THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of **Mascotte Holdings Limited**, and it must not be used for the purpose of offering or inviting offers for any securities of **Mascotte Holdings Limited**.

MASCOTTE HOLDINGS LIMITED
馬斯葛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

(Stock Code of Warrants: 1493)

(1) ISSUE AND SUBSCRIPTION OF NEW SHARES AND UNLISTED NEW WARRANTS;
(2) APPLICATION FOR THE GRANTING OF THE WHITEWASH WAIVER;
(3) CAPITAL REORGANIZATION;
(4) SHARE CONSOLIDATION;
(5) MAJOR TRANSACTION IN RELATION TO PURCHASE OF TECHNOLOGY EQUIPMENT;
(6) APPOINTMENT OF DIRECTORS;
(7) CHANGE OF COMPANY NAME
AND
(8) NOTICE OF SGM

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

VINCO 域高

Grand Vinco Capital Limited
(A wholly-owned subsidiary of Vinco Financial Group Limited)

A letter from the Board is set out on pages 10 to 66 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 67 to 68 of this circular. A letter from Vinco Capital, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on page 69 to 102 of this circular.

A notice convening the SGM to be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 15 October 2015 at 9:30 a.m. is set out on pages 221 to 226 of this circular.

Whether or not you are able to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries 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 the holding of the SGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting thereof and, in such event, the relevant form of proxy shall be deemed to be revoked.

21 September 2015

* *For identification purpose only*

CONTENTS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

"acting in concert"	has the same meaning as ascribed to it under the Takeovers Code
"Announcement"	the announcement of the Company dated 31 July 2015 in relation to, among other things, the Capital Reorganization, the Share Consolidation, the Subscription Agreement, the New Warrant Instrument, the Purchase Agreements and the Whitewash Waiver
"associate(s)"	has the same meaning as ascribed to it under the Listing Rules
"Board"	the board of Directors
"Capital Reorganization"	the proposed reduction of the existing issued share capital of the Company through the cancellation of the paid-up capital to the extent of HK$0.009 on each existing issued Share such that the par value of each existing issued Share will be reduced from HK$0.01 to HK$0.001; and (ii) the proposed subdivision of each of the authorised but unissued Shares of HK$0.01 each into ten (10) Shares of HK$0.001 each
"Carpark Management Systems Agreement"	the purchase agreement dated 9 July 2015 entered into between Guangdong Anjubao and the Purchaser
"CCASS"	Central Clearing and Settlement System established and operated by the HKSCC
"Change of Company Name"	the proposed change of the English name of the Company from "Mascotte Holdings Limited" to "HengTen Networks Group Limited" and the adoption of a new secondary name in Chinese "恒騰網絡集團有限公司"
"Company"	Mascotte Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Subscription
"connected person(s)"	has the same meaning as ascribed to it under the Listing Rules

"Consolidated Share(s)"	ordinary share(s) of HK$0.002 each in the share capital of the Company immediately after the Share Consolidation becoming effective
"core connected person(s)"	has the same meaning as ascribed to it under the Listing Rules
"Data Backup Systems Agreement"	the purchase agreement dated 9 July 2015 entered into between Guangzhou Gengheima and the Purchaser
"Director(s)"	the director(s) of the Company
"Evergrande"	Evergrande Real Estate Group Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 3333)
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s)
"Existing Warrant(s)"	the listed warrant(s) (Stock Code: 1493) issued by the Company with an exercise price of HK$0.1 per Share, which entitle the holder(s) to subscribe for new ordinary Share(s), and expiring on 23 February 2017
"First Stage Development Plan"	has the same meaning as ascribed to it under the section headed "Use of Proceeds from the Subscription" in the "Letter from the Board" contained in this circular
"Gaowei Telecommunication"	Gaowei Telecommunication (Guangzhou) Co., Ltd.* (高威電信(廣州)有限公司), a company incorporated in the PRC with limited liability
"Group"	the Company and its subsidiaries
"Guangdong Anjubao"	Guangdong Anjubao Opto-electronic Transmission Technology Co., Ltd.* (廣東安居寶光電傳輸科技有限公司), a company incorporated in the PRC with limited liability and whose shares are listed on the growth enterprise market of Shenzhen Stock Exchange (Stock Code: 300155)

"Guangzhou Gengheima"	Guangzhou Gengheima Network Technology Co., Ltd.* (廣州庚黑馬網絡技術有限公司), a company incorporated in the PRC with limited liability
"Guangzhou Kanghui"	Guangzhou Kanghui Electronic Technology Co., Ltd.* (廣州市康匯電子科技有限公司), a company incorporated in the PRC with limited liability
"Guarantors"	HEC Capital Limited, Mr. Chung Yuk Lun, Dr. Kwong Kai Sing, Benny and Mr. Chow Chi Wah, Vincent
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Holding Announcement"	the announcement of the Company dated 23 June 2015 in relation to, among other things, the entering into of the MOU and the Subscription Agreement
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HP Server Systems Agreement"	the purchase agreement dated 9 July 2015 entered into between Guangzhou Kanghui and the Purchaser
"ICS Online Platform"	has the same meaning as ascribed to it under the section headed "Use of Proceeds from the Subscription" in the "Letter from the Board" contained in this circular
"Independent Board Committee"	an independent committee of the Board established by the Board, comprising all the independent non-executive Directors, namely Mr. Frank H. Miu, Mr. Robert James Iaia II, Mr. Hung Cho Sing and Mr. Chung Kong Fei, Stephen to advise the Independent Shareholders in respect of, among other things, the Subscription and the Whitewash Waiver
"Independent Shareholders"	Shareholders other than (i) Subscribers and their respective associates; (ii) any parties acting in concert with the Subscribers; and (iii) parties involved or interested in the Subscription or the Whitewash Waiver

"Independent Financial Adviser" or "Vinco Capital"	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340) and a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with regard to the Subscription and the Whitewash Waiver to be considered and approved at the SGM
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons as defined under the Listing Rules
"Last Trading Day"	8 June 2015, being the last trading day of the Shares immediately prior to the date of the Subscription Agreement
"Latest Practicable Date"	18 September 2015, being the latest practicable date for ascertaining certain information contained in this circular
"Listing Committee"	the listing committee of the Stock Exchange for considering applications and the granting of listing approval
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	15 October 2015
"MOU"	the memorandum of understanding in relation to the Subscription entered into among the Company, Evergrande and Tencent on 9 June 2015
"Mount Yandang"	Mount Yandang Investment Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Tencent
"NetApp Storage Systems Agreement"	the purchase agreement dated 9 July 2015 entered into between Guangzhou Gengheima and the Purchaser
"Network Systems Agreement"	the purchase agreement dated 9 July 2015 entered into between Gaowei Telecommunication and the Purchaser

"New Warrant(s)"	warrant(s) to be issued by the Company on the terms stipulated in the Subscription Agreement
"New Warrant Instrument"	the formal warrant instrument to be executed on Completion pursuant to which the New Warrants are to be issued to the Subscribers
"New Warrant Share(s)"	Share(s) issuable upon exercise of the New Warrant(s)
"PRC" or "China"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People's Republic of China
"Price Adjustment Events"	has the same meaning as ascribed to it under the section headed "Meeting of the Holders of the Existing Warrants" in the "Letter from the Board" contained in this circular
"Purchase Agreements"	the Carpark Management Systems Agreement, the HP Server Systems Agreement, the NetApp Storage Systems Agreement, the Data Backup Systems Agreement and the Network Systems Agreement
"Purchaser"	Begonia Limited (秋棠有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Purchases"	the proposed purchases of technology equipment by the Purchaser pursuant to the Purchase Agreements
"Relevant Period"	the period commencing from 23 December 2014, being six months prior to the date of the Holding Announcement, being 23 June 2015 and up to and including the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission in Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"SGM"	the special general meeting of the Company convened to be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 15 October 2015 at 9:30 a.m. to consider and, if thought fit, approve, among other things, the Capital Reorganization, the Share Consolidation, the Subscription Agreement, the New Warrant Instrument, the Purchase Agreements, the appointment of Directors, the Change of Company Name, the Whitewash Waiver and the respective transactions contemplated thereunder
"Share Consolidation"	the proposed consolidation of every 2 issued and unissued Shares of HK$0.001 each into 1 Consolidated Share of HK$0.002 each and where applicable, 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 issued share capital of the Company which may arise from the Share Consolidation
"Share(s)"	the ordinary share(s) in the share capital of the Company
"Shareholder(s)"	the holder(s) of Share(s)
"Specific Mandate"	the specific mandate required to be granted to the Board by the Independent Shareholders at the SGM for the issue and allotment of the Subscription Shares, the New Warrants and the New Warrant Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscribers"	Evergrande and Mount Yandang
"Subscription Agreement"	the subscription agreement dated 15 June 2015 entered into by the Company, the Guarantors and the Subscribers in relation to the Subscription
"Subscription Price per Share"	HK$0.0061
"Subscription Shares"	such number of Shares as shall represent 75.0% of the enlarged total issued share capital of the Company immediately after Completion
"Subscription"	the issuance of the Subscription Shares and the issuance of the New Warrants at Completion, as contemplated by the Subscription Agreement

"substantial Shareholder"	has the same meaning as ascribed to it under the Listing Rules
"Takeovers Code"	The Code on Takeovers and Mergers issued by the SFC in Hong Kong
"Tencent"	Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 700)
"Vendors"	Guangzhou Kanghui, Guangzhou Gengheima, Guangdong Anjubao and Gaowei Telecommunication
"Whitewash Waiver"	the whitewash waiver pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscribers to make a general offer for all the issued Shares not already owned by the Subscribers and parties acting in concert with them which might otherwise arise as a result of the Subscribers subscribing for the Subscription Shares under the Subscription Agreement

* *The English translations of the Chinese names are included in this circular for identification purpose only and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

For the purpose of illustration, the exchange rate between Renminbi and Hong Kong dollars provided in this Circular is RMB1.00=HK$1.2678 (unless otherwise stated). The provision of such exchange rate does not mean that Hong Kong dollars could be converted into Renminbi based on such exchange rate.

