance leases of approximately HK\$1.5 million which was secured by certain of the Group's property, plant and equipment; and (iii) unsecured and unguaranteed borrowings from a Director of approximately HK\$36.5 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, at the close of business on 31 December 2015, the Group did not have any debt securities issued or agreed to be issued, bank overdrafts, term loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group and the estimated net proceeds from the Open Offer and the Placing, the Group will have sufficient working capital to satisfy its requirements for the next twelve months from the date of this Circular in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 April 2015, being the date to which the latest published audited consolidated accounts of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company acts as an investment holding company. The principal activities of its subsidiaries are the manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners and investment holding.

In order to improve the Group's operational performance, the Group will continue to implement plans to increase its production efficiency and capacity. The Group will also continue to review its existing product mix and customer portfolios to optimise its production capacity utilisation.

In order to expand the Group's market share and sustain its competitive edge, the Group will continuously strengthen its engineering efforts in production planning in order to optimise its cost structure. It is expected that an optimised cost structure will give rise to higher production yields, cost savings and a reduction in lead-time. As a result, the Group will be able to serve its customers better and get more production orders.

The Group proposes to seek opportunities to acquire land, plant and machinery for the construction of an additional factory and environmental protection facilities. In order to improve the Group's competitiveness and fulfil different production requirements, the Group intends to deploy resources to upgrade and restructure existing plants and machineries. The Group will continue to strengthen its engineering and production departments in order to maintain its competitive edges for short lead times and high production planning flexibility.

These competitive edges will enable the Group to serve its customers better and should expand the Group's market share. In addition, the Group will continue to explore other business opportunities with a view to generating improved returns to the Shareholders.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Open Offer and the Placing on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Open Offer and the Placing had taken place on 31 October 2015.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2015, as extracted from the published interim report of the Company for the six months ended 31 October 2015, and is adjusted for the effect of the Open Offer and the Placing as if the Open Offer and the Placing had taken place on 31 October 2015.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2015 or at any future dates immediately after the completion of the Open Offer and the Placing.

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 October 2015 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Open Offer <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Open Offer <i>HK\$'000</i>	Estimated net proceeds from the Placing <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Open Offer and the Placing <i>HK\$'000</i> <i>(Note 4)</i>
Based on 1,151,054,435 Offer Shares and 875,000,000 Placing Shares to be issued	168,442	362,390	530,832	275,380	806,212

HK\$

Unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 October 2015 before the completion of the Open Offer and the Placing (<i>Note 5</i>)	0.73
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company immediately after completion of the Open Offer (<i>Note 6</i>)	0.38
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company immediately after completion of the Open Offer and the Placing (<i>Note 7</i>)	0.36

Notes:

- (1) The amount is determined based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company of HK\$168,442,000 as at 31 October 2015, which is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 31 October 2015 included in the interim report of the Company dated on 18 December 2015.
- (2) The estimated net proceeds from the Open Offer of approximately HK\$362,390,000 are calculated based on 1,151,054,435 Offer Shares on the basis of five Offer Shares for every Share in issue held on the Record Date at the Subscription Price of HK\$0.32 per Offer Share and after deduction of the estimated related expenses, including among others, underwriting commission, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$5,950,000.
- (3) The estimated net proceeds from the Placing of approximately HK\$275,380,000 are calculated based on the maximum number of 875,000,000 Placing Shares to be issued at the Placing Price of HK\$0.32 per Placing Share and after the deduction of the estimated related expenses, including among others, placing commission and other professional fee, which are directly attributable to the Placing, of approximately HK\$4,620,000.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Open Offer and the Placing represented the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 October 2015 plus the estimated net proceeds from the Open Offer and the Placing as set out in Notes 2 and 3 above.
- (5) The calculation of the unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 October 2015 before the completion of the Open Offer and the Placing is based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company of HK\$168,442,000 as discussed in Note 1 above and the 230,210,887 Shares (based on 920,843,549 Shares in issue as at 31 October 2015 and adjusted for the effect of Capital Reorganisation as if the Capital Reorganisation had taken place on 31 October 2015).

