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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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Pegasus Entertainment Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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Pegasus Entertainment Holdings Limited

天馬娛樂控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

MAJOR TRANSACTION

IN RELATION TO A LEASE AGREEMENT

24 January 2014

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CHARACTERISTICS OF GEM

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

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

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors;
“Box Office Takings”	gross amount, without deductions, of the proceeds received or receivable in respect of the sale of tickets for the cinemas operated at the Leased Premises;
“Company”	Pegasus Entertainment Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM;
“Concession Takings”	gross amount, without deductions, of the proceeds received or receivable by the Tenant in respect of the sale of food, beverages and confectionery at the Leased Premises;
“Director(s)”	director(s) of the Company;
“GEM”	Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“Guarantee and Indemnity”	the guarantee and indemnity dated 27 December 2013 executed by the Company in favour of the Landlord;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Landlord”	Renaissance City Development Company Limited and Benington Limited;
“Latest Practicable Date”	22 January 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Lease Agreement”	the lease agreement dated 27 December 2013 entered among the Landlord and the Tenant;

DEFINITIONS

“Leased Premises”	cinema spaces, cinema lobbies, toilets, projection room, cinema box office, concession area together with ancillary staircases and passenger lifts;
“Merchandise Takings”	gross amount, without deductions, of the proceeds received or receivable of the sale of movie-related promotional items and or any other items approved by the Landlord at the Leased Premises;
“Offer to Lease”	the offer to lease dated 1 November 2013 made between the Tenant, the Company and Renaissance City Development Company Limited;
“PRC”	People’s Republic of China;
“Screen Advertising Takings”	gross amount, without deductions, of the proceeds received or receivable of the advertising shown on the screens in the cinemas at the Leased Premises, staging of gala premier, conference, concerts, charity performance approved by the Landlord and any other income generated from or at the Leased Premises;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shareholder(s)”	holder(s) of the issued shares of the Company;
“Tenant”	Cinema City (Langham Place) Limited, an indirect wholly-owned subsidiary of the Company; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

LETTER FROM THE BOARD



Pegasus Entertainment Holdings Limited **天馬娛樂控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

Executive Directors:

Mr. Wong Pak Ming (Chairman)
Ms. Wong Yee Kwan Alvina
Mr. Wong Chi Woon Edmond

Independent non-executive Directors:

Mr. Lam Kam Tong
Mr. Lo Eric Tien-cheuk
Mr. Tang Kai Kui Terence

Registered office:

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

*Principal place of business
in Hong Kong:*

Rooms 1801-2
Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

24 January 2014

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

IN RELATION TO A LEASE AGREEMENT

INTRODUCTION

Reference is made to the Company's announcements dated 27 December 2013 and 2 January 2014 respectively announcing that on 27 December 2013, (a) the Tenant (an indirect wholly-owned subsidiary of the Company) as tenant and the Landlord as landlord entered into the Lease Agreement, pursuant to which the Landlord has agreed to let and the Tenant has agreed to rent and take the Leased Premises together with the use in common with the Landlord and other tenants certain area of Langham Place for a term of ten years commencing on 23 July

LETTER FROM THE BOARD

2014 and expiring on 22 July 2024; and (b) the Company as guarantor executed the Guarantee and Indemnity in favour of the Landlord to guarantee the due, full, punctual and complete performance and observance by the Tenant of all its obligations, undertakings and covenants under the Lease Agreement.

The purpose of this circular is to provide you with, among other things, the letter from the Board containing details on the Lease Agreement and the transactions contemplated thereunder.

LEASE AGREEMENT

Set out below are the major terms of the Lease Agreement:

- Date:** 27 December 2013
- Parties involved:**
1. The Landlord, as landlord.
 2. The Tenant, as tenant.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Landlord and their respective ultimate shareholders are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

Leased Premises

The Leased Premises is situated on Levels 1, 8, 9 and 10 of Langham Place, 8 Argyle Street, Kowloon, Hong Kong.