EXPECTED TIMETABLE

The expected timetable of the Capital Reorganization, the Completion and the Share Consolidation set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

Event	**Date and time**
	2015
Despatch of Circular and notice of the SGM	Monday, 21 September
Latest time for lodging the form of proxy for the SGM	9:30 a.m. on Tuesday, 13 October
Expected date and time of the SGM	9:30 a.m. on Thursday, 15 October
Announcement of voting results of the SGM	Thursday, 15 October
Expected effective date for the Capital Reorganization	Friday, 16 October
Expected date and time of Completion	after 4:00 p.m. on Monday, 26 October
Expected effective date for the Share Consolidation	Tuesday, 27 October
First day of free exchange of existing share certificates for new share certificates	Tuesday, 27 October
Commencement of dealing in Consolidated Shares	9:00 a.m. on Tuesday, 27 October
Original counter for trading in Shares in board lots of 4,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 27 October
Temporary counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 27 October

Original counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates) re-opens . . . . 9:00 a.m. on Tuesday, 10 November

Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) commences . . . . 9:00 a.m. on Tuesday, 10 November

Designated broker starts to provide matching services for odd lots of Consolidated Shares . . . . 9:00 a.m. on Tuesday, 10 November

Temporary counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) closes . . . . 4:00 p.m. on Monday, 30 November

Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) ends . . . . 4:00 p.m. on Monday, 30 November

Designated broker ceases to provide matching services for odd lots of Consolidated Shares . . . . 4:00 p.m. on Monday, 30 November

Last day for free exchange of existing share certificates for new share certificates . . . . Wednesday, 2 December

Notes: *(1)* *All the times and dates refer to Hong Kong local time and dates.*

(2) *From 13 October 2015 to 15 October 2015, both days inclusive, the register of members of the Company will be closed for the purpose of ascertaining shareholders' entitlement to attend and vote_at the SGM. In order to be eligible for attending and voting at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 12 October 2015.*

(3) *In order for holders of Existing Warrants to be eligible to attend and vote at the SGM in the capacity as shareholders of the Company, all subscription forms accompanied by the relevant warrant certificates and remittance for the relevant subscription monies must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of the above address for subscription not later than 4:30 p.m. on 30 September 2015.*

MASCOTTE HOLDINGS LIMITED
馬斯葛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

(Stock Code of Warrants: 1493)

Executive Directors:
Mr. Chung Yuk Lun *(Chairman)*
Dr. Kwong Kai Sing, Benny *(Managing Director)*
Mr. Chow Chi Wah, Vincent

Independent non-executive Directors:
Mr. Frank H. Miu
Mr. Robert James Iaia II
Mr. Hung Cho Sing
Mr. Chung Kong Fei, Stephen

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
1st Floor
Po Chai Industrial Building
28 Wong Chuk Hang Road
Aberdeen
Hong Kong

21 September 2015

To the Shareholders and, for information only, the holders of the Existing Warrants

Dear Sir or Madam,

(1) ISSUE AND SUBSCRIPTION OF NEW SHARES AND UNLISTED NEW WARRANTS;
(2) APPLICATION FOR THE GRANTING OF THE WHITEWASH WAIVER;
(3) CAPITAL REORGANIZATION;
(4) SHARE CONSOLIDATION;
(5) MAJOR TRANSACTION IN RELATION TO PURCHASE OF TECHNOLOGY EQUIPMENT;
(6) APPOINTMENT OF DIRECTORS;
(7) CHANGE OF COMPANY NAME
AND
(8) NOTICE OF SGM

* *For identification purpose only*

1. INTRODUCTION

Reference is made to the Holding Announcement, the Announcement and the announcement of the Company dated 18 September 2015.

The purpose of this circular is to:

a. provide details of the Capital Reorganization, the Share Consolidation, the Subscription Agreement, the New Warrant Instrument, the Specific Mandate in relation to the Subscription, the Purchase Agreements, the appointment of Directors, the Change of Company Name, the Whitewash Waiver and the respective transactions contemplated thereunder;

b. set out (i) the advice from Vinco Capital, to the Independent Board Committee (comprising all of the independent non-executive Directors) and the Independent Shareholders; and (ii) the recommendation and opinion of the Independent Board Committee to the Independent Shareholders after having considered the advice of Vinco Capital in relation to the Subscription and the Whitewash Waiver; and

c. give you notice of the SGM to consider, and if thought fit, approve, among other things, the Capital Reorganization, the Share Consolidation, the Subscription Agreement, the New Warrant Instrument, the Specific Mandate in relation to the Subscription, the Purchase Agreements, the appointment of Directors, the Change of Company Name, the Whitewash Waiver and the respective transactions contemplated thereunder.

2. ISSUE AND SUBSCRIPTION OF NEW SHARES AND UNLISTED NEW WARRANTS

On 15 June 2015, the Subscribers entered into the Subscription Agreement with the Guarantors and the Company, pursuant to which the Company agreed to allot and issue, and the Subscribers agreed to subscribe for, at Completion (a) the Subscription Shares representing 75.0% of the enlarged total issued share capital of the Company immediately after Completion at HK$0.0061 per Share; and (b) the New Warrants at an aggregate nominal consideration of HK$2.00, subject to the terms of the Subscription Agreement.

3. PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date:

15 June 2015

Issuer:

The Company

Guarantors [note 1]*:*

(1) HEC Capital Limited, a substantial Shareholder of the Company

(2) Mr. Chung Yuk Lun, an executive Director

(3) Dr. Kwong Kai Sing, Benny, an executive Director

(4) Mr. Chow Chi Wah, Vincent, an executive Director

The Guarantors have agreed to jointly and severally guarantee the obligations of the Company and provide certain indemnities under the Subscription Agreement.

Subscribers [notes 1,2]*:*

(1) Evergrande

(2) Mount Yandang, a wholly-owned subsidiary of Tencent

Notes:

1. HEC Capital Limited, Mr. Chung Yuk Lun, Dr. Kwong Kai Sing, Benny, Mr. Chow Chi Wah, Vincent, Evergrande and Mount Yandang have informed the Company that they are independent of, and not connected with each other, and (save for the Subscription Agreement), there is no agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) between HEC Capital Limited, Mr. Chung Yuk Lun, Dr. Kwong Kai Sing, Benny, Mr. Chow Chi Wah, Vincent, Evergrande and Mount Yandang in relation to any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

2. The Subscribers are independent of, not connected with and not acting in concert with any of the Directors, the chief executives or the substantial Shareholders of the Company or its subsidiaries or any of their respective associates. As at the Latest Practicable Date, the Subscribers and their respective concert parties did not hold any existing issued Shares.

Overview of the Subscription

Pursuant to the Subscription Agreement, the Subscribers have agreed to subscribe for, and the Company has agreed to allot and issue, at Completion, (a) such number of Subscription Shares representing 75.0% of the enlarged total issued share capital of the Company immediately after Completion at an issue price of HK$0.0061 per Subscription Share; and (b) the New Warrants at an aggregate nominal consideration of HK$2.00 subject to the terms of the Subscription Agreement. Immediately after Completion, Evergrande and Mount Yandang will respectively hold 55.0% and 20.0% of the enlarged total issued share capital of the Company. The New Warrants will have (i) an aggregate value equal to the product of the number of the New Warrant Shares and HK$0.0061, (ii) an initial exercise price of HK$0.0061 per New Warrant Share and (iii) a subscription period of five (5) years from the date of Completion.

The total amount of New Warrants and the total number of Subscription Shares to be issued and allotted to the Subscribers at Completion are dependent on how many Existing Warrants, if any, are exercised prior to Completion. The total number of Subscription Shares and New Warrant Shares issuable upon full exercise of the New Warrants (based on their initial exercise price equal to the Subscription Price per Share of HK$0.0061) shall be equal to 123,065,538,666 Shares (representing approximately 334.96% of the existing total issued share capital of the Company as at the Latest Practicable Date and, assuming the Existing Warrants are also exercised in full and there are no other changes in the issued Shares of the Company, 75.0% of the enlarged total issued share capital of the Company immediately after such exercise of the New Warrants and the Existing Warrants).

Assuming all Existing Warrants are exercised prior to Completion and there is no other change in the issued Shares of the Company, (i) no New Warrant and (ii) 123,065,538,666 Shares, representing the maximum number of Subscription Shares, will be issued and allotted to the Subscribers at Completion.

Assuming none of the Existing Warrants is exercised before Completion and there is no other change in the issued Shares of the Company, (i) New Warrants with a face value of approximately HK$78,356,061, under which 12,845,255,820 New Warrants Shares are issuable upon full exercise (based on the initial exercise price equal to the Subscription Price per Share), and (ii) 110,220,282,846 Shares (representing approximately 300.0% of the existing total issued share capital of the Company as at the Latest Practicable Date and, assuming none of the New Warrants is exercised and there are no other changes in the issued Shares of the Company, 75.0% of the enlarged total issued share capital of the Company immediately upon the issuance and allotment of such Shares), being the minimum number of Subscription Shares, will be issued and allotted to the Subscribers at Completion.

The New Warrants can be exercised at any time within five (5) years of the Completion in order to enable the Subscribers to maintain an aggregate shareholding of 75.0% of the issued and outstanding share capital of the Company. Each New Warrant will have an initial exercise price equal to the Subscription Price per Share.

The Subscription Shares and the New Warrants (if any) will be issued to the Subscribers simultaneously upon Completion. The number of Subscription Shares and the amount of New Warrants to be issued to the Subscribers upon Completion are dependent on how many, if any, subscription rights attaching to the Existing Warrants are exercised prior to Completion. See the section headed "Effect of the Subscription on the shareholding structure of the Company" in the "Letter of the Board" contained in this circular for more details.

The effect on the changes in the Company's shareholding structure immediately upon the allotment and issue of the Subscription Shares at Completion is set out in the section headed "Effect of the Subscription on the shareholding structure of the Company" in the "Letter from the Board" contained in this circular.

Status of the Subscription Shares and the New Warrant Shares

The Subscription Shares and the New Warrant Shares, when issued and fully-paid, will rank equally in all respects among themselves and with all other Shares in issue as at the date of their allotment and issue.

The Subscription Price

The Subscription Price per Share, being HK$0.0061, represents:

a. a discount of approximately 97.9% to the closing price of HK$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;

b. a discount of approximately 97.6% to the average closing price of approximately HK$0.251 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;

c. a discount of approximately 97.5% to the average closing price of approximately HK$0.244 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day; and

d. a discount of approximately 98.3% to the closing price of HK$0.355 per Share on the Stock Exchange on the Latest Practicable Date.

The Subscription Price per Share of HK$0.0061 was arrived at after arm's length negotiations between the Subscribers and the Company. The Board took into account the following factors in deciding the Subscription Price per Share of HK$0.0061:

- the unaudited financial information of the Company for the year ended 31 March 2015 available to the Board at the time of negotiation;

- the audited financial information of the Company for the year ended 31 March 2014, in particular:

  – as of 31 March 2014, the Group had incurred a consolidated net liabilities of approximately HK$99.93 million;

  – for the year ended 31 March 2014, the Group generated a loss of approximately HK$547 million;

   – the Group did not generate any net cash from its operating activities for the year ended 31 March 2014; and

   – as of 31 March 2014, the Group had bank balances and cash of only approximately HK$59.1 million;

- the Company's core business of production and sale of photographic accessories is facing sluggish market demand and keen competition from competitors, and, following the cessation of its solar grade polycrystalline business in June 2014, the Board believes that the Company will benefit from new business opportunities that the Subscribers may introduce to the Company, considering the Subscribers' scope of operations in the PRC, compared to those of the Company;

- long-term shareholder support from the Subscribers (for example, the Company may be able to benefit from lower financing cost from commercial banks given that the creditworthiness of the Subscribers is better than that of the Company);

- the Subscription will enable the Company to benefit strategically from the synergies of Evergrande and Tencent by contributing their resources and respective expertise in the business of property development and management and provision of Internet services; and

- the Subscribers' commitment to acquire more than 50% of the shareholding in the Company.

Although the Subscription Price per Share of HK$0.0061 represents a significant discount to the closing price of HK$0.285 per Share on the Last Trading Day, the Board is of the view that in light of the above factors, the terms of the Subscription are fair and reasonable and in the best interest of the Shareholders as a whole.