- (6) Unaudited pro forma consolidated net tangible assets of the Group per Share attributable to the owners of the Company immediately after completion of the Open Offer is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Open Offer of approximately HK\$530,832,000 divided by 1,381,265,322 Shares which represents:
- (i) 230,210,887 Shares (based on 920,843,549 Shares in issue as at 31 October 2015 and adjusted for the effect of the Capital Reorganisation as if the Capital Reorganisation had taken place on 31 October 2015); and
 - (ii) 1,151,054,435 Offer Shares to be allotted and issued pursuant to the Open Offer.
- (7) Unaudited pro forma consolidated net tangible assets of the Group per Share attributable to the owners of the Company immediately after completion of the Open Offer and the Placing is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Open Offer and the Placing of approximately HK\$806,212,000 divided by 2,256,265,322 Shares which represents:
- (i) 230,210,887 Shares (based on 920,843,549 Shares in issue as at 31 October 2015 and adjusted for the effect of the Capital Reorganisation as if the Capital Reorganisation had taken place on 31 October 2015);
 - (ii) 1,151,054,435 Offer Shares to be allotted and issued pursuant to the Open Offer; and
 - (iii) 875,000,000 Placing Shares to be allotted and issued pursuant to the Placing.
- (8) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2015.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
INCLUDED IN A CIRCULAR****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED
IN A CIRCULAR****To the Directors of QPL International Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of QPL International Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 October 2015 and related notes as set out in part A of Appendix II to the circular issued by the Company dated 3 February 2016 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed open offer of 1,151,054,435 shares to be issued by the Company at a subscription price of HK\$0.32 per offer share (“**Open Offer**”) and proposed placing of 875,000,000 shares to be issued by the Company at a placing price of HK\$0.32 per placing share (“**Placing**”) on the Group’s net tangible assets as at 31 October 2015 as if the Open Offer and the Placing had taken place at 31 October 2015. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 31 October 2015, on which a review report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**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 (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the 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 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For 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 an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group 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 event or transaction at 31 October 2015 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 accountants' judgment, having regard to the reporting accountants' 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 of the Group has been properly compiled 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 4.29 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
3 February 2016

1. RESPONSIBILITY STATEMENT

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company: (i) as at the Latest Practicable Date; and (ii) immediately upon the Capital Reorganisation becoming effective and completion of the Open Offer and the Placing are as follows:

(i) As at the Latest Practicable Date:

<i>Authorised:</i>		<i>HK\$</i>
1,500,000,000	Existing Shares	120,000,000.00
500,000,000	Limited Voting Preference Shares	10,000,000.00
<u>2,000,000,000</u>		<u>130,000,000.00</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
<u>920,843,549</u>	Existing Shares	<u>73,667,483.92</u>

(ii) **Immediately upon the Capital Reorganisation and the Increase in Authorised Share Capital becoming effective and completion of the Open Offer and the Placing:**

<i>Authorised:</i>	<i>HK\$</i>
15,000,000,000 New Shares	1,200,000,000.00
500,000,000 Limited Voting Preference Shares	10,000,000.00
<u>15,500,000,000</u>	<u>1,210,000,000.00</u>
 <i>Issued and fully paid or credited as fully paid:</i>	
920,843,549 Existing Shares as at the Latest Practicable Date	73,667,483.92
230,210,887 New Shares upon completion of the Capital Reorganisation	18,416,870.96
1,151,054,435 Offer Shares to be allotted and issued pursuant to the Open Offer	92,084,354.80
<u>1,381,265,322</u>	<u>110,501,225.76</u>
875,000,000 Placing Shares to be allotted and issued pursuant to the Placing	70,000,000.00
<u>2,256,265,322</u>	<u>180,501,225.76</u>

The issued Shares are listed and traded on Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

Saved for the placing of 153,470,000 new Shares which was completed by the Company on 16 June 2015, since 30 April 2015, the date to which the latest audited consolidated accounts of the Company were made up, and up to the Latest Practicable Date, there had not been any new issue of Shares.

As at the Latest Practicable Date, the Company has no outstanding warrants, options, derivatives or convertible or exchangeable securities.

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date. All Offer Shares, when allotted and issued, shall rank *pari passu* with each other and in all respects with each other in all respects including rights to dividends, voting and return of capital.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests

Saved as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or 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 Divisions 7 and 8 of Part XV of the SFO (including any 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 Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Director	Nature of interest/ capacity	Number of Existing Shares held	Percentage of issued share capital of the Company as at the Latest Practicable Date (%)
Mr. Li	Beneficial owner	208,794,282	22.67
	Family interest (<i>Note 1</i>)	3,000,000	0.33
	Corporate interest (<i>Note 2</i>)	18,590,944	2.02
	Total	230,385,226	25.02

Notes:

1. The family interests of 3,000,000 Shares represent the interest of the wife of Mr. Li.
2. Mr. Li wholly owns Solar Forward Company Limited, which owns 18,590,944 Shares of the Company.

