



**國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL

26/F – 28/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

12 September 2018

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED ON BEHALF OF QINGDAO WEST COAST HOLDINGS (INTERNATION) LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF PROSPER CONSTRUCTION HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY QINGDAO WEST COAST HOLDINGS (INTERNATION) LIMITED AND/OR PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

Reference is made to the Joint Announcement. On 1 August 2018 (after trading hours of the Stock Exchange), the Offeror and the Company jointly announced that on 18 July 2018, the Vendor, the Guarantors and the Offeror entered into the Share Transfer Agreement, pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares comprising an aggregate of 408,000,000 Shares, representing 51.00% of the Shares in issue as at the date of the Share Transfer Agreement, at a consideration of HK\$537,540,000 (equivalent to approximately HK\$1.3175 per Sale Share).

Share Transfer Completion took place on 16 August 2018.

Immediately before the Share Transfer Completion, the Offeror and parties acting in concert with it did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, and had not dealt for value in the Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following the Share Transfer Completion and as at the Latest Practicable Date, the Offeror and/or parties acting in concert with it owned an aggregate of 408,000,000 Shares (representing 51.00% of the Shares in issue as at the Latest Practicable Date); and the Vendor is interested in 102,000,000 Shares (representing 12.75% of the Shares in issue as at the Latest Practicable Date). Pursuant to Rule 26.1 of the Takeovers Code, immediately following the Share Transfer Completion, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). Guotai Junan Securities is making the Offer on behalf of the Offeror.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, the information on the Offeror and its intention in relation to the Company. Further details of the Offer and the procedures for accepting the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance and Transfer. Your attention is also drawn to the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from Red Sun Capital” and the appendices set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

## **THE OFFER**

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

Guotai Junan Securities is making the Offer for and on behalf of the Offeror on the following basis:

**For each Offer Share ..... HK\$1.3175 in cash**

The Offer is unconditional in all respects.

The Offer Price of HK\$1.3175 for each Share under the Offer is equivalent to the price payable by the Offeror for each Sale Share under the Share Transfer Agreement.

The Offer will extend to all the issued Shares, other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it on the date on which the Offer is made, being the date of despatch of this Composite Document.

The procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

### **Comparisons of value**

The Offer Price of HK\$1.3175 per Offer Share represents:

- a premium of approximately 1.35% over the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 15.57% over the closing price of HK\$1.14 per Share as quoted on the Stock Exchange on 18 July 2018, being the Last Trading Day;
- a premium of approximately 17.63% over the average of the closing prices of the Shares of approximately HK\$1.12 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

- a premium of approximately 21.32% over the average of the closing prices of the Shares of approximately HK\$1.09 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 23.67% over the average of the closing prices of the Shares of approximately HK\$1.07 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 34.42% over the average of the closing prices of the Shares of approximately HK\$0.98 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 78.27% over the average of the closing prices of the Shares of approximately HK\$0.74 per Share as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 108.96% over the audited consolidated net asset value per Share of approximately HK\$0.63 as at 31 December 2017, calculated based on the Group's audited consolidated net assets of approximately HK\$504.42 million as at 31 December 2017 as disclosed in the annual report of the Company for the year ended 31 December 2017 and 800,000,000 Shares in issue as at the Latest Practicable Date; and
- a premium of approximately 108.96% over the unaudited consolidated net asset value per Share of approximately HK\$0.63 as at 30 June 2018, calculated based on the Group's unaudited consolidated net assets of approximately HK\$505.03 million as at 30 June 2018 as disclosed in the interim report of the Company for the six months ended 30 June 2018 and 800,000,000 Shares in issue as at the Latest Practicable Date.

#### **Highest and lowest Share prices**

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.32 on 22 August 2018 and 3 September 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.44 on 9 February 2018.

#### **The irrevocable undertaking and deed of share pledge**

The Vendor has entered into an irrevocable undertaking with the Offeror that, in respect of the Remaining Shares, (i) it will not accept the Offer; and (ii) it will not dispose of the Remaining Shares after the Share Transfer Completion up to and including the Closing Date.