Completion Conditions

Pursuant to the Subscription Agreement, Completion is conditional upon the following completion conditions being fulfilled or waived (as the case may be):

a. each of the Subscribers having notified the Company in writing that it is satisfied, in its absolute discretion, with the results of the due diligence review conducted or to be conducted on the Group and its business and operations (including but not limited to the financials, corporate information, taxation, business, operations and assets of each member of the Group);

b. the holders of Existing Warrants having passed the necessary resolution(s) at a special general meeting of such holders to be convened and held to approve: (i) the waiver of any adjustment to the exercise price of the Existing Warrants as a result of the Subscription and (if applicable) the Capital Reorganization; (ii) the Capital Reorganization and (iii) (if required) the Whitewash Waiver, and the exercise price of the Existing Warrants remaining to be HK$0.10 per Share;

c. the Capital Reorganization having become effective in compliance with applicable laws and the Shareholders having passed the necessary resolution at the SGM to be convened and held to approve the Capital Reorganization;

d. the Independent Shareholders having passed the necessary resolution(s) at the SGM to be convened and held to approve the Subscription and the granting of a specific mandate to the Board to allot and issue the Subscription Shares, the New Warrants and the New Warrant Shares;

e. the Independent Shareholders having passed the necessary resolutions at the SGM to be convened and held to approve the Whitewash Waiver and the Executive having granted the Whitewash Waiver;

f. the Listing Committee granting or (subject to the allotment and issuance) agreeing to grant the approval for the listing of, and permission to deal in, the Subscription Shares and the New Warrant Shares issuable upon exercise of all the New Warrants (and such approval not being subsequently revoked or withdrawn);

g. the relevant authorities of Bermuda granting consent to the issue of the Shares pursuant to the Subscription (if required);

h. the subscription by the Subscribers being inter-conditional upon each other and having completed simultaneously;

i. if required, the relevant person(s) (other than the Subscribers) who would be treated as substantial Shareholder(s) immediately following Completion (if any), and the relevant Director(s), having agreed to take all necessary steps and actions (subject to satisfaction of the Stock Exchange and the Subscribers) to ensure that the Company would be in compliance with the minimum public float requirement under the Listing Rules immediately after Completion;

j. the current listing of the Shares not having been withdrawn, the Shares continuing to be traded on the Stock Exchange on and prior to the date of Completion (save for (i) any temporary trading halt or suspension in trading for no longer than ten (10) consecutive trading days; or (ii) suspension in trading for no longer than fifteen (15) consecutive trading days in connection with transactions contemplated under the Subscription Agreement, or (iii) such other period or in such other circumstances as the Subscribers may agree) and neither the Stock Exchange nor the SFC having indicated that it will object to such continued listing for any reason;

k. each of the Subscribers having received legal opinions, in form and substance satisfactory to the Subscribers, dated the date of Completion, of the Company's counsels addressed to the Subscribers as to the laws of Bermuda on matters relating to the transactions contemplated under the Subscription Agreement;

l. each of the warranties under the Subscription Agreement remaining true, complete and accurate and not misleading at the Completion as if repeated at the Completion and at all times between the date of the Subscription Agreement and the Completion;

m. the Company having duly performed and observed all of the obligations, undertakings, covenants and agreements required to be performed and observed by it prior to Completion under the Subscription Agreement; and

n. there having been no material adverse changes prior to the Completion.

The Subscribers may jointly waive (in full or in part) any of the completion conditions set out in paragraphs (a), (b), (c), (e), (h), (i), (j), (k), (l), (m) and (n) above. The completion conditions set out in paragraphs (d), (f) and (g) above cannot be waived by the Company or the Subscribers. In the event that the Subscribers jointly waive the satisfaction of completion conditions set out in paragraphs (b)(iii) and (e) above and elect to proceed with the Subscription, the Subscribers will comply with all the relevant requirements under the Takeovers Code, including but not limited to, the making of a general offer under Rule 26.1 of the Takeovers Code and further announcement(s).

The completion conditions set out in paragraph (b) (i) and (ii) above have been satisfied; a meeting of the holders of the Existing Warrants was held on 11 September 2015 and the requisite resolution was passed by the holders of the Existing Warrants. With respect to the completion condition set out in paragraph (b)(iii) above, the Whitewash Waiver is not required to be approved by the holders of the Existing Warrants.

If any of the above completion condition(s) has not been fulfilled (or waived, if applicable) on or prior to the Long Stop Date, then neither the Company nor the Subscribers shall be bound to proceed with the transactions contemplated under the Subscription Agreement.

As set out in the section headed "Public Float and Maintaining the Listing Status of the Company" in the "Letter from the Board" contained in this circular, immediately following Completion, there should not be any core connected person of the Company holding Shares (other than the Subscribers), thus, the public float of 25.0% of the Company will be achieved. As such, no undertaking pursuant to the completion condition set out in paragraph (i) is expected to be required, and on this basis, the parties have agreed such completion condition to be waivable. It is expected that the public float requirement of the Company can be satisfied with or without such completion condition which was intended to be a pre-cautionary measure to ensure public float requirement of the Company will be satisfied while giving effect to the intended structure of the Subscription (i.e. the Subscribers will hold 75.0%, and the public will hold 25.0%, of the enlarged total issued share capital of the Company after Completion).

Reasons for the Subscription

The Company has been loss-making for a long period of time and its financial position is not satisfactory. The Directors consider that the Subscription represents a valuable opportunity for the Group to bring in two strategic investors with extensive expertise and business network in their respective industries to develop new businesses and income streams for the Group. The Directors consider that the entering into of the Subscription Agreement represents a good opportunity to:

i. significantly raise the shareholder profile of the Company;

ii. raise a substantial amount of additional funds for the Company;

iii. improve the financial position and liquidity of the Group; and

iv. provide the Group with the needed management capability and resources, and financial flexibility for future business development and capturing prospective investment opportunities when they arise.

The Directors are of the view that the Subscribers will not only provide additional funding to the Company and improve its financial position but also introduce valuable investment opportunities to the Company which will be beneficial to the Company and the Shareholders as a whole in the long term. See the section headed "Intentions of the Subscribers Regarding the Group" in the "Letter from the Board" contained in this circular for further details.

In connection with the Subscription, the Directors have also considered the factors set out in the sub-section headed "The Subscription Price" under the section headed "Principal Terms of the Subscription Agreement" in the "Letter from the Board" contained in this circular. The Directors (including the members of the Independent Board Committee, who has considered the advice of Vinco Capital as to the fairness and reasonableness of the terms of the Subscription and the Whitewash Waiver and whose opinion is set out in the "Letter from the Independent Board Committee" contained in this circular) are therefore of the view that the transactions contemplated under the Subscription Agreement are in the interest of the Company and the Shareholders as a whole.

The Directors have not considered alternative fund raising methods, such as bank borrowing and pre-emptive fund raising exercise such as rights issue as the terms of the Subscription were negotiated and concluded in a short period of time. Besides, the Directors are of the view that such alternative fund raising methods are not feasible to the Company. The Company does not have sufficient collaterals that can be offered to banks for obtaining financing on terms and conditions acceptable to the Company. For pre-emptive fund raising exercise such as rights issue, which offers all Shareholders to subscribe for the rights shares in proportion to their existing shareholding in the Company, the Directors are of the view that it will involve existing Shareholders increasing their amount of investment in the Company, which may not be their original intention, and for Shareholders who do not participate in such a rights issue, their shareholding in the Company will be diluted. The Directors believe that in most cases Shareholders would have decided on the maximum amount of their investment in the Shares before they make their decision to invest in the Shares. The Directors are of the view that it would be very unlikely that a Shareholder would reserve funding for future investment in the Shares just in case there is a rights issue, which may or may not be announced. Therefore, the Directors are of the view that, if the Company proceeds with a rights issue (which the Directors did not consider), the Shareholders may need to arrange funding through borrowings, disposal of other investments, or utilisation of cash and bank balances, which in turn may interrupt their financial position or investment portfolio as they were not expecting to have to fund such rights issue. As such, the Directors are of the view that the Shareholders may not be willing to increase their investment amount in the Shares if the Company proceeds with a rights issue.

Furthermore, as the Company has been loss-making for a long period of time and its existing businesses are not expected to achieve significant growth in the short term to be able to improve its financial condition, the Directors are of the view that the Shareholders would be unlikely to be willing to increase their investment amount in the Shares even though new Shares will be issued at a discount. Furthermore, before negotiations of the Subscription began, the Directors did not identify a particular purpose (such as an appropriate business investment opportunity) that is a justification to raise funds with a rights issue, which would have been, in the Directors' view, an important factor for the Shareholders in deciding whether to participate in a rights issue. Based on the above explanation, the Directors are of the view that alternative fund raising methods, such as bank borrowing and pre-emptive fund raising exercise, such as rights issue, are not feasible to the Company. The Directors are of the view that, if the Company proceeds to pursue the alternative fund raising methods mentioned above, the time and resources that the Company has to commit in soliciting banks and underwriters for such purpose, the outcome of which is not certain, may not be worthwhile.

Furthermore, the Directors believe that the Subscription represents a significant opportunity to the Company. Following the Subscription, the Company will be able to benefit from the potential business opportunities made available by the Subscribers. The Directors expect the Company to be able to benefit from (i) new business opportunities in the PRC that may be made available to it by the Subscribers (considering the Subscribers' scope of operations in the PRC compared to those of the Company); and (ii) lower financing cost from commercial banks (given that the creditworthiness of the Subscribers is better than that of the Company). The Directors believe that the terms of the Subscription represent the best terms available to it. The Company has always been receptive to financing and acquisition offers from third parties, but over the past three years, the Company has not received any offer, the terms of which are more favorable than those being offered by the Subscribers. In addition, the terms of the Subscription were negotiated and concluded in a short period of time during which it was impracticable for the Directors to consider alternative fund raising methods. Given (i) the Company had not been able to find alternative investors on comparable terms over the prior three-year period, (ii) the Subscribers' desire to conclude a transaction quickly and (iii) the fact that there were no favorable alternatives available to the Company, the Directors consider the Subscription to be in the best interest of the Company and the Shareholders as a whole. The Directors also believe that the Subscription has significant positive implications to the Company that go beyond a fund raising exercise. Following the Subscription, the Company will be associated with the Subscribers, and may be able to benefit from the resources of, the opportunities to be made available by, and the profile of, the Subscribers, which is an opportunity that other fund raising methods (if any were available) may not be able to offer. Furthermore, the Directors believe that, when assessing fund raising methods, reliance should be made on the prospects and opportunities to be made available to the Company through the Subscription, instead of only on financial terms. Upon consummation of the Subscription, Evergrande and Tencent will become Shareholders, and they have stated that they are committed to introduce new business opportunities to the Group to broaden and diversify its income streams and contribute their respective expertise in property development and management and provision of Internet services to the Group. The Group may also benefit, in the long term, from the shareholder profile of the Subscribers in obtaining more favourable financing terms from commercial banks and trading terms from suppliers and contractors. The Directors are of the view the new business opportunities that are expected to be introduced by the Subscribers to the Company will diversify and broaden the income streams of the Company.

Therefore, the Directors believe that, taking into consideration the existing financial condition and businesses of the Group (which are not expected to grow significantly to be able to improve the financial condition of the Group), the current terms of the Subscription considered as a whole (including the long term strategic value and business opportunities that the Subscribers are expected to introduce to the Group) represent the best available terms to the Company.

The Directors consider that they have fulfilled their fiduciary duties and duties of skill, care and diligence with respect to the Subscription. The Directors recognize that the Subscription has significant positive implications to the Company that go beyond a fund raising exercise and have taken a holistic approach in evaluating the Subscription, in particular, the future strategic value of the Subscribers and the existing state of the Company (in terms of its financial condition and prospect of its existing businesses), as set out above.

The Directors have participated in extensive negotiations on the terms of the Subscription with the Subscribers, and in conducting such negotiations, the Directors were seeking to obtain the best possible terms for the Shareholders and the Company as a whole.

Furthermore, given the significant positive implications the Subscription may have on the Company, the Directors consider that it was, and continues to be, consistent with the discharge of their fiduciary duties to the Company and in the best interest of the Company and the Shareholders as a whole to (i) enter into the MOU; (ii) conduct further negotiations with the Subscribers to seek the best available terms and secure their binding commitment by entering into the Subscription Agreement; and (iii) propose the Subscription to the Shareholders for their approval.

Prior to the signing of the MOU, the Directors did not participate in any discussion with other third party investors involving a change of control in the Company.

Use of Proceeds from the Subscription

The maximum proceeds from the Subscription (including any issue of New Warrant Shares) is expected to amount to approximately HK$750.7 million (assuming (1) all Existing Warrants are exercised prior to Completion, so that the maximum number of Subscription Shares are issued; or, otherwise, (2) full exercise of any New Warrants subsequent to Completion), representing a net issue price of approximately HK$0.0061 per Subscription Share.