(b) Substantial shareholders' interest

Other than the interest as disclosed in paragraph (a) above, as at the Latest Practicable Date, the Director and the chief executive of the Company were not aware of any person had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, 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 and were recorded in the register to be kept under section 336 of the SFO.

4. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or has or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 30 April 2015, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of, or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each non-executive Director is the period up to his retirement by rotation in accordance with the Company's articles of association.

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice, which is contained in this Circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Titan Financial Services Limited	a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Titan Financial Services Limited: (i) had no shareholding, direct or indirect, in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 30 April 2015 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired by, disposed of, or leased to any member of the Group, or were proposed to be acquired by, disposed of, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter, statement or advice and the reference to its name included herein in the form and context in which it appears.

8. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, (i) the Group was not engaged in any litigation or claims of material importance, and (ii) no litigation or claims of material importance is pending or threatened against the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date:

- (i) the Placing Agreement dated 7 January 2016 entered into between the Company and the Placing Agent for the placing of up to 875,000,000 Placing Shares on a best effort basis, at 0.32 per Placing Share;
- (ii) the Underwriting Agreement dated 7 January 2016 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer; and
- (iii) the placing agreement dated 2 June 2015 in relation to the placing of up to 153,470,000 placing Shares at HK\$0.56 per Share under a general mandate.

10. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$5.95 million, which are payable by the Company.

11. CORPORATE INFORMATION

Board of Directors**Correspondence Address***Executive Directors*

Mr. Li Tung Lok
(Executive Chairman and Chief Executive)

8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Mr. Phen Hoi Ping, Patrick

8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Ms. Tung Siu Ching

8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Non-executive Director

Mr. Wong Wai Man

8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Independent Non-executive Directors

Mr. How Sze Ming

8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Mr. Lee Kwok Wan

8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Mr. Yau Chi Hang

8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Audit Committee

Mr. How Sze Ming (*Chairman*)
Mr. Lee Kwok Wan
Mr. Yau Chi Hang

Nomination Committee

Mr. Lee Kwok Wan (*Chairman*)
Mr. How Sze Ming
Mr. Yau Chi Hang

**Head Office and Principal Place of
Business in Hong Kong**

8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

**Hong Kong Branch Share Registrar and
Transfer Office**

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Banker

The Hong Kong and Shanghai
Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Legal Advisers

Hong Kong Law
Reed Smith Richards Butler
20th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

Remuneration Committee

Mr. Yau Chi Hang (*Chairman*)
Mr. Li Tung Lok
Mr. How Sze Ming
Mr. Lee Kwok Wan

Company Secretary

Mr. Wong Wai Man

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

**Principal Share Registrar and
Transfer Office**

Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Authorised Representatives

Mr. Li Tung Lok
8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Mr. Phen Hoi Ping, Patrick
8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Stock Code

243

Company Website<http://qpl.com>**12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER****The Company**

QPL International Holdings Limited
8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Financial adviser to the Company

Opus Capital Limited
18/F, Fung House
19-20 Connaught Road Central
Central
Hong Kong

Underwriter

Opus Capital Limited
18/F, Fung House
19-20 Connaught Road Central
Central
Hong Kong

Legal advisers to the Company

Hong Kong Law
Tang Tso & Lau
Room 209, 2/F
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

Bermuda Law

Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central, Hong Kong

Reporting Accountants

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

Independent financial adviser to the Independent Board Committee and the Independent Shareholders	Titan Financial Services Limited Suites 3201-02, 32/F, COSCO Tower 183 Queen's Road Central Hong Kong
Hong Kong branch share registrar and transfer office	Tricor Standard Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

13. PROFILE OF DIRECTORS

Executive Directors

Mr. Li Tung Lok, aged 63, is the founder of the Group. Mr. Li has been an Executive Director and Executive Chairman of the Board since January 1989. Mr. Li has also served as the Chief Executive of the Company since January 1989 (except for the period from February 2004 to December 2008). He is also a member of Remuneration Committee of the Company. Mr. Li is responsible for the Group's corporate strategic planning, overall management, business and product development. He has a B.Sc. Degree in Chemical Engineering and over 39 years of experience in servicing the semiconductor industry.