Term of lease

The lease of the Leased Premises is for a term of ten years commencing on 23 July 2014 and expiring on 22 July 2024. The Tenant and the Landlord have further agreed that the average monthly Box Office Takings in any six consecutive months after the first year of the term of the Lease Agreement shall not be less than the target amount which was set and agreed by the Landlord and the Tenant with reference to the average monthly box office receipts generated by the existing operator of the cinemas at the Lease Premises in the twelve months before the date of the Lease Agreement. In the event that the said average monthly Box Office Takings fails to attain the target, the Tenant shall have the right to rectify the situation in the following six consecutive months, failing which, the Landlord shall have the right, within a three month's period, to terminate the Lease Agreement by giving six months' written notice to the Tenant. In determining the six consecutive months period, the Landlord and the Tenant have agreed to take into consideration the occurrence of events of force majeure, work of renovation and events which caused material disruption of the business of the Tenant.

Rent and other charges

The Tenant shall pay rent and other charges to the Landlord every calendar month. The rent of the Leased Premises comprises the base rent and turnover rent on the cinemas and related operations carried at the Leased Premises.

LETTER FROM THE BOARD

Base rent

The Tenant shall pay the base rent every calendar month in advance on the first day of each and every calendar month according to the payment schedule set out below with the first payment being paid upon the execution of the Lease Agreement.

Year	Term	Monthly rental
1	23 July 2014 to 22 July 2015	HK\$4,833,333
2	23 July 2015 to 22 July 2016	HK\$4,930,000
3	23 July 2016 to 22 July 2017	HK\$5,028,600
4	23 July 2017 to 22 July 2018	HK\$5,129,172
5	23 July 2018 to 22 July 2019	HK\$5,231,755
6	23 July 2019 to 22 July 2020	HK\$5,336,391
7	23 July 2020 to 22 July 2021	HK\$5,443,118
8	23 July 2021 to 22 July 2022	HK\$5,551,981
9	23 July 2022 to 22 July 2023	HK\$5,663,020
10	23 July 2023 to 22 July 2024	HK\$5,776,281

Turnover rent

In each calendar month the Tenant shall pay the turnover rent which shall be the sum of the following:

- (1) an amount (if any) equivalent to the sum of 38% of the Box Office Takings and 12% of the Merchandize Takings for the relevant month percentage minus the base rent for the relevant month;
- (2) an amount equivalent to 12% of the Concession Takings for the relevant month; and
- (3) an amount equivalent to 38% of the Screen Advertising Takings for the relevant month.

The turnover rent in respect of any calendar month shall be paid in arrears by the Tenant for the month in question on or before the 15th day of the immediately following calendar month. The Lease Agreement has also provided for an adjustment mechanism for the turnover rent paid by the Tenant to the Landlord based on the actual audited amount of Box Office Takings, Merchandize Takings, Concession Takings and Screen Advertising Takings.

LETTER FROM THE BOARD

Other charges

Apart from the rent, the Tenant shall also pay the management charges and promotional levy per calendar month in advance on the first day of each and every calendar month and the government rates.

The rent and other charges were determined between the Landlord and the Tenant after arm's length negotiations, taking into account (a) the location of the Leased Premises, (b) the average rent offered by the Landlord to other tenants of Langham Place; and (c) the box office receipts generated by the existing operation. The Board considers that the rent and other charges are fair and reasonable.

Rent-free period

The Tenant shall be entitled to a rent-free period relating to the base rent of the Box Office Takings and Merchandize Takings of four months commencing from 23 July 2014.

Deposit

The Tenant has paid a deposit in a sum equivalent to the aggregate of three months' based rent for the tenth year, three months' management charges for the first year, three months' promotional levy for the first year and one quarter's government rates in respect of the Lease Premises.