It is the intention of the Subscribers to procure the Company to begin implementing a 12-month business plan immediately after Completion as the first and critical stage of the development (the "**First Stage Development Plan**") of an internet community service online platform (the "**ICS Online Platform**"). The plan is to establish an open and collaborative platform with both online and offline community services focusing on the Hengda Community (恒 大 社 區) as its first batch of users, so that various consumer-related needs of the community service users can be fulfilled and integrated in one-stop, ranging from ordering, logistical arrangement and delivery of products or services.

It is expected that upon successful implementation of the ICS Online Platform, such platform will be expanded to other housing estates in the PRC outside the Hengda Community. The community service users are expected to benefit from the advanced internet technology brought by the platform to their daily life, and they are expected to enjoy the convenience from the provision of one-stop service in the long term. While certain preparatory works have been performed by a wholly-owned subsidiary of Evergrande, the Purchase Agreements (as described in the section headed "Purchase Agreements" in the "Letter from the Board" contained in this circular) have been entered into directly by the Group with the relevant third parties for the purpose of implementing the First Stage Development Plan. Other contracts relevant to the First Stage Development Plan will also be entered into directly by the Group. As such, the Subscribers do not consider that there will be any competition between the Subscribers and the Company regarding the business of the ICS Online Platform immediately upon Completion. As set out in the section headed "Information of the Company and the Subscribers" in the "Letter from the Board" contained in this circular, Tencent is a leading provider of Internet services in China. As such, Tencent may in future engage in businesses which may potentially compete with, or which are similar in nature to, the business of ICS Online Platform which the Company will begin to implement immediately after Completion.

Set out below are the planned use of the maximum proceeds from the Subscription (including any issue of New Warrant Shares) of approximately HK$750.7 million assuming Completion will take place in October 2015, and the actual steps taken by the Company and the Subscribers up to the Latest Practicable Date in preparation for implementing the First Stage Development Plan:

1. approximately HK$256 million for the research and development of the ICS Online Platform and related systems technology:

    a. For the purpose of developing the core technology in-house, research and development of mobile terminals and data mining have already begun as of the Latest Practicable Date. Approximately 300 professionals are expected to be employed by the Group within the 12 months following Completion. It is expected that the aggregate staff remuneration, together with other research expenses and patent application fees for the relevant products, would amount to approximately HK$130 million for the first 12 months after Completion;

b. As disclosed in the section headed "Purchase Agreements" in the "Letter from the Board" contained in this circular, the Purchaser has entered into the Carpark Management Systems Agreement on 9 July 2015 with Guangdong Anjubao, for the purchase of carpark management systems for a cash consideration of approximately HK$41 million (or approximately RMB32.6 million). Separately, on the same date, a non-binding letter of intent was entered into between the Purchaser and Guangdong Anjubao in connection with a possible purchase of a carpark intelligence navigation system from Guangdong Anjubao, for an estimated cash consideration of approximately HK$77 million (or approximately RMB60.4 million). If such transaction is implemented, payments are expected to be made by the Group between January 2016 and October 2016;

c. Feasibility studies have been conducted on the implementation of the internet community services in certain pilot housing estates of Evergrande. It is expected that payments related to the further feasibility studies to be conducted by the Group after Completion would amount to approximately HK$5 million, which is expected to be made by the Group between November 2015 and October 2016; and

d. On 9 July 2015, a non-binding letter of intent was entered into between the Purchaser and Zhuhai Bilinke E-Commerce Co., Ltd.* (珠海比鄰客電子商務有限公司), an independent third party, in connection with a possible purchase of software for the development and implementation of the ICS Online Platform, for an estimated cash consideration of approximately HK$3 million (or approximately RMB2.0 million). If such transaction is implemented, payments are expected to be made by the Group by November 2015;

2. approximately HK$173 million for the implementation of the ICS Online Platform in the housing estates of Evergrande and for other potential users:

a. Invitations to various service providers have been sent for the joining of the ICS Online Platform in certain pilot housing estates of Evergrande. In this connection, it is expected that approximately HK$77 million of marketing expenses will be utilised to attract service providers, which is expected to be paid by the Group between November 2015 and October 2016;

b. Approximately 100 households in certain pilot housing estates of Evergrande have been invited to join the pilot scheme in relation to the ICS Online Platform. It is expected that approximately HK$50 million of marketing expenses will be utilised by the Group for further invitation of households to join the ICS Online Platform between December 2015 and October 2016;

c. It is expected that upon successful implementation of the ICS Online Platform in the pilot housing estates of Evergrande, the project will be expanded to other housing estates in the PRC. Approximately HK$30 million is expected to be utilised by the Group to (i) obtain management rights of third party housing estates, and (ii) upgrade and install the required infrastructure in those third party housing estates. It is expected that relevant payments will be made between January 2016 and October 2016; and

d. Approximately HK$16 million is expected to be utilised by the Group to engage a marketing and advertising agency to promote the branding and image of the ICS Online Platform, through marketing campaigns and advertisements in the PRC. Related payments are expected to be made between January 2016 and October 2016;

3. approximately HK$191 million for the development of supporting infrastructure for the participants in the ICS Online Platform:

a. As disclosed in the section headed "Purchase Agreements" in the "Letter from the Board" contained in this circular, the Purchaser has entered into the HP Server Systems Agreement, the NetApp Storage Systems Agreement and the Network Systems Agreement on 9 July 2015 with Guangzhou Kanghui, Guangzhou Gengheima and Gaowei Telecommunication, respectively, for the purchase of computer servers, computer storage devices and network components, with an aggregate cash consideration of approximately HK$75 million (or approximately RMB59.1 million);

b. On 9 July 2015, a non-binding letter of intent has been entered into between the Purchaser and an independent third party, namely Hetian Investment Group Co., Ltd.* (禾田投資集團有限公司), in connection with a possible purchase of certain units in a science technology park for the purpose of setting up a cloud computing center, for an estimated purchase price of approximately HK$70 million (or approximately RMB55.4 million). If such transaction is implemented, payments are expected to be made by the Group between November 2015 and April 2016;

c. On 9 July 2015, a non-binding letter of intent has been entered into between the Purchaser and an independent third party, namely Guangdong Planning and Designing Institute of Telecommunications Co., Ltd.* (廣東省電信規劃設計院有限公司), in connection with the design and installation of a cloud computing center of the Group, for an estimated cash consideration of approximately HK$38 million (or approximately RMB30.0 million). If such transaction is implemented, payments are expected to be made by the Group between November 2015 and October 2016;

d. On 9 July 2015, a non-binding letter of intent has been entered into between the Purchaser and an independent third party, namely Guangdong Jinnaohui Information Technology Co., Ltd.* (廣東金腦惠信息科技有限公司), in connection with a possible purchase of certain computer equipment for the cloud computing center to be set up by the Group, with an estimated purchase price of approximately HK$7 million (or approximately RMB5.8 million). If such transaction is implemented, payments are expected to be made by the Group between November 2015 and October 2016; and

e. As disclosed in the section headed "Purchase Agreements" in the "Letter from the Board" contained in this circular, the Purchaser has entered into the Data Backup Systems Agreement on 9 July 2015 with Guangzhou Gengheima, for the purchase of data backup solutions, for a total cash consideration of approximately HK$1 million (or approximately RMB0.8 million);

4. approximately HK$64 million for acquisitions and investments in selected service providers:

   Discussions are currently in progress with certain selected service providers, as regards (i) potential strategic investments by the Group which may create synergies for the ICS Online Platform, and (ii) potential acquisition of certain network installation and smart home businesses, with an aggregate expected investment amount of approximately HK$64 million. If such transactions materialise, payments are expected to be settled by the Group between January 2016 and October 2016; and

5. approximately HK$67 million for general working capital requirements of the Group to support both the business of the ICS Online Platform and the existing businesses of the Group.

   The above First Stage Development Plan is formulated by the Subscribers based on their current assessment of the commercial circumstances. As soon as practicable after Completion, the Subscribers intend to set up a working group with the Company's management team to further evaluate the First Stage Development Plan based on the then prevailing circumstances, and to make such adjustments and modifications to the plan as may be necessary after Completion according to the then commercial circumstances. The timetable of the First Stage Development Plan set out in this circular may also be subject to changes, due to, among other things, changes in market condition, increase in labour and material costs, inflation, unforeseen difficulties and the success of the platform. Further announcement(s) will be made by the Company to update the Shareholders and investors of any significant developments relating to the ICS Online Platform, as and when appropriate. Assuming that Completion takes place in October 2015, the Subscribers expect that the maximum proceeds from the Subscription (including any issue of New Warrant Shares), being approximately HK$750.7 million, will be fully utilised within the next 12 months from Completion (i.e. by October 2016).

As disclosed above and in the section headed "Purchase Agreements" in the "Letter from the Board" contained in this circular, Purchase Agreements with an aggregate amount of approximately HK$117 million have already been entered into by the Group for the implementation of the First Stage Development Plan, which demonstrates the Company's commitment in the establishment of the ICS Online Platform.

In the event that none of the Existing Warrants is exercised prior to Completion and the New Warrants issued upon Completion are not exercised thereafter, the proceeds from the Subscription will be reduced by approximately HK$78.36 million to approximately HK$672.34 million, and the Board has been informed by the Subscribers that the Subscribers' intention is to reduce the planned use of proceeds, on a proportional basis, from:

i. the employment of professionals as described in item 1(a) above,

ii. the expected marketing expenses as described in items 2(a) and 2(b) above; and

iii. the general working capital as described in item 5 above.

The Company has been informed by the Subscribers that they believe the difference between the maximum and minimum proceeds from the Subscription of approximately HK$78.36 million is relatively small compared to the Company's capital requirements for the business of the ICS Online Platform, and as such, the planned use of proceeds set out above will not be materially affected.

Barring unforeseen circumstances, the Company does not anticipate the need to conduct any fund raising exercise for the next 12 months given the prevailing financial and business conditions of the Group, and the expected proceeds from the Subscription.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares and the New Warrant Shares.

Specific Mandate in relation to the Subscription

The Company will seek the Specific Mandate from the Independent Shareholders at the SGM for the allotment and issue of the Subscription Shares, the New Warrants and the New Warrant Shares issuable upon exercise of the New Warrants.

Effect of the Subscription on the shareholding structure of the Company

As at the Latest Practicable Date, the Company had a total of 36,740,094,282 issued Shares and the Existing Warrants entitling the holders thereof to subscribe for a total of 4,281,751,940 Shares. Save for the above, the Company does not have any other Shares, outstanding warrants, options, derivatives or other securities carrying conversion or subscription rights into Shares.

The number of Subscription Shares and the amount of New Warrants to be issued to the Subscribers upon Completion are dependent on how many, if any, Existing Warrants are exercised before Completion. For the purposes of illustration:

a. if the Existing Warrants are fully exercised before Completion and there is no other change in the issued Shares of the Company, upon Completion, no New Warrants will be issued to the Subscribers and, 123,065,538,666 Shares, representing the maximum number of Subscription Shares, will be issued and allotted to the Subscribers; or

b. if none of the Existing Warrants is exercised before Completion and there is no other change in the issued Shares of the Company, upon Completion, the maximum amount of New Warrants, being HK$78,356,061 New Warrants under which 12,845,255,820 New Warrants Shares will be issuable upon full exercise (based on the initial exercise price equal to the Subscription Price per Share), will be issued to the Subscribers and the minimum number of Subscription Shares, being 110,220,282,846 Shares, will be issued and allotted to the Subscribers.