Mr. Phen Hoi Ping Patrick, aged 45, has been an Executive Director of the Company since December 2008. He is responsible for the Group's overall sales, services and supplies management. Mr. Phen obtained his bachelor's degree in Engineering from Loughborough University of Technology, Loughborough, United Kingdom. He has over 22 years of experience in semiconductor sales, services and supplies management through his previous employment with different companies in Hong Kong. Prior to joining the Group in 2001, Mr. Phen had worked as a customer services engineer and then a deputy director, account management of ASAT Limited, a subsidiary of ASAT Holdings Limited, which was an associated company of the Group during 1991 to 1996, and then from 1996 to 2001 was a sales director at SMI Limited, a subsidiary of SDI Corporation, a company incorporated in Taiwan and listed on the Taiwan Stock Exchange.

Ms. Tung Siu Ching, aged 61, has been appointed as an Executive Director of the Company since 18 June 2015. Ms. Tung is engaged in import and export industry for more than 25 years. She hold management positions in several trading companies and was responsible for regional marketing strategy and internal staff training. Ms. Tung has extensive knowledge in corporate operation management and in marketing in the PRC and Europe.

Non-executive Directors

Mr. Wong Wai Man, aged 46, has been appointed as a Non-executive Director and company secretary of the Company since 30 April 2015. Mr. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants and has over 20 years of experience in finance, accounting and auditing. Mr. Wong obtained a bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in November 1991 and a master of science degree in financial economics from the University of London in December 1997. From August 1991 to April 1996, Mr. Wong worked as an auditor with Ernst & Young. He is an independent non-executive director of Times Property Holdings Limited since November 2013 and was an executive director of China Household Holdings Limited (formerly known as Bao Yuan Holdings Limited and Ching Hing (Holdings) Limited) from 2006 to 2010, of which are listed on the Main Board of the Stock Exchange.

Independent Non-executive Directors

Mr. How Sze Ming, aged 38, has been an Independent Non-executive Director of the Company since September 2013. He has also been the Chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee of the Company. Mr. How has over 15 years of experience in the investment banking and business assurance industries. He graduated from The Chinese University of Hong Kong with a first class honour bachelor's degree of Business Administration (majoring in Professional Accountancy). After graduation, Mr. How worked in the audit and business assurance department of PricewaterhouseCoopers. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. At present, Mr. How is the Managing Director of Zhaobangji International Capital Limited. Prior to joining Zhaobangji International Capital Limited, he worked in several renowned investment banks with China background in Hong Kong. Mr. How is an independent non-executive director of Odella Leather Holdings Limited and World-link Logistics (Asia) Holdings Limited, of which are listed on the Growth Enterprise Market of the Stock Exchange ("GEM") and an independent non-executive director of Forgame Holdings Limited of which is listed on the Main Board of the Stock Exchange.

Mr. Lee Kwok Wan, aged 47, has been an Independent Non-executive Director of the Company since September 2013. He has also been the Chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. Lee has more than 17 years of accounting and management experience. He holds a master degree in Business Administration and a bachelor's degree in Commerce and Accountancy. He is an associate member of the Hong Kong Institute of Certified Public Accountants, CPA Australia, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. At present, Mr. Lee is the Chief Financial Officer of a sizable company in Hong Kong engaging in the manufacture of watches and the company secretary of Major Holdings Limited, of which is listed on the GEM Board of the Stock Exchange. Mr. Lee is also currently an independent non-executive director of Neway Group Holdings Limited, of which is listed on the Main Board of the Stock Exchange.

Mr. Yau Chi Hang, aged 40, has been appointed as an Independent Non-Executive Director of the Company since 18 June 2015. He is also the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Company. Mr. Yau has over 15 years of experience in electronic industry. He holds management positions in a Japanese based company which delivers electronic components, such as integrated circuits products and transistors, in Hong Kong and in the PRC for over 10 years and was responsible for formulating and executing marketing strategy for the company. Mr. Yau holds a Master of Science degree and a Bachelor of Science degree in Chemistry from The University of Hong Kong.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (Saturdays and public holidays excepted) at 8th Floor, Hale Weal Industrial Building, 22-28 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong from the date of this Circular up to and including the date of the SGM.