GUARANTEE AND INDEMNITY

Set out below are the major terms of the Guarantee and Indemnity:

Date: 27 December 2013

Parties involved:

1. The Company, as guarantor.
2. The Landlord.

The Company as guarantor executed the Guarantee and Indemnity in favour of the Landlord to guarantee the due, full, punctual and complete performance and observance by the Tenant of all its obligations, undertakings and covenants under the Lease Agreement and to undertake with the Landlord that if and whenever the Tenant shall be in breach of any of the Tenant's obligation, undertakings and covenants under the Lease Agreement or in default in the payment of rent or other sums payable by the Tenant thereunder, the Guarantor shall make good all such defaults and pay to the Landlord all such rent and other sums which maybe outstanding.

LETTER FROM THE BOARD

REASONS FOR ENTERING THE LEASE AGREEMENT

According to information available to the Company, the Landlord is principally engaged in the development and leasing of properties located at Langham Place, 8 Argyle Street, Kowloon, Hong Kong.

The Group is principally engaged in the production and distribution of films and television series. The Company is optimistic about the future of the film industry in Hong Kong. The Board believes that quality films will continue to attract movie goers and movie viewing will continue to be one of the more popular leisure activities for the general public in Hong Kong. The Board further believes that (a) the Leased Premises could provide a platform for the further development of the Group's film distribution business, and (b) the long term lease would allow the Group to lock in the prime location in which the Leased Premises is situated and to secure the return of the initial set up cost to the cinema and related operations and to have stable revenue stream and cash inflow attributable to the Group. Hence, the Board is of the view that the Lease Agreement and the Guarantee and Indemnity are fair and reasonable and the Lease Agreement is in the interests of the Group and the Shareholders as a whole. Based on the current plan, the Group will commence the operation of the cinemas situated at the Leased Premises as soon as practicable after the commencement of the lease term under the Lease Agreement.

POSSIBLE EFFECT OF THE LEASE AGREEMENT

Effect on assets/liabilities

As extracted from the Company's annual report 2012/13, the consolidated total assets and total liabilities of the Group as at 30 June 2013 were approximately HK\$221.8 million and HK\$27.8 million respectively.

As confirmed by the Directors, it is expected that an increase of total assets of the Group of approximately HK\$24.1 million, being the deposits and prepayment of rent and certain expenses and the total liabilities of the Group would increase accordingly to the increase of total assets by the Group upon entering into the Lease Agreement.

Effect on earnings

In light of the potential future prospects of the operation of the cinemas situated at the Lease Premises which is located in a prime location in Mongkok, a popular shopping and entertainment area in Hong Kong, the Directors are of the view that the entering into of the Lease Agreement would likely to have a positive impact on the future earnings of the Group.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Lease Agreement exceed 25% but are less than 100%, the Lease Agreement constitute a major transaction for the Company and is subject to reporting, announcement and shareholders' approval at general meeting requirements under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the GEM Listing Rules.

Pursuant to Rule 19.44 of the GEM Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting of the Company to approve the Lease Agreement and the transactions contemplated thereunder if:

- (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Lease Agreement and the transactions contemplated thereunder; and
- (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued shares of the Company giving right to attend and vote at a general meeting to approve the Lease Agreement and the transactions contemplated thereunder.

As no Shareholder has a material interest in the transactions contemplated under the Lease Agreement, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Lease Agreement and the transactions contemplated thereunder. Pursuant to Rule 19.44 of the GEM Listing Rules, on the date of the Lease Agreement, Honour Grace Limited, the controlling Shareholder which was beneficially interested in 300,000,000 Shares, representing approximately 62.5% of the issued share capital of the Company as at the date of the Company's announcement dated 27 December 2013 and the Latest Practicable Date, had given its written approval for the Lease Agreement.