The following table sets out the existing shareholding structure of the Company and the changes thereto as a result of the Subscription:

Existing substantial Shareholders	As at the Latest Practicable Date		Scenario 1: Immediately after the issue of the Subscription Shares on Completion (assuming the Existing Warrants are not exercised before Completion and the New Warrants issued upon Completion are not exercised)		Scenario 2: Immediately after the issue of the Subscription Shares on Completion (assuming full exercise of the Existing Warrants before Completion in which case no New Warrants will be issued)	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
VMS Investment Group Limited [1, 8]	4,375,000,000	11.91	4,375,000,000	2.98 (public)	4,375,000,000	2.67 (public)
Murtsa Capital Management Limited [2, 7]	4,334,680,422	11.80	4,334,680,422	2.95 (public)	4,334,680,422	2.64 (public)
Sub-total	8,709,680,422	23.71	8,709,680,422	5.93	8,709,680,422	5.31
Existing Directors						
Dr. Kwong Kai Sing, Benny [3, 7]	8,560,000	0.02	8,560,000	0.01 (public)	13,040,000	0.01 (public)
Mr. Frank H. Miu [4, 8]	872,000	0.00	872,000	0.00 (public)	1,046,400	0.00 (public)
Sub-total	9,432,000	0.02	9,432,000	0.01	14,086,400	0.01
Public Shareholders						
Smart Jump Corporation [5, 7]	2,358,656,694	6.42 (public)	2,358,656,694	1.60 (public)	2,358,656,694	1.44 (public)
Other Public Shareholders	25,662,325,166	69.85 (public)	25,662,325,166	17.46 (public)	29,939,422,706	18.24 (public)
Sub-total	28,020,981,860	76.27	28,020,981,860	19.06	32,298,079,400	19.68
Subscribers and parties acting in concert with them						
Evergrande	–	–	80,828,207,420	55.00	90,248,061,688	55.00
Mount Yandang [6]	–	–	29,392,075,426	20.00	32,817,476,978	20.00
Sub-total	–	–	110,220,282,846	75.00 [9]	123,065,538,666	75.00
Total	36,740,094,282	100.00	146,960,377,128	100.00	164,087,384,888	100.00

(1) VMS Investment Group Limited is indirectly wholly-owned by Ms. Mak Siu Hang Viola.

(2) Murtsa Capital Management Limited is an indirect wholly-owned subsidiary of HEC Capital Limited. Freewill Holdings Limited directly holds approximately 25.6%, and indirectly holds approximately 7.38%, of HEC Capital Limited. Freewill Holdings Limited is beneficially owned as to approximately 32.44% by Freeman Financial Corporation Limited, approximately 21.57% by HEC Development Limited, approximately 21.33% by Mason Financial Holdings Limited, approximately 14.88% by Skyway Securities Group Limited (formerly known as Mission Capital Holdings Limited), approximately 7.07% by Enerchina Holdings Limited and approximately 2.71% by China Optoelectronics Holding Group Co., Limited. Freeman Financial Corporation Limited, Mason Financial Holdings Limited, Skyway Securities Group Limited, Enerchina Holdings Limited and China Optoelectronics Holding Group Co., Limited are companies listed on the Main Board of the Stock Exchange.

(3) As at the Latest Practicable Date, Dr. Kwong Kai Sing, Benny, an executive Director, held 8,560,000 Shares and Existing Warrants with a face value of HK$448,000 under which 4,480,000 Shares were issuable upon full exercise. According to the terms of the Subscription Agreement, unless otherwise agreed by the Subscribers, Dr. Kwong Kai Sing, Benny shall resign as a Director with effect from Completion (or where applicable, such earliest date as permitted by the Takeovers Code). Following his resignation, Dr. Kwong Kai Sing, Benny will cease to be a core connected person of the Company and his shareholding in the Company will be counted towards public float of the Company.

(4) As at the Latest Practicable Date, Mr. Frank H. Miu, an independent non-executive Director held 872,000 Shares and Existing Warrants with a face value of HK$17,440 under which 174,400 Shares were issuable upon full exercise. According to the terms of the Subscription Agreement, unless otherwise agreed by the Subscribers, Mr. Frank H. Miu shall resign as a Director with effect from Completion (or where applicable, such earliest date as permitted by the Takeovers Code). Following his resignation, Mr. Frank H. Miu will cease to be a core connected person of the Company and his shareholding in the Company will be counted towards public float of the Company.

(5) Smart Jump Corporation is an indirect wholly-owned subsidiary of Freeman Financial Corporation Limited, a company listed on the Main Board of the Stock Exchange.

(6) Mount Yandang is a wholly-owned subsidiary of Tencent.

(7) As (i) HEC Capital Limited and Dr. Kwong Kai Sing, Benny are guarantors of the Company's obligations under the Subscription Agreement, and (ii) Mr. Hui Quincy Kwong Hei, a director of the parent company of Smart Jump Corporation referred the Subscribers to the Company and attended the MOU meeting, each of Murtsa Capital Management Limited (an indirect wholly-owned subsidiary of HEC Capital Limited), Dr. Kwong Kai Sing, Benny and Smart Jump Corporation will abstain from voting on (a) the special resolution to approve the Capital Reorganization and the Share Consolidation; (b) the ordinary resolution to approve the Subscription Agreement, the New Warrant Instrument, the Purchase Agreements and the respective transactions contemplated thereunder; and (c) the ordinary resolution to approve the Whitewash Waiver, at the SGM.

(8) Each of VMS Investment Group Limited and Mr. Frank H. Miu is not involved in the negotiation of, nor interested in, the Capital Reorganization, the Share Consolidation, the Subscription Agreement, the New Warrant Instrument, the Purchase Agreements and the respective transactions contemplated thereunder and they are not required to abstain from voting on (a) the special resolution to approve the Capital Reorganization and the Share Consolidation; (b) the ordinary resolution to approve the Subscription Agreement, the New Warrant Instrument, and the Purchase Agreements and the respective transactions contemplated thereunder; and (c) the ordinary resolution to approve the Whitewash Waiver, at the SGM.

(9) In Scenario 1, the maximum amount of New Warrants, being HK$78,356,061 New Warrants under which 12,845,255,820 New Warrant Shares will be issuable upon full exercise (based on the initial exercise price equal to the Subscription Price per Share), will be issued to the Subscribers, and the minimum number of Subscription Shares, being 110,220,282,846 Shares, will be issued and allotted to the Subscribers. As set out in the section headed "Principal Terms of the New Warrants – (8) Transferability" in the "Letter from the Board" contained in this circular, each New Warrant is transferable. In the event that (a) the Subscribers transfer all their New Warrants to other parties; (b) such New Warrants are subsequently exercised in full by other parties; and (c) the Existing Warrants are exercised in full, (i) the total number of issued Shares will increase from 146,960,377,128 to 164,087,384,888; and (ii) the shareholding of the Subscribers will be diluted from 75.00% to approximately 67.17%.

Assuming the Existing Warrants and the New Warrants in Scenario 1 of the above table are subsequently fully-exercised after Completion and there is no other change in the issued Shares, the shareholding structure of the Company will be the same as that in Scenario 2.

4. APPLICATION FOR WHITEWASH WAIVER

Immediately after Completion, the Subscribers and parties acting in concert with them will, in aggregate, hold 75.0% of the enlarged total issued share capital of the Company and this will give rise to (in the absence of the Whitewash Waiver) an obligation for the Subscribers and parties acting in concert with any of them to make a mandatory offer for the Shares (not already owned or agreed to be acquired by the Subscribers and parties acting in concert with them) under Rule 26 of the Takeovers Code. The Subscription Agreement provides that the Whitewash Waiver is a completion condition that can be waived jointly by the Subscribers at their discretion. If such condition is waived, the Subscribers and the parties acting in concert with them (if any) will be obliged to conduct a mandatory offer for the Shares (not already owned or agreed to be acquired by the Subscribers and parties acting in concert with them) under Rule 26 of the Takeovers Code.

The Subscribers have informed the Company that, other than the Subscription Agreement, (a) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscribers and parties acting in concert with any of them, which might be material to the Subscription and the Whitewash Waiver, with any other persons; and (b) there is no agreement or arrangement to which any of the Subscribers and parties acting in concert with any of them which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and the Whitewash Waiver.

The Subscribers have informed the Company that the Subscribers have made an application to the Executive for the granting of the Whitewash Waiver, which if granted, will be subject to, among other things, approval by the Independent Shareholders in respect of the Subscription and the Whitewash Waiver at the SGM.

The Subscribers have informed the Company that, as at the Latest Practicable Date, none of the Subscribers nor any party acting in concert with any of them had received an irrevocable commitment from any Shareholder to vote for or against the resolutions concerning the Subscription or the Whitewash Waiver to be proposed at the SGM.

As (i) HEC Capital Limited and Dr. Kwong Kai Sing, Benny are guarantors of the Company's obligations under the Subscription Agreement, and (ii) Mr. Hui Quincy Kwong Hei, a director of the parent company of Smart Jump Corporation referred the Subscribers to the Company and attended the MOU meeting, each of Murtsa Capital Management Limited (which is an indirect wholly-owned subsidiary of HEC Capital Limited and held 4,334,680,422 Shares, representing approximately 11.80% of the Company's total issued share capital as at the Latest Practicable Date), Dr. Kwong Kai Sing. Benny (who held 8,560,000 Shares, representing approximately 0.02% of the Company's total issued share capital as at the Latest Practicable Date) and Smart Jump Corporation (which held 2,358,656,694 Shares, representing approximately 6.42% of the Company's total issued share capital as at the Latest Practicable Date) will abstain from voting for or against the resolutions relating to the Subscription or the Whitewash Waiver to be proposed at the SGM. Please refer to the section headed "SGM" in the "Letter from the Board" contained in this circular for further details.

If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders at the SGM and the Subscription proceeds to completion, the shareholding of the Subscribers and parties acting in concert with them will exceed 50% upon the allotment and issue of the Subscription Shares. Evergrande may further increase their shareholdings in the Company (subject to the Company's compliance with the minimum public float requirement under the Listing Rules) without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

5. PROPOSED CAPITAL REORGANIZATION

The Board proposes to place before the Shareholders a proposal for the Capital Reorganization, pursuant to which the par value of each existing issued Share will be reduced from HK$0.01 to HK$0.001 by the cancellation of the paid-up capital to the extent of HK$0.009 on each existing issued Share and the authorised but unissued Shares of HK$0.01 each will be subdivided into ten (10) Shares of HK$0.001 each. Immediately after the Capital Reorganization taking effect, and on the basis that (i) the Company will not allot or issue any new Shares or repurchase any existing Shares prior thereto and (ii) none of the Existing Warrants will be exercised prior thereto, the Company's issued and paid-up share capital shall be HK$36,740,094.282 comprising 36,740,094,282 Shares, each with a par value of HK$0.001.

Effect of the Capital Reorganization

As at the Latest Practicable Date, the authorised share capital of the Company amounted to HK$2,000,000,000 divided into 200,000,000,000 Shares of HK$0.01 each, of which 36,740,094,282 Shares of HK$0.01 each had been allotted and issued as fully paid or credited as fully paid.

The Capital Reorganization has the following implications:

(1) capital reduction where the par value of each existing issued Share will be reduced from HK$0.01 to HK$0.001 by the cancellation of the paid-up capital to the extent of HK$0.009 on each existing issued Share;

(2) sub-division where each of the authorised but unissued Shares in the capital of the Company of par value HK$0.01 will be sub-divided into ten (10) Shares of par value HK$0.001 each; and

(3) (if required) increase of authorised share capital of the Company to an amount sufficient for the issue and allotment of the Subscription Shares and the New Warrant Shares.

For the avoidance of doubt, the number of Shares in issue of the Company immediately before and following the Capital Reorganization will remain the same.

Status of new Shares after Capital Reorganization

The new Shares after Capital Reorganization will be identical and rank pari passu in all respects with each other and the Capital Reorganization will not result in any change in the relative rights of the Shareholders.

Conditions of the Capital Reorganization

The implementation of the Capital Reorganization and the listing of the new Shares are conditional upon:

(1) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganization;

(2) the compliance with the relevant procedures and the requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganization;

(3) the Listing Committee granting the listing of, and permission to deal in, the new Shares to be issued arising from the Capital Reorganization.