Pursuant to the Share Transfer Agreement, to ensure the Vendor performs its duties and responsibilities under the Share Transfer Agreement including (i) Mr. Cui continues to perform the existing services contract (the “**Existing Services Contract**”) with the Company after the Share Transfer Completion and up to the expiry of the Existing Services Contract, (ii) if, after the expiry of the Existing Services Contract and subject to the Listing Rules and the applicable laws and regulations thereof, the Company chooses to appoint Mr. Cui as an executive Director or to other

senior management role(s) of the Company, Mr. Cui shall take up such appointment and execute a new 3-year fixed term services contract with the Company (the “**New Services Contract**”) with comparable principal terms of the Existing Services Contract, (iii) the Vendor and the Guarantors shall procure Mr. Cui and other senior management of the Company to remain in the Company during the terms of the Existing Services Contract and the New Services Contract and (iv) the undertaking in respect of recovery of the account receivables of the Company as at 31 December 2017, the Vendor has entered into a deed of share pledge (the “**Deed of Share Pledge**”) on the Share Transfer Completion Date whereby the Remaining Shares are charged in favour of the Offeror for a period of 24 months commencing from the Share Transfer Completion Date. If the Vendor shall fully perform its duties and responsibilities under the Share Transfer Agreement, the Deed of Share Pledge shall be released unconditionally after the aforesaid period. In addition, during the period while Mr. Cui remains as an executive Director or takes up other senior management role(s) of the Company, the Vendor shall not dispose of or deal with the Remaining Shares except as pursuant to the Deed of Share Pledge or that the prior consent of the Offeror has been obtained. During such period after the Deed of Share Pledge is released whilst Mr. Cui remains as an executive Director or takes up other senior management role(s) of the Company, prior consent from the Offeror should be obtained if the Vendor shall pledge or charge the Remaining Shares to any third party. Pursuant to the Deed of Share Pledge, the Vendor is at liberty to exercise its voting rights attached to the Remaining Shares during the effective period of the Deed of Share Pledge (i.e. a period of 24 months commencing from the Share Transfer Completion Date). In addition, each of Mr. Cui, Mr. Yu and Ms. Kui executed a deed of non-competition on 16 August 2018 in favour of the Company (for itself and as representative of its subsidiaries) as fulfilment of certain condition precedents to the Share Transfer Agreement as set out in the Joint Announcement. The details of the aforesaid deeds of non-competition are set out under the section “9. Material contracts” in Appendix IV to this Composite Document. Furthermore, the Vendor has not entered into any agreement or consensus with the Offeror or any party acting in concert with it in respect of the voting rights of the Remaining Shares.

#### **Value of the Offer**

On the basis of the Offer Price of HK\$1.3175 per Share and 800,000,000 issued Shares as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$1,054,000,000.

Excluding the Sale Shares acquired by the Offeror under the Share Transfer Agreement and the 102,000,000 Remaining Shares, in respect of which the Vendor has irrevocably undertaken not to accept the Offer, and on the basis that there is no change in the issued share capital of the Company, a total of 290,000,000 Shares will be subject to the Offer. The maximum cash consideration payable by the Offeror under the Offer will be approximately HK\$382,075,000.

#### **Confirmation of financial resources**

The Offeror intends to finance the Offer by means of bank loan facility. An amount which is sufficient to satisfy the maximum cash consideration payable by the Offeror under the Offer have been drawn down from the bank loan facility and deposited into the custodian account of the

Offeror maintained in Guotai Junan Securities. The Offeror does not intend that the payment of the interest on, repayment of or security for any liability (contingent or otherwise) under the bank loan facility will depend to any significant extent on the business of the Company.

Guotai Junan Capital, the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the amount of funds required for the full acceptance of the Offer in respect of the 290,000,000 Offer Shares (excluding the Remaining Shares).

#### **Effect of accepting the Offer**

By accepting the Offer, the Independent Shareholders will sell their Shares free from all Encumbrances and together with all rights attaching to them including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all Encumbrances and together with all rights accruing or attaching to them including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, on or after the date on which the Offer is made. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

#### **Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but within seven (7) Business Days following the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by or for the Offeror to render each such acceptance complete and valid. No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

#### **Overseas Shareholders**

The Offer will be available to all Independent Shareholders, including the Overseas Shareholders. The making of the Offer to or acceptance thereof by persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

#### **Stamp duty**

The seller's ad valorem stamp duty payable by the Independent Shareholders on acceptances of the Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Independent Shareholders on the acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

#### **Taxation advice**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, the Company, Guotai Junan Capital, Guotai Junan Securities, VMS Securities, Red Sun Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

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

The Offeror is an investment holding company incorporated in the BVI with limited liability in 2014 and is principally engaged in investment holding business in the PRC. The directors of the Offeror are Mr. Wang Zhijun, Mr. Zhang Hao, Mr. Wang Xuejun, Mr. Zhu Jiangfeng and Mr. Yu Zhan.

The Offeror is indirectly wholly-owned by Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集團)有限公司 which is the ultimate parent company of the Offeror and a state-owned enterprise wholly-owned by the State-owned Asset Supervision and Administration Commission of Qingdao. Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集

團)有限公司 is principally engaged in infrastructure construction, land development, real estate development and other industrial investment and operations (including cultural, tourism and financial services).