ADDITIONAL INFORMATION

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

On behalf of the Board
Pegasus Entertainment Holdings Limited
Wong Pak Ming
Chairman

1. FINANCIAL INFORMATION

The financial information of the Group for each of the three years ended 30 June 2010, 2011 and 2012 is disclosed in the listing prospectus of the Company dated 9 October 2012 and the financial information of the Group for the year ended 30 June 2013 is disclosed in the Company's annual report 2012/13 published on 30 September 2013; all of which have been published on both the GEM website (www.hkgem.com) and the website of the Company (www.pegasusmovie.com).

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 30 November 2013, the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding bank overdrafts of approximately HK\$19.2 million.

Pledged assets

As at the close of business on 30 November 2013, the Group's bank deposits of approximately HK\$30.1 million were pledged to secure a general banking facility of HK\$30.0 million available to the Group.

Contingent liabilities

As at 30 November 2013, the Group had no contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade and other payables, the Group did not, as at the close of business on 30 November 2013, have any mortgage, charges, debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchases or finance lease commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances, other internal resources available and available credit facilities, and also the effect of the Lease Agreement, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 30 June 2013, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group will continue to focus on its core business in production and distribution of films and television series. Due to the continued growth of the PRC film and television industry as well as the encouragement of the PRC Government, the Company is confident that the outlook for the PRC film and television industry to be positive and encouraging to industry participants. In order to capture the prospects and the rapid development of film and television markets in the PRC as the Group's major market, the Group will diversify the genres of films and television programme so to satisfy different market needs. The Group will continue to gravitate towards the PRC audience preference so as to grasp the growth opportunities in this market.

Following the completion of the acquisition of 40% equity interests in Jade Dynasty Holdings Limited which and its subsidiaries are principally engaged in comic publication and own the intellectual property rights of a database of comic stories and heroes that are suitable for reproduction as movies, television shows as well as for the development into online games and mobile games took place on 22 November 2013, the Group considers that this acquisition will not only diversify its existing business, but also bring further business opportunity to the Group with its entitlement of a first right of refusal to use the intellectual property rights (including but not limited to their comic stories and comic characters) that are suitable for reproduction as films and television series. In addition, the terms of this acquisition also provide the Group with an opportunity to increase its interests in this investment. Further, the future operation of cinemas and related operations at the Leased Premises could provide a platform for the further development of the Group's film distribution business with a view to broaden the Group's revenue base and achieve better return of the Shareholders.

Looking forward, the Group will utilise its available resources to produce the best films and television series in order to capture the demand for quality films and television programme in the PRC market. Apart from this, the Group will also continue to explore business opportunities associated with its core business so to strengthen its revenue base and maximise the return of the Shareholders and the value of the Company.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE

Interests in the Shares, underlying Shares, of the Directors and chief executive

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors were as follows:

Name of director	Company/ name of associated company	Nature of interest	Number of Shares held	Approximately percentage or attributable percentage of shareholding
Mr. Wong Pak Ming	Company	Interest in a controlled corporation (Long position)	300,000,000 (Note)	62.50%
	Company	Beneficial owner	4,180,000	0.87%
	Honour Grace Limited	Beneficial owner	9 shares of US\$1.00 each	60.00%

Note: These Shares are registered in the name of Honour Grace Limited, the entire issued share capital of which is legally and beneficially owned as to 60% by Mr. Wong Pak Ming, 20% by Mr. Wong Chi Woon Edmond and 20% by Ms. Wong Yee Kwan Alvina. Under the SFO, Mr. Wong Pak Ming is deemed to be interest in all the Shares registered in the name of Honour Grace Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the

SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than Directors or chief executives of the Company) or corporations had interests or short positions, if any, in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 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 meeting of any other member of the Group:

Name of shareholder	Nature of interest	Number of Shares held	Approximately percentage or attributable percentage of shareholding
Honour Grace Limited	Beneficial owner (Long position)	300,000,000	62.50%
Mr. Wong Pak Ming	Interest in a controlled corporation	300,000,000 (Note 1)	62.50%
	Beneficial owner	4,180,000	0.87%
Ms. Zee Ven Chu Lydia (Note 2)	Deemed interest	304,180,000	63.37%