An application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the new Shares to be issued arising from the Capital Reorganization.

Upon the conditions mentioned above being fulfilled, the Capital Reorganization and the listing of the new Shares will become effective.

Reasons for the Capital Reorganization

The Capital Reorganization is a completion condition to the Completion under the Subscription Agreement. Pursuant to the Subscription Agreement, the Subscribers are subscribing for the Subscription Shares at a price of HK$0.0061 per Share (and the initial exercise price of the New Warrants in effect as at Completion will also be HK$0.0061 per Share), which amount is less than the current par value of HK$0.01 for each Share. Accordingly, it is necessary to reduce the par value of the Shares to below HK$0.0061 to give effect to the Subscription.

6. PRINCIPAL TERMS OF THE NEW WARRANTS

(1) Amount of New Warrants

In the event that none of the Existing Warrants is exercised before the Completion, the maximum amount of New Warrants, being HK$78,356,061 New Warrants, will be issued to the Subscribers, which will confer the rights of the Subscribers to subscribe for up to an aggregate of 12,845,255,820 New Warrant Shares (based on the initial exercise price equal to the Subscription Price per Share (subject to adjustments)). For the avoidance of doubt, in case of the exercise price being adjusted down, a higher number of Shares will be issuable upon full exercise of the New Warrants.

For illustration purpose only and assuming full exercise of the New Warrants in the scenario described above immediately after Completion, the Company will issue 12,845,255,820 New Warrant Shares (based on the initial exercise price equal to the Subscription Price per Share), representing (a) approximately 8.74% of the issued share capital of the Company immediately after Completion (i.e. immediately after the issue of the Subscription Shares), or (b) approximately 7.83% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares and all the New Warrant Shares (assuming full exercise of the Existing Warrants after Completion).

(2) Issue Price of the New Warrants and Exercise Price of the New Warrant Shares

The New Warrants will be issued to the Subscribers at a nominal issue price being HK$2.00 in aggregate.

The initial exercise price is HK$0.0061 per New Warrant Share, subject to adjustments upon the occurrence of any of the adjustment events during the period of five (5) years from the date of Completion.

Assuming no change to the initial exercise price of HK$0.0061 per New Warrant Share, and taking into account the nominal issue price of the New Warrants at HK$2.00, the effective price per New Warrant Share payable by the Subscribers (assuming the New Warrants are exercised in full) is approximately HK$0.0061.

The initial exercise price of HK$0.0061 per New Warrant Share represents:

i. a discount of approximately 97.9% over the closing price of HK$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;

ii. a discount of approximately 97.6% over the average closing price of HK$0.251 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to and including the Last Trading Day;

iii. a discount of approximately 97.5% over the average closing price of HK$0.244 per Share as quoted on the Stock Exchange for the ten trading days of the Shares immediately prior to and including the Last Trading Day; and

iv. a discount of approximately 98.3% to the closing price of HK$0.355 per Share on the Stock Exchange on the Latest Practicable Date.

The Board considers that both the exercise price per New Warrant Share and the nominal issue price of the New Warrants were determined with a view to giving effect to the transaction structure contemplated under the Subscription and as a whole, were determined after arm's length negotiations between the Company and the Subscribers, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

For illustration purpose only and assuming none of the Existing Warrants is exercised before Completion and the maximum amount of New Warrants (being HK$78,356,061 New Warrants, under which 12,845,255,820 New Warrant Shares will be issuable upon exercise of the New Warrants in full (based on the initial exercise price equal to the Subscription Price per Share)) issued on Completion are subsequently exercised at the Subscription Price per Share, it is expected that approximately HK$78.36 million will be raised as part of the proceeds. See the section headed "Use of Proceeds from the Subscription" in the "Letter from the Board" contained in this circular for further details.

With a view to enabling the Shareholders to consider and evaluate the New Warrants on an informed basis, the Company has appointed an independent valuer, Asset Appraisal Limited, to perform a valuation of the New Warrants. The valuation report produced by Asset Appraisal Limited is set out in Appendix II(A) of this circular. The valuer has adopted the "Binomial Model" in its valuation and is of the opinion that, assuming the New Warrants were granted on 7 July 2015, the fair value of the New Warrants as at 7 July 2015 was HK$0.2795 per New Warrant Share. The valuer has assumed, among other things, the risk free rate of 1.157%, volatility of 76.086% (being the annualized standard deviation of the continuously compounded rates of return on the daily adjusted share prices of the Company over the past 1,300 trading days) and no dividend is expected to be distributed by the Company in the foreseeable future. The effective price per New Warrant Share of approximately HK$0.0061 payable by the Subscribers (assuming the New Warrants are exercised in full) represents a discount of approximately 97.82% over the fair value of the New Warrants of HK$0.2795 per New Warrant Share. The "Binomial Model" values a warrant based on how the price of its underlying shares may change over the warrant's term and allows for changes to input assumptions (e.g. risk free rate, volatility, and dividends) over time.

The Company has engaged Akron Corporate Finance Limited (a corporation licensed to carry out business in Type 6 (advising on corporate finance) regulated activity under the SFO) to report on the valuation report on the New Warrants produced by Asset Appraisal Limited in accordance with Rule 11.1(b) of the Takeovers Code. Akron Corporate Finance Limited has reported on the valuation report of the New Warrants produced by Asset Appraisal Limited in accordance with Rule 11.1(b) of the Takeovers Code and its letter report is set out in Appendix II(B) of this circular. On the basis of the review work conducted by it, Akron Corporate Finance Limited is satisfied that Asset Appraisal Limited has the qualifications and experience to conduct the valuation of the New Warrants.

However, the Directors did not consider the valuation of the New Warrants in determining the initial exercise price of HK$0.0061. As disclosed in the sub-sections headed "(6) Rationale of the New Warrants" and "Reasons for the Issue of the New Warrants" under the section headed "Principal Terms of the New Warrants" in the "Letter from the Board" contained in this circular, the Directors consider that the issue of New Warrants is designed to give effect to the structure of the Subscription, thus it should not be considered in isolation in the context of a fund raising exercise, but as an integral part of the Subscription. Moreover, the terms of the Subscription, including the New Warrants, were negotiated and concluded in a short period of time, and as such, the Company did not engage the valuer until after the terms of the Subscription were agreed. As such, it is impracticable for the Directors to consider the valuation of the New Warrants before the execution of the Subscription Agreement. As disclosed in the preceding paragraph, the Company subsequently appointed Asset Appraisal Limited to perform a valuation of the New Warrants with a view to enabling the Shareholders to consider and evaluate the New Warrants on an informed basis.

The Directors take the view that the issuance of the New Warrants is not designed as a means for the Company to raise capital, but instead it is a part of the Subscription, without which the Company would not have been able to put the transactions associated with the Subscription to the Shareholders for consideration and approval at the SGM. Accordingly, the Directors agreed to fix an initial exercise price of the New Warrants at HK$0.0061 (which is the same as the Subscription Price per Share) without taking into account of their theoretical valuation.

The Directors consider that the terms of the New Warrants were adequately, reasonably and necessarily tailored to give effect to the structure of the Subscription, in particular, (i) the New Warrants may not be exercised by the holders thereof if it would result in the Company being unable to comply with the public float requirement under the Listing Rules, (ii) the initial exercise price of HK$0.0061 is equal to the Subscription Price per Share, (iii) the maximum number of Shares that may be subscribed by the Subscribers upon full exercise of all New Warrants (if any) will always be 123,065,538,666 Shares (provided there are no other changes to the share capital structure of the Company), and (iv) the maximum proceeds from the Subscription (including any issue of New Warrant Shares) will always be approximately HK$750.7 million. If the Directors had to consider the valuation of the New Warrants when determining the relevant terms, the New Warrants may not be able to achieve the desired objective of giving effect to the structure of the Subscription, and the Company would not be able to secure the binding commitment of the Subscribers by entering into the Subscription Agreement. For the foregoing reasons, the Directors did not consider the valuation of the New Warrants in determining the initial exercise price of HK$0.0061 of the New Warrants.

In determining the initial exercise price of HK$0.0061 of the New Warrants, the Directors considered the following major factors:

i. the commercial decision among the parties on the terms and structure of the Subscription, in particular, upon full exercise of all New Warrants (if any), the maximum number of Shares that may be subscribed by the Subscribers is 123,065,538,666 Shares, and the maximum amount of proceeds of the Subscription is approximately HK$750.7 million, thus, the initial exercise price of HK$0.0061 of the New Warrants should be equal to the Subscription Price per Share by dividing HK$750.7 million by 123,065,538,666 Shares;

ii. the rationale of the New Warrants and reasons for the issue of the New Warrants as respectively disclosed in the sub-sections headed "(6) Rationale of the New Warrants" and "Reasons for the Issue of the New Warrants" under the section headed "Principal Terms of the New Warrants" in the "Letter from the Board" contained in this circular;

iii. the factors considered in determining the Subscription Price per Share as disclosed in the sub-section headed "The Subscription Price" under the section headed "Principal Terms of the Subscription Agreement" in the "Letter from the Board" contained in this circular; and

iv. the significant positive implications that the Subscription may have on the Company, as disclosed in the sub-section headed "Reasons for the Subscription" under the section headed "Principal Terms of the Subscription Agreement" in the "Letter from the Board" contained in this circular.

The Directors consider that the initial exercise price of HK$0.0061 of the New Warrants, which was determined based on the terms of the Subscription, when assessed with the Subscription as a whole, are fair and reasonable to the Company and the Shareholders as a whole. As set out in the preceding paragraphs, the Directors consider that New Warrants should not be assessed based on their valuation, given that they are a necessary part of the Subscription. In determining the initial exercise price of the New Warrants, the Directors also considered the factors in determining the Subscription

Price per Share as disclosed in the section headed "The Subscription Price" under the section headed "Principal Terms of the Subscription Agreement" in the "Letter from the Board" contained in this circular, including the existing financial condition and businesses of the Group (neither of which was expected to grow significantly in the short term to be able to improve the financial condition of the Group). If the Company had refused to issue the New Warrants based on these terms (including the initial exercise price), it would not have been able to sign the Subscription Agreement and the Shareholders would not have been able to be given the opportunity to consider and vote on the Subscription at the SGM.

(3) The New Warrant Instrument

The New Warrants will be issued to the Subscribers on the date of Completion in registered form and constituted by way of deed poll to be executed by the Company. The New Warrants will rank pari passu in all respects among themselves.

(4) Ranking of the New Warrant Shares

The New Warrant Shares to be allotted and issued upon the exercise of the subscription rights attaching to the New Warrants will rank pari passu in all respects with the Shares in issue (except for any right the record date for which precedes such subscription date).

(5) Subscription Period

The New Warrants may be exercised at any time during a period of five years commencing from the date of issue of the New Warrants. Upon expiry of the said period, any New Warrants which have not been exercised will lapse and cease to be valid for any purpose.

(6) Rationale of the New Warrants

The New Warrants are designed to give the Subscribers the right to subscribe for additional Shares to bring their shareholding back to 75.0% in the event that the shareholding of the Subscribers is diluted following the allotment and issuance of new Shares as a result of the exercise of one or more of the Existing Warrants after Completion. However, the Subscribers may exercise the New Warrants at their discretion, at any time during the 5-year subscription period, provided that the New Warrants may not be exercised if it will result in the Company not being able to comply with the public float requirement under the Listing Rules immediately following such exercise.