The Offeror and parties acting in concert with it did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company immediately prior to Share Transfer Completion, and had not dealt for value in the Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the 6-month period preceding the date of the Joint Announcement.

#### **INTENTION OF THE OFFEROR REGARDING THE GROUP**

Following the completion of the Offer, the Offeror intends to continue the existing principal activities of the Group. The Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review, the Offeror plans to leverage its experience and network to explore further investment opportunities for the Group. However, as at the date of this Composite Document, no such investment or business opportunities have been identified nor has the Offeror entered into any agreement, arrangements, understandings, intention or negotiation in relation to the injection of any assets or business into the Group. If any possible investment materializes, the Company will make further announcement(s) as and when required under the Listing Rules.

Save as required for the implementation of the Offeror's intention regarding the Group as aforementioned, the Offeror has no intention to terminate the employment of any key employees of the Group except for the proposed changes to the members of the Board as detailed in the section headed "Proposed change of the board composition" below or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group. As at the date of this Composite Document, the Offeror has no plans to restructure the Group's existing structure.

The Offeror intends to change the name of the Company after the close of the Offer to reflect the change in control of the Company. Further announcement(s) will be made as and when appropriate.

#### **PROPOSED CHANGE OF THE BOARD COMPOSITION**

As at the Latest Practicable Date, the Board comprises Mr. Cui Qi (Chairman of the Board), Mr. Yu Ming, Ms. Kui Ching Wah and Mr. Tao Yang as executive Directors; Mr. Cheung Chi Man Dennis, Ms. Leung Sau Fan Sylvia and Mr. Leung Yee Tak as independent non-executive Directors.

Save for Mr. Cui Qi and Mr. Tao Yang, all of the existing Directors intend to resign from the Board with effect from the earliest time permitted under the Takeovers Code, being the date subsequent to the Closing Date. Such resignation will be made in compliance with the Takeovers Code and the Listing Rules.

The Offeror intends to nominate seven new Directors to the Board including three executive Directors, namely Mr. Liu Luqiang, Mr. Zhu Jiangfeng and Mr. Xue Qingfu, one non-executive Director, namely Wang Xuejun and three independent non-executive Directors with effect from the date subsequent to the Closing Date. Any such appointment will be made in compliance with the Takeovers Code and the Listing Rules.

The proposed nomination of new independent non-executive Directors have not yet been finalised as at the date of this Composite Document. Further announcement(s) will be made upon any changes to the composition of the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as appropriate.

The biography of the proposed Directors are set out below:

**Mr. Liu Luqiang**

Mr. Liu Luqiang (“**Mr. Liu**”), aged 49, will be appointed as the chairman of the Board and an executive Director. Mr. Liu obtained a postgraduate degree in technology economics and business administration from Tianjin University in December 1993 and the professional title of senior engineer in December 2001. He has been serving as the chairman and the secretary of the party committee of Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集團)有限公司 since August 2018 and July 2018, respectively. Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集團)有限公司 is principally engaged in reclamation, construction and management of fishing ports and marine ranches, construction of bridges, coastline management and island reef development. He was the vice chairman of Qingdao West Coast Holding Development Limited\* 青島西海岸控股發展有限公司 from November 2015 to November 2017 and has been serving as the chairman of Qingdao West Coast Holding Development Limited\* 青島西海岸控股發展有限公司 since November 2017. Qingdao West Coast Holding Development Limited\* 青島西海岸控股發展有限公司, the subsidiary of Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集團)有限公司, is principally engaged in the investment in services industries such as property management industry and overseas investments. He has also been serving as the general manager and director of Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集團)有限公司 since March 2015. He has accumulated over 20 years of experience in municipal planning, design and management, government administration, and corporate operation and management. He served as, among others, office manager of Huangdao District Party Committee of Qingdao\* 青島市黃島區委 from November 2012 to April 2015, member of the working committee of Qingdao West Coast New Area under Qingdao Municipal Party Committee\* 青島市委青島西海岸新區工作委員會 from March 2012 to June 2014, standing member of Working Committee of Qingdao Economic & Technology Development Area\* 青島經濟技術開發區工作委員會 from December 2011 to June 2014, standing member of



Huangdao District Party Committee of Qingdao\* 青島市黃島區委 from December 2011 to March 2015, deputy director of Management Committee of Qingdao Economic & Technology Development Area\* 青島經濟技術開發區管理委員會 from July 2009 to December 2011; and the head of Rural Planning Division (Building Management) of the Qingdao Urban Planning Bureau\* 青島市規劃局村鎮規劃(建築管理)處 from December 2006 to July 2009.