Notes:

- These Shares are registered in the name of Honour Grace Limited, the entire issued share capital of which is legally and beneficially owned as to 60% by Mr. Wong Pak Ming, 20% by Mr. Wong Chi Woon Edmond and 20% by Ms. Wong Yee Kwan Alvina. Under the SFO, Mr. Wong Pak Ming is deemed to be interest in all the Shares registered in the name of Honour Grace Limited.
- Ms. Zee Ven Chu Lydia, spouse of Mr. Wong Pak Ming, is deemed under the SFO to be interested in all the Shares in which Mr. Wong is deemed to be interested.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has or is proposed to enter into a service contract/letter of appointment with the Company or any of the subsidiaries (other than contracts to expire or which may be terminated by the Group within a year without payment of any compensation (other than statutory compensation)).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

Details of Directors' interest in contracts of significance in relation to the Group's business are set out in the section headed "Continuing Connected Transactions" in the Company's annual report 2012/13 and note 33 "Related party disclosures" to the consolidated financial statements included in the Company's annual report 2012/13.

As at the Latest Practicable Date, other than as disclosed above, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, other than as disclosed above, there were no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

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

- (a) A reorganisation agreement dated 5 October 2012 made between Honour Grace Limited as vendor, Mr. Wong Pak Ming, Mr. Wong Chi Woon Edmond and Ms. Wong Yee Kwan Alvina as warrantors and the Company as purchaser in relation to the Company's acquisition of the entire issued share capital of Green Riches Holdings Limited in consideration of which the Company would allot and issue 9,999 fully paid up new Shares to Honour Grace Limited and credit as fully paid at par the one nil-paid subscriber Share held by Honour Grace Limited.
- (b) A deed of indemnity dated 5 October 2012 executed by the Mr. Wong Pak Ming, Mr. Wong Chi Woon Edmond and Ms. Wong Yee Kwan Alvina in favour of the Company (for itself and as trustee for each of its subsidiaries) in relation to certain tax and other indemnities provided to the Group; particulars of which are summarised in the paragraph headed "Other information – Tax and other indemnities" in Appendix IV of the listing prospectus of the Company dated 9 October 2012.

- (c) A deed of non-competition dated 5 October 2012 executed by Mr. Wong Pak Ming, Mr. Wong Chi Woon Edmond and Ms. Wong Yee Kwan Alvina (collectively, the “Controlling Shareholders”) in favour of the Company (for itself and as trustee for each of our subsidiaries) in relation to the undertaking of the Controlling Shareholders not to conduct any business which competes or may compete with the business of the Group; particulars of which are summarised in the section headed “Relationship with Controlling Shareholders” of the listing prospectus of the Company dated 9 October 2012.
- (d) An underwriting agreement dated 9 October 2012 entered into between the Company, Honour Grace Limited, Mr. Wong Pak Ming, Mr. Wong Chi Woon Edmond and Ms. Wong Yee Kwan Alvina, Altus Capital Limited, Cinda International Securities Limited, Emperor Securities Limited, Ever-Long Securities Company Limited and Orient Securities Limited in relation to the underwriting arrangements of the Shares under the initial public offering of the Company; particulars of which are summarised in the section headed “Underwriting” of the listing prospectus of the Company dated 9 October 2012.
- (e) A conditional share purchase agreement dated 13 August 2013 entered into between Green Riches Holdings Limited (a wholly-owned subsidiary of the Company) and Jade Sparkle Holdings Limited in relation to the Group’s acquisition of 40% of the issued share capital of Jade Dynasty Holdings Limited for a consideration of HK\$60,000,000 (as supplemented by a supplemental agreement dated 27 September 2013 entered into between the same parties); particulars of which are set out in the Company’s announcement dated 13 August 2013.
- (f) A conditional placing agreement dated 13 November 2013 entered into between the Company and Cinda International Securities Limited in relation to the placing, on a best effort basis, of up to 96,000,000 non-listed warrants to be issued by the Company at HK\$0.01 per warrant; particulars of which are set out in the Company’s announcement dated 13 November 2013.
- (g) A conditional amended and restated share purchase agreement to a share purchase agreement relating to Jade Dynasty Holdings Limited dated 15 November 2013 entered into between Green Riches Holdings Limited (a wholly-owned subsidiary of the Company) and Jade Sparkle Holdings Limited in relation to the Group’s acquisition of 40% of the issued share capital of Jade Dynasty Holdings Limited for a consideration of HK\$54,000,000; particulars of which are set out in the Company’s announcement dated 15 November 2013.
- (h) The Lease Agreement.
- (i) The Guarantee and Indemnity.