The original commercial intention of the Subscribers is to acquire immediately upon Completion such number of Shares representing 75.0% of the enlarged total issued share capital of the Company on a fully-diluted basis (i.e. assuming all of the Existing Warrants, being the only outstanding securities as of the date of the Subscription Agreement which are convertible into ordinary shares of the Company, are fully exercised), which would amount to 123,065,538,666 Shares (the "**Maximum Number of Shares**"), at HK$0.0061 per Share. However, if the Existing Warrants are not exercised by their holders fully or at all prior to Completion, the Maximum Number of Shares would represent more than 75% of the enlarged total issued share capital of the Company immediately after Completion and would render the Company in a breach of the 25% public float requirement. Hence, the New Warrants approach was proposed to the Subscribers as a commercial alternative, so that in the event that the Subscribers are unable to acquire up to the Maximum Number of Shares upon Completion because of the 25% public float requirement, they would be given the right to acquire further Shares up to the Maximum Number of Shares from time to time after Completion, but only to the extent it would not result in the Company breaching the 25% public float requirement. As a result of arms' length negotiation of the terms of the Subscription (including the terms of the New Warrants), the parties agreed that the Subscribers should be given the flexibility to exercise the New Warrants at their discretion at any time during the 5-year exercise period from Completion, so long as the 25% public float can be maintained (and should not be required to exercise the New Warrants only when there is a shareholding dilution resulting from an exercise of the Existing Warrants), as part of a packaged deal acceptable to all the parties. As explained in the section headed "Reasons for the Issue of the New Warrants" in the "Letter from the Board" contained in this circular, if the Company had refused to agree to these terms for the New Warrants, the Subscribers would not have entered into the Subscription Agreement, and as such, the Company would not be able to benefit from the new business opportunities associated with the Subscription. Moreover, the flexibility to exercise the New Warrants by the Subscribers (which is at all times subject to the Company complying with the public float requirement) is not expected to be detrimental to the Company (other than the uncertainty to the Company as to when and whether the New Warrants will be exercised by the Subscribers), since the number of Shares deliverable upon the full exercise of the New Warrants (based on the initial exercise price of HK$0.0061 per Share) will not exceed the Maximum Number of Shares. Given that this is the case, the Directors believe that the terms of the New Warrants are in the interest of the Company and the Shareholders as a whole.

(7) Adjustments to the Exercise Price

The New Warrant Instrument contains detailed provisions relating to the adjustment of the exercise price per New Warrant Share. The following is a summary of, and is subject to, the adjustment provisions of the New Warrant Instrument:

(a) The exercise price per New Warrant Share shall (except as mentioned in sub-paragraphs (b) and (c) below) be adjusted as provided in the New Warrant Instrument in each of the following cases (but shall however not be adjusted below the nominal value of Shares until the Subscription Right Reserve (as defined in the New Warrant Instrument which means a reserve the amount of which for the time being would be capitalised and applied in paying up in full the nominal amount of the additional Shares required to be issued, allotted and credited as fully paid upon the exercise of all or any of the subscription rights attaching to the New Warrants) is maintained pursuant to provisions of the New Warrant Instrument):

(i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;

(ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully-paid by way of capitalisation of profits or reserves (including any share premium account);

(iii) a capital distribution (as defined in the New Warrant Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such);

(iv) a grant by the Company to holders of Shares (in their capacity as such) of rights to acquire for cash assets of the Company or any of its Subsidiaries (as defined in the New Warrant Instrument);

(v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 80% of the market price (calculated as provided in the New Warrant Instrument) being made by the Company to holders of Shares (in their capacity as such);

(vi) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the New Warrant Instrument) per new Share is less than 80% of the market price (calculated as provided in the New Warrant Instrument), or the conversion, exchange or subscription rights of any such issue are altered so that the said total Effective Consideration is less than 80% of such market price;

(vii) an issue of Shares being made wholly for cash at a price less than 80% of the market price (calculated as provided in the New Instrument); and

(viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any other stock exchange recognised for this purpose by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the exercise price per New Warrant Share.

(b) Except as mentioned in paragraph (c) below, no such adjustment as is referred to in sub-paragraph (ii) to (vii) of paragraph (a) above shall be made in respect of:

(i) an issue of fully-paid Shares upon the exercise of any conversion, exchange or subscription rights attaching to securities wholly or partly convertible into Shares or exchangeable for Shares or upon the exercise of any rights (including the subscription rights attaching to the New Warrants) to acquire Shares;

(ii) an issue by the Company of Shares or by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;

(iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the New Warrant Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the New Warrant Instrument (or other profits or reserves or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or exchangeable for or carrying rights to acquire Shares);

(iv) an issue of Shares pursuant to a scrip dividend scheme in lieu of a cash dividend where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculated as provided in the New Warrant Instrument) of such Shares is not more than 120% of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash; or

(v) an issue by the Company of Shares or by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for Shares pursuant to a Share Option Scheme (as defined in the New Warrant Instrument).

(c) Notwithstanding the provisions referred to in paragraphs (a) and (b) above, in any circumstances where the Directors shall consider that an adjustment to the exercise price per New Warrant Share provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the exercise price per New Warrant Share should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint either an approved merchant bank, an approved financial adviser or the Auditors (as defined in the New Warrant Instrument) to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank, approved financial adviser or the Auditors (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment, in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or such adjustment shall take effect from such other date and/or time as shall be certified by such approved merchant bank, approved financial adviser or the Auditors (as the case may be) to be in its opinion appropriate.

(d) Any adjustment to the exercise price per New Warrant Share shall be made to the nearest one-thousandth of a cent (HK$0.000005 being rounded up) and in no event shall any adjustment be made to the exercise price per New Warrant Share in any case in which the amount by which the same would be reduced would be less than one thousandth of a cent and any adjustment which would otherwise then be required shall not be carried forward. In no event shall an adjustment be made (otherwise than upon the consolidation of Shares into shares of a larger nominal amount each or upon a repurchase of Shares) which would increase the exercise price per New Warrant Share.

(e) Every adjustment to the exercise price per New Warrant Share shall be certified by the Auditors, an approved financial adviser or an approved merchant bank and notice of each such adjustment (giving the relevant particulars) shall be given to the holders of the New Warrants. In giving any certificate or making any adjustment hereunder, the Auditors, the approved financial adviser or the approved merchant bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on the Company and the holders of the New Warrants and all persons claiming through or under them respectively. Any such certificates of the Auditors, the approved financial adviser and/or the approved merchant bank will be available for inspection by the holders of the New Warrants at the principal place of business of the Company in Hong Kong, where copies may be obtained.

(8) Transferability

Each New Warrant is transferable in integral multiples of HK$0.1 by instrument of transfer in any usual or common form or such other form as may be approved by the Directors.

(9) Rights of the Holders of the New Warrants

The holders of the New Warrants will not have any right to attend or vote at any shareholders meeting of the Company by virtue of them being the holders of the New Warrants. The holders of the New Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

(10) Rights of the holder of the New Warrants on the liquidation of the Company

If the Company is wound up during the subscription period of the New Warrants, all subscription rights attaching to the New Warrants which have not been exercise shall lapse and the relevant warrant certificates shall cease to be valid for any purpose, save for in the event of a voluntary winding-up, the holder of the New Warrants shall be entitled to exercise the subscription rights attaching to the New Warrants no later than two business days prior to the proposed general meeting of the Company for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, in accordance with the terms and conditions of the New Warrants.

(11) Public Float of the Company

One of the conditions to the New Warrants provides that the holders thereof may not exercise the New Warrants if it would result in the Company being unable to comply with the public float requirement under the Listing Rules.

Reasons for the Issue of the New Warrants

The Company is required by the terms of the Subscription Agreement to execute the New Warrant Instrument and issue the New Warrants, simultaneously with the issue of the Subscription Shares, upon Completion. The New Warrants will not be issued unless Completion takes place. See the section headed "Principal Terms of the Subscription Agreement" in the "Letter from the Board" contained in this circular for further details.

The Directors consider that the terms of the New Warrant Instrument are, in view of the transactions contemplated under the Subscription Agreement as a whole, fair and reasonable and the issue of the New Warrants is on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

The proceeds from the issue and allotment of the New Warrants and the New Warrant Shares, if any, represent part of the proceeds from the Subscription. See the section headed "Use of Proceeds from the Subscription" in the "Letter from the Board" contained in this circular for further details.

The Directors believe the issue of the New Warrants is in the interest of the Company and the Shareholders as a whole. This is because the issue of the New Warrants is an integral part of the Subscription. If the Company had refused to issue the New Warrants to the Subscribers, it would not be able to consummate the Subscription, and as such, it would not be able to benefit from the new business opportunities associated with the Subscription. As such, after considering the advantages associated with the Subscription, the Directors have decided that such advantages outweigh the disadvantages associated with the New Warrants being able to be exercised at the discretion of the Subscribers. Please refer to the section "(6) Rationale of the New Warrants" under the section headed "Principal terms of the New Warrants" in the "Letter from the Board" contained in this circular for further details of this arrangement. Furthermore, the Directors noted that the last trading price of the Shares of HK$0.285 is significantly higher than the exercise price of the Existing Warrants of HK$0.1. The Directors reasonably expect that all of the Existing Warrants will be exercised if this price differential continues to exist. On this basis, the Directors contemplated two scenarios when agreeing to the terms of the New Warrants:

1. All the Existing Warrants are exercised prior to Completion, in which case no New Warrants will be issued to the Subscribers at Completion.

2. Some of the Existing Warrants remain unexercised at Completion, in which case the New Warrants will be issued to the Subscribers at Completion.

Given the price differential, the Directors expect that (i) any remaining Existing Warrants will be exercised before the expiry of the exercise period and (ii) the Subscribers may choose to exercise all the New Warrants (which are at all times subject to the Company's public float requirement) to maintain their shareholding of the Company at 75.0%. The Directors noted that, in either scenario, based on the initial exercise price of HK$0.0061 per New Warrant Share under the New Warrants, the total maximum number of Shares that the Subscribers can subscribe for will be the same (i.e. 123,065,538,666 Shares) and the maximum amount of proceeds to the Company will also be the same (i.e. approximately HK$750.7 million). Therefore, the Directors consider that the issue of New Warrants will function to facilitate the structure of the Subscription, and in the scheme of the Subscription as a whole, is in the best interest of the Company and the Shareholders as a whole.

The Directors consider that they have fulfilled their fiduciary duties and duties of skill, care and diligence with respect to the issue of the New Warrants. The Directors recognize that the issue of the New Warrants is an integral part of the Subscription and the rationale of the New Warrants is to allow the Subscribers to bring their shareholding in the Company back to 75.0% notwithstanding any exercise of the Existing Warrants, which is what the Company has agreed the Subscribers will subscribe for at Completion. Furthermore, it is a condition to the New Warrants that the New Warrants may not be exercised by the Subscribers if it would result in the public float requirement under the Listing Rules not complied with, which is consistent with the rationale of the New Warrants under the Subscription. See the sub-section headed "(6) Rationale of the New Warrants" in the section headed "Principal Terms of the New Warrants" in the "Letter from the Board" contained in this circular for details. Taking a holistic approach in evaluating the issue of the New Warrants as an integral part of the Subscription and the rationale thereof, the Directors consider that they have negotiated the terms of the Subscription (including the issue of the New Warrants) with a view to obtaining the best possible terms for the Shareholders and the Company as a whole.

Furthermore, as set out in the section headed "Reasons for the Subscription" in the "Letter from the Board" contained in this circular, given the significant positive implications the Subscription may have on the Company, the Directors consider that it was, and continues to be, consistent with the discharge of their fiduciary duties to the Company and in the best interest of the Company and the Shareholders as a whole to (i) enter into the MOU; (ii) conduct further negotiations with the Subscribers to seek the best available terms and secure their binding commitment by entering into the Subscription Agreement; and (iii) propose the Subscription (including the terms of the New Warrants) to the Shareholders for their approval. The Company has been informed by the Subscribers that, save as disclosed in this circular, they are not in possession of any material information about the Company, which in the Subscribers' opinion is relevant in determining whether or not to exercise the New Warrants, that might crystallize over the exercise period of the New Warrants.