- (a) the memorandum of association and Bye-Laws;
- (b) the material contracts referred to paragraph headed “Material Contracts” in this appendix;
- (c) the independent reporting accountants’ assurance report from Deloitte Touche Tohmatsu on the pro forma financial information of the Group, the text of which is set out in Appendix II of this Circular;
- (d) the annual reports of the Company for the three financial years ended 30 April 2013, 2014 and 2015;
- (e) the letter from the Independent Financial Adviser;
- (f) the letter from the Independent Board Committee;
- (g) the letter from the Board;
- (h) the written consents referred to in the paragraph headed “Experts and Consents” in this appendix; and
- (i) this Circular.

15. MISCELLANEOUS

- (a) The registered office of the Company is Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda. The Company’s head office and principal place of business in Hong Kong is at 8th Floor, Hale Weal Industrial Building, 22-28 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong.

- (b) The secretary of the Company is Mr. Wong Wai Man. Mr. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants and has over 20 years of experience in finance, accounting and auditing.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (e) The English texts of this Circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistency.

NOTICE OF SGM



QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “**SGM**”) of QPL International Holdings Limited (the “**Company**”) will be held at Best Western Plus Hotel Hong Kong (Jasmine Room 3/F), 308 Des Voeux Road West, Hong Kong at 10:30 a.m. on Friday, 26 February 2016 for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

1. “**THAT**, conditional upon: (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and the permission to deal in, the New Shares (as defined below); and (ii) compliance with Section 46(2) of the Companies Act 1981 of Bermuda to effect the Capital Reduction (as defined below), with effect from 9:00 a.m. on the next business day after the date on which this resolution is passed by the shareholders of the Company (the “**Shareholders**”):
 - (a) every four (4) issued ordinary shares of nominal value of HK\$0.08 each (the “**Existing Share**”) in the share capital of the Company be consolidated into one (1) issued ordinary share of nominal value of HK\$0.32 each (the “**Consolidated Share**”) (the “**Share Consolidation**”);
 - (b) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the total number of issued Consolidated Shares arising from the Share Consolidation;
 - (c) the nominal value of all issued Consolidated Shares be reduced from HK\$0.32 each to HK\$0.08 each (the “**New Share**”) by cancelling the capital paid-up thereon to the extent of HK\$0.24 per Consolidated Share in issue (together with the step described in paragraph (b) above, the “**Capital Reduction**”);
 - (d) the credit arising from the Capital Reduction be credited to the contributed surplus account of the Company (together with the Share Consolidation and the Capital Reduction, the “**Capital Reorganisation**”) and the directors of the Company (the “**Directors**”) be and are hereby authorised to use the amount then standing to the credit of the contributed surplus account in any manner as may be permitted under the bye-laws of the Company and all applicable laws including, without limitation, eliminating or setting off the accumulated losses of the Company; and

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- (e) any one Director be and is authorised to approve, sign and execute such documents and take any and all steps, and to do and/or procure to be done any and all acts and things which in his/her opinion may be necessary, desirable or expedient to implement and carry into effect this resolution, including, without limitation, to aggregate, sell and retain for the benefit of the Company all fractional New Shares to which each Shareholder is otherwise entitled.”

ORDINARY RESOLUTIONS

2. “**THAT** subject to the passing of special resolution no. 1 and forthwith upon the Capital Reorganisation (as defined in special resolution no.1) taking effect, the authorised share capital of the Company be increased from HK\$130,000,000 divided into 1,500,000,000 Existing Shares and 500,000,000 Limited Voting Preference Shares to HK\$1,210,000,000 divided into 15,000,000,000 New Shares and 500,000,000 Limited Voting Preference Shares by the creation of an additional 13,500,000,000 New Shares of HK\$0.08 each (the “**Increase in Authorised Share Capital**”).”
3. “**THAT** subject to the passing of special resolution no. 1 and ordinary resolutions no. 2 and 4 and conditional upon: (a) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant (subject to allotment) and not having revoked the listing of and permission to deal in the Offer Shares (as defined below) to be allotted and issued to the qualifying shareholders of the Company (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company on 9 March 2016 or such other date as may be determined and announced by the board of Directors as the record date of the Open Offer (the “**Record Date**”) pursuant to the terms and conditions of the Open Offer (as defined below) by no later than the Prospectus Posting Date (as defined in the circular of the Company dated 3 February 2016 (the “**Circular**”)); (b) the Capital Reorganisation (as defined in special resolution no. 1 above) and the Increase in Authorised Share Capital (as defined in ordinary resolution no. 2 above) becoming effective; (c) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date; (d) the posting of the Prospectus Documents (as defined in the Circular) to Qualifying Shareholders on the Prospectus Posting Date; and (e) the fulfillment of the conditions set out in the underwriting agreement dated 7 January 2016 (the “**Underwriting Agreement**”), entered into between the Company as issuer and Opus Capital Limited as underwriter and the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms therein (a copy of the Underwriting Agreement had been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification),
- (i) the Underwriting Agreement and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;