8. LITIGATION

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

9. MISCELLANEOUS

- (a) The registered office of the Company is situated at Crick Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and the principal place of business of the Company in Hong Kong is situated at Rooms 1801-2, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong.
- (c) The company secretary of the Company is Mr. Chan Chi Ming, who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (d) The Company's compliance officer is Ms. Wong Yee Kwan Alvina.
- (e) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (f) The Company's audit committee is currently composed of all three independent non-executive Directors, namely, Mr. Lam Kam Tong (chairman of the audit committee), Mr. Lo Eric Tien-cheuk and Mr. Tang Kai Kui Terence. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group.

Mr. Lam Kam Tong (林錦堂), aged 44, was appointed as an independent non-executive Director on 5 October 2012. Mr. Lam graduated from the Chinese University of Hong Kong with a bachelor's degree in Business Management in 1991. Mr. Lam is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Lam has over 14 years of experience in professional auditing as well as extensive experience in the areas of investor relations, mergers and acquisitions and offshore financing. Since May 2012, he has been an executive director, company secretary and an authorised representative of Fantasia Holdings Group Co., Limited (stock code: 1777), a company listed on the Main Board of the Stock Exchange. Mr. Lam was company secretary and qualified accountant of Greentown China Holdings Limited (stock code: 3900), a company listed on the Main Board of the Stock Exchange, from May 2006 to October 2008. Mr. Lam was an executive director of

China Aoyuan Property Group Limited (stock code: 3883), a company listed on the Main Board of the Stock Exchange, from September 2009 to May 2012, and was company secretary of such company from December 2008 to May 2012. Mr. Lam has been an independent non-executive director of Sheng Yuan Holdings Limited (stock code: 851), a company listed on the Main Board of the Stock Exchange, since November 2010.

Mr. Lo Eric Tien-cheuk (羅天爵), aged 39, was appointed as an independent non-executive Director on 5 October 2012. Mr. Lo has over 13 years of experience in business management in a private company which trades in the PRC and Hong Kong.

Mr. Tang Kai Kui Terence (鄧啟駒), aged 54, was appointed as an independent non-executive Director on 5 October 2012. Mr. Tang is a member of the Royal Institute of British Architects and a committee member of the Chinese People's Political Consultative Conference (中國人民政治協商會議). Mr. Tang is a director of several private companies engaged in the business including property investment and investment holding. Mr. Tang was an independent non-executive director and a member of the audit committee of Cheung Wo International Holdings Limited (stock code: 0009), a company listed on the Main Board of the Stock Exchange, from 1 September 2001 to 31 August 2003 and from 1 December 2005 to 29 May 2008 respectively.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company in Hong Kong at Rooms 1801-2, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong during normal business hours on any weekdays other than public holidays for a period of 14 days from the date hereof:

- (a) the memorandum and articles of association of the Company;
- (b) the listing prospectus of the Company dated 9 October 2012;
- (c) the Company's annual report 2012/13 for the financial year ended 30 June 2013;
- (d) the material contracts referred to in the paragraph headed "Material contracts" of this appendix and
- (e) this circular.

11. LANGUAGE

In the event of inconsistency, the English text of this circular will prevail over Chinese.