**Mr. Zhu Jiangfeng**

Mr. Zhu Jiangfeng (“**Mr. Zhu**”), aged 40, will be appointed as an executive Director. Mr. Zhu obtained a master’s degree in management from Renmin University of China in January 2015. He has been serving as assistant to the general manager of Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集團)有限公司 since June 2014, and the chairman and general manager of Qingdao Big Data Technology Development Co., Ltd\* 青島大數據科技發展有限公司 since November 2017. He has over 10 years of experience in business management. From April 2016 to November 2017, he served as the chairman and general manager of Qingdao West Coast Finance Development Co., Ltd\* 青島西海岸金融發展有限公司. From June 2014 to October 2016, he served as the head of the asset management department of Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集團)有限公司. From July 2013 to November 2016, he served as the officer of the tender department of Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集團)有限公司. From December 2007 to June 2009, he worked in Qingdao Haier Co., Ltd. 青島海爾股份有限公司, and his last position was the chief product officer of the refrigerator segment. From July 2000 to August 2007, he worked in AUCMA Group Limited 澳柯瑪集團有限公司, where he held a number of positions including the head of market development and marketing planning department.

**Mr. Xue Qingfu**

Mr. Xue Qingfu (“**Mr. Xue**”), aged 47, will be appointed as an executive Director. Mr. Xue obtained a master’s degree (part-time) in software engineering from Beijing Jiaotong University in June 2016. Since November 2014, he has been the head of risk control department of Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集團)有限公司 and serving as director or supervisor of its several subsidiaries, such as supervisor of Qingdao West Coast Holding Development Limited\* 青島西海岸控股發展有限公司. He accumulated many years of experience in finance and internal control management. He served as, among others, deputy general manager of Qingdao West Coast Industrial Development Co., Ltd.\* 青島西海岸實業發展有限公司 from February 2013 to November 2014, general financial manager of Qingdao Sino-German Ecopark Joint Development Co., Ltd.\* 青島中德生態園聯合發展有限公司 from February 2012 to January 2013; and manager of the financial audit department of Qingdao Development Zone Urban Development Investment Co., Ltd.\* 青島市開發區城市發展投資有限公司 from January 2007 to December 2011.

### **Mr. Wang Xuejun**

Mr. Wang Xuejun (“**Mr Wang**”), aged 55, will be appointed as a non-executive Director. Mr Wang obtained a bachelor degree in Chinese from Shandong College of Education\* 山東省教育學院 in June 1989. He has been serving as the general manager of Qingdao West Coast Holding Development Limited\* 青島西海岸控股發展有限公司 since November 2015, and the deputy general manager of Qingdao West Coast Development (Group) Limited\* 青島西海岸發展(集團)有限公司 since September 2012. Mr. Wang has more than 20 years of experience in government administration, transportation supervision, and enterprise management. From September 2010 to September 2012, he was appointed as director general\* 局長 and secretary of the party committee\* 黨委書記 of Jiaonan Communications and Transportation Bureau\* 膠南市交通運輸局. From January 2007 to September 2010, he was appointed as director general\* 局長 and secretary of the party committee\* 黨委書記 of Jiaonan Transportation Bureau\* 膠南市交通局. From August 2002 to January 2007, he was appointed as secretary of the working committee\* 工委書記 of Jiaonan Zhuhai Street\* 膠南市委珠海街道. From August 1999 to September 2001, he worked in Jiaonan Yitong Thermal Power Co., Ltd.\* 膠南市易通熱電有限責任公司 (formerly “Jiaonan Thermal Power Plant\* 膠南市熱電廠”), where he held a number of positions including director and chairman.

### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. Mr. Cui Qi, Mr. Tao Yang and the directors of the Offeror have jointly and severally undertaken, and the new directors to be appointed to the Board will jointly and severally undertake, to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Independent Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

## **COMPULSORY ACQUISITION**

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

## **FURTHER DETAILS OF THE OFFER**

Further details regarding the Offer, including the terms of the Offer and procedures for acceptance, are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

## **GENERAL**

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. None of the Offeror and parties acting in concert with it, the Company, Guotai Junan Capital, Guotai Junan Securities, VMS Securities, Red Sun Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

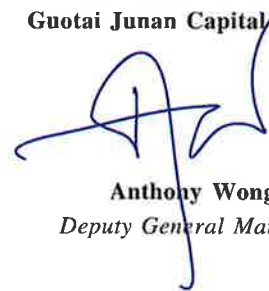
## **WARNING**

Independent Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

#### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to read carefully the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from Red Sun Capital” and “Other information about the Group”, which are set out in this Composite Document, before deciding whether or not to accept the Offer.

Yours faithfully,  
For and on behalf of  
**Guotai Junan Capital Limited**

A handwritten signature in blue ink, appearing to be 'Anthony Wong', with a stylized, flowing script.

**Anthony Wong**  
*Deputy General Manager*