NOTICE OF SGM

- (ii) the issue by way of open offer (the “**Open Offer**”) of 1,151,054,435 New Shares (the “**Offer Shares**”) to the Qualifying Shareholders excluding those shareholders of the Company with registered addresses as shown on the register of members of the Company on the Record Date outside Hong Kong whom the Directors consider it necessary or expedient to exclude after making the relevant enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in the place where those overseas shareholders reside (the “**Non-Qualifying Shareholders**”) on the basis of five (5) Offer Shares for every one (1) New Share then held on the Record Date at the subscription price of HK\$0.32 per Offer Share and otherwise pursuant to and in accordance with the terms and conditions set out in the Circular be and is hereby approved and confirmed;
 - (iii) the Directors be and are hereby authorised to allot and issue the Offer Shares pursuant to or in connection with the Open Offer notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangement in relation to the Non-Qualifying Shareholders as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company; and
 - (iv) any Director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Open Offer or as he/she consider necessary, desirable or expedient in connection with the implementation of or giving effect to the Open Offer, the Underwriting Agreement and the transactions contemplated thereunder.”
4. “**THAT** subject to the passing of special resolution no. 1 and ordinary resolution no. 3 and conditional upon (i) the Capital Reorganisation (as defined in special resolution no.1 above) and Increase in Authorised Share Capital (as defined in ordinary resolution no.2 above) becoming effective; (ii) the Stock Exchange granting the listing of and permission to deal in, the Placing Shares (as defined below) and (iii) completion of the Open Offer (as defined in ordinary resolution no.3 above):
- (a) the conditional placing agreement dated 7 January 2016 (the “**Placing Agreement**”) and entered into between the Company as issuer and Black Marble Securities Limited as placing agent (the “**Placing Agent**”) in relation to the placing of up to 875,000,000 New Shares of HK\$0.08 each (the “**Placing Shares**”) in the share capital of the Company on a best effort basis in accordance with the terms and conditions of the Placing Agreement (a copy of which is produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification) at the placing price of HK\$0.32 per Placing Share, as the case may be, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
 - (b) the Directors be and are hereby specifically authorised to allot and issue the Placing Shares in accordance with the terms of the Placing Agreement; and

NOTICE OF SGM

- (c) any one Director be and is hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be in his discretion consider necessary, desirable or expedient to give effect to the Placing Agreement and all the transactions contemplated thereunder (including the allotment and issue of the Placing Shares pursuant thereto) and to agree to such variation, amendment or waiver as are, in the opinion of such Director, in the interest of the Company provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Placing Agreement.”

By Order of the Board
QPL INTERNATIONAL HOLDINGS LIMITED
Li Tung Lok
Executive Chairman and Chief Executive

Hong Kong, 3 February 2016

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head office and principal place of
Business in Hong Kong:*
8th Floor, Hale Weal Industrial Building
22-28 Tai Chung Road
Tsuen Wan, New Territories
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the SGM is entitled to appoint one proxy or, if such member is a holder of more than one share, more than one proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time for holding the SGM or any adjournment of such meeting (as the case may be).
3. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the SGM or any adjustment thereof (as the case may be) if they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any shares, any one of such holders may vote at the SGM either personally or by proxy in respect of such shares as if he/she was solely entitled thereto provided that if more than more of such joint holders be present at the SGM whether personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such shares shall be accepted to the exclusion of the votes of the other joint holders.
5. All of the above resolutions will be voted by way of a poll at the SGM.
6. The register of members of the Company will be closed from Monday, 22 February 2016 to Friday, 26 February 2016, both dates inclusive, no transfer of Shares will be registered during such period. In order to qualify for attendance at the SGM, all transfers accompanied by the relevant share certificates must be lodged with Tricor Standard Limited for registration at the address set out in note 2 above not later than 4.30 p.m. on Friday, 19 February 2016.