Effect of the Issue of the New Warrants on Shareholding Structure of the Company

As at the Latest Practicable Date, the Company had 36,740,094,282 Shares in issue. Under the Existing Warrants, the total number of new Shares that will be issued upon full exercise is 4,281,751,940 Shares. Except as stated above, as at the Latest Practicable Date, there were no other outstanding options, warrants, derivatives or other securities which carried rights to subscribe for or convertible into Shares.

For illustration purpose only, refer to the section headed "Effect of the Subscription on the shareholding structure of the Company" in the "Letter from the Board" contained in this circular for the effect of the New Warrants on the shareholding structure of the Company.

Issue of New Warrant Shares

Pursuant to Rule 15.02(1) of the Listing Rules, the New Warrant Shares to be issued upon exercise of the New Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the New Warrants are issued.

The Company has issued Existing Warrants and as at the Latest Practicable Date, there were outstanding Existing Warrants with conversion rights not yet exercised. The number of new Shares which would have been issued upon full exercise of the Existing Warrants was 4,281,751,940 new Shares as at the Latest Practicable Date.

Assuming that the Existing Warrants are not exercised prior to Completion and the maximum amount of New Warrants contemplated under the transaction structure of the Subscription, being approximately HK$78,356,061 New Warrants, under which 12,845,255,820 New Warrant Shares are issuable upon exercise of the New Warrants in full (based on the initial exercise price equal to the Subscription Price per Share), are issued to the Subscribers, the aggregate new Shares which will be issued upon full exercise of the Existing Warrants and such New Warrants is 17,127,007,760 new Shares, which will be less than 20% of the enlarged issued share capital of the Company immediately after Completion. Accordingly, the issue of the New Warrants will comply with Rule 15.02(1) of the Listing Rules. See the section headed "Effect of the Subscription on the shareholding structure of the Company" in the "Letter from the Board" contained in this circular for further details.

7. FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Save for the Subscription, the Company has conducted fund raising activities by way of issuing equity securities in the twelve-month period immediately preceding the Latest Practicable Date, and the details of which are as follows:

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
11 September 2014	Placing of 847,015,679 placing shares at the placing price of HK$0.09 per placing share	Approximately HK$73.44 million	Intended to be used for the repayment of the outstanding indebtedness of approximately HK$44.3 million and the balance in the sum of approximately HK$29.14 million for general working capital of the Group	Used as intended
24 December 2014	Bonus warrants issue of 1 warrant for every 5 Shares; 5,378,641,037 warrants were issued to subscribe in cash for 5,378,641,037 new Shares	Approximately HK$108.63 million (up to the Latest Practicable Date)	To finance the interest expenses to be incurred on the outstanding convertible bonds of the Company, or to capture any potential investments that may arise or as general working capital of the Group	Approximately HK$5.8 million used to finance the interest expenses incurred on the convertible bonds of the Company, approximately HK$36.2 million used for investment, approximately HK$15.5 million used as general working capital of the Group, and approximately HK$51.13 million held as bank deposit

8. INFORMATION OF THE COMPANY AND THE SUBSCRIBERS

The Company and its subsidiaries are principally engaged in the investment and trading of securities, provision of finance, property investment and manufacturing and sale of accessories for photographic products.

Evergrande is principally engaged in the development of large scale residential properties and integrated commercial properties in the PRC. It adopts a standardised operational model in the PRC to manage various projects in different cities across the PRC. It is also engaged in other new industries in the PRC including spring water, grain and oil, dairy and health. The ultimate controlling shareholder of Evergrande is Dr. Hui Ka Yan, who is also the chairman and an executive director of Evergrande.

Mount Yandang is a wholly-owned subsidiary of Tencent. Tencent is a leading provider of Internet services in China. As of 30 July 2015, Naspers Limited held 33.52% of the issued share capital of Tencent.

Dealings and interest held in the Company's securities by the Subscribers and parties acting in concert with any of them

Except for entering into of the Subscription Agreement, none of the Subscribers and parties acting in concert with them has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the Relevant Period.

The Subscribers and parties acting in concert with any of them are Independent Third Parties, and, as at the Latest Practicable Date, the Subscribers and parties acting in concert with any of them did not hold, control or have direction over any outstanding options, warrants, or any securities that are convertible into Shares or any outstanding derivatives in respect of securities in the Company (except for the Subscription Shares, the New Warrants and the New Warrant Shares to be issued pursuant to the Subscription Agreement), or held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the Latest Practicable Date, the Subscribers and parties acting in concert with them had not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

9. INTENTIONS OF THE SUBSCRIBERS REGARDING THE GROUP

The Board was informed by the Subscribers that, upon obtaining control of the Company, the Subscribers intend to utilise their respective resources to co-develop the Group into an ICS Online Platform. Please refer to the section headed "Use of Proceeds from the Subscription" in the "Letter from the Board" contained in this circular for a detailed description of the 12-month First Stage Development Plan in relation to the development of the ICS Online Platform. In this regard, Evergrande can deploy their strengths in community scale and property management services, whereas Tencent can use their expertise and scale in Internet for the co-development of the platform.

Since Evergrande and Tencent are primarily engaged in the fields of property development and management and provision of Internet services, respectively, they possess the relevant expertise, experience, track record, business and marketing network which enable them to introduce potential business opportunities to the Company which may diversify and broaden the income streams of the Company.

The Subscribers have informed the Company that, following Completion, they will assign senior managers and officers to the Company to assist with its operations. The Company has been informed by the Subscribers that these managers and officers will be existing staff members of either of the Subscribers (or staff members of competitors of either Subscriber). The Directors believe that these managers and officers will be of significant help to the Company in seizing the new business opportunities that are expected to be made available through the Subscribers.

Upon Completion, the Company and the Subscribers intend to continue operating the Company's existing businesses, which principally include investment and trading of securities, provision of finance, property investment and manufacturing and sale of accessories for photographic products. As at the Latest Practicable Date, the Company had not entered, nor proposed to enter, into any agreement, arrangement or undertaking, whether formal or informal and whether express or implied, and negotiation (whether concluded or not) with an intention to dispose of or downsize the existing business of the Group.

Save as disclosed above, as at the Latest Practicable Date, the Subscribers expressed that they had no intention to make any major changes to the continued employment of the employees of the Group, nor had they considered any redeployment of the fixed assets of the Company.

10. CHANGES TO BOARD COMPOSITION OF THE COMPANY

Mr. Chung Yuk Lun, an executive Director and Chairman of the Board, was previously an executive director of a listed property development, investment and management company for approximately five years. Mr. Robert James Iaia II, an independent non- executive Director, has previously worked in the real estate investment field for his prior employers. The other Directors do not have expertise in the new business to be conducted by the Company after the Completion. As set out in the section headed "Intentions of the Subscribers regarding the Group" in the "Letter from the Board" contained in this circular, following the Subscription, the Subscribers are expected to assign senior managers and officers to the Company to assist with the new business.

Pursuant to the Subscription Agreement, each of the current Directors, being, Mr. Chung Yuk Lun, Dr. Kwong Kai Sing, Benny, Mr. Chow Chi Wah, Vincent, Mr. Frank H. Miu, Mr. Robert James Iaia II, Mr. Hung Cho Sing and Mr. Chung Kong Fei, Stephen (unless otherwise agreed by the Subscribers) shall resign as a Director with effect from Completion (or where applicable, such earliest date as permitted by the Takeovers Code).

Appointment of Directors

The Board proposes to put forward a proposal for Shareholders' approval in relation to the appointment of the following candidates as Directors of the Company in accordance with Bye-law 86(1) of the Bye-laws of the Company, and subject to compliance with the Takeovers Code, effective upon Completion:

(a) Mr. Peng Jianjun as an executive Director;
(b) Mr. Liu Yongzhuo as an executive Director;
(c) Mr. Huang Xiangui, Andrew as an executive Director;
(d) Mr. Zhuo Yueqiang as an executive Director;
(e) Mr. Chau Shing Yim, David as an independent non-executive Director;
(f) Mr. Nie Zhixin as an independent non-executive Director; and
(g) Mr. Chen Haiquan as an independent non-executive Director.

The biographical details of the above candidates as required to be disclosed under the Listing Rules are provided by the Subscribers and set out in Appendix III to this circular.

11. PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the English name of the Company from "Mascotte Holdings Limited" to "HengTen Networks Group Limited" and to adopt a new secondary name in Chinese "恒騰網絡集團有限公司", subject to Completion.

Conditions of the proposed Change of Company Name

The proposed Change of Company Name is subject to the following conditions:

(a) the passing of a special resolution by the Shareholders at the SGM approving the proposed Change of Company Name;

(b) the Completion taking place; and

(c) the Registrar of Companies in Bermuda approving the Change of Company Name.

Subject to the satisfaction of the above conditions, the Change of Company Name will take effect from the date of registration as set out in the certificate of incorporation on change of name and the certificate of secondary name issued by the Registrar of Companies in Bermuda. The Company will further carry out the necessary filing procedures with the Registrar of Companies in Hong Kong.

Reasons for the proposed Change of Company Name

The Board believes that the new name of the Company will not only provide the Company with fresh corporate identity resulting from the change of controlling Shareholder, but will also better reflect the new business strategy of the Company to be adopted by the Subscribers. The Board is of the opinion that the Change of Company Name is in the best interests of the Company and the Shareholders as a whole.

Effect of the proposed Change of Company Name

The Change of Company Name will not affect any of the rights of the Shareholders and holders of the Existing Warrants. All existing share certificates and warrant certificates in issue bearing the Company's existing name shall, after the Change of Company Name becomes effective, continue to be evidence of the title of the securities and will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for free exchange of (i) existing share certificates for new share certificates or (ii) existing warrant certificates for new warrant certificates, in each case, bearing the new name of the Company. Once the Change of Company Name becomes effective, new share certificates and warrant certificates will only be issued in the new name of the Company.

Further announcement(s) will be made by the Company to inform the Shareholders of, among other things, the effective date of the Change of Company Name, the new English and Chinese stock short names of the Company for trading of the Shares and the Existing Warrants on the Stock Exchange and the new logo and website of the Company as and when appropriate.

12. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Company will be able to maintain the public float requirement under Rule 8.08(1)(a) of the Listing Rules immediately after Completion for the following reasons:

a. as set out in the table in the section headed "Effect of the Subscription on the shareholding structure of the Company" in the "Letter from the Board" contained in this circular, immediately after Completion, the shareholding of each of the existing substantial Shareholders, namely VMS Investment Group Limited and Murtsa Capital Management Limited will be diluted to below 10%, thus, each of them will no longer be a substantial Shareholder and a core connected person of the Company and, accordingly, their shareholding will be counted towards public float;

b. according to the Subscription Agreement, each of Dr. Kwong Kai Sing, Benny, an executive Director and Mr. Frank H. Miu, an independent non-executive Director, unless otherwise agreed by the Subscribers, shall resign as a Director with effect from Completion. Following their resignations, Dr. Kwong Kai Sing, Benny and Mr. Frank H. Miu will cease to be core connected persons of the Company and their shareholding in the Company will be counted towards public float of the Company. As of the Latest Practicable Date, Dr. Kwong Kai Sing, Benny and Mr. Frank H. Miu held an aggregate of 9,432,000 Shares and Existing Warrants with a face value of HK$465,440 under which 4,654,400 Shares are issuable upon full exercise; and

c. in light of the above, immediately after Completion, other than the Subscribers, there should not be any core connected person of the Company holding Shares, and given that the Subscribers are expected to hold an aggregate 75.0% interest in the Company, the remaining 25.0% will be held by Shareholders who are independent third parties to the Company, thus satisfying the public float requirement under Rule 8.08(1)(a) of the Listing Rules.

Furthermore, in respect of the period after Completion, the terms of the New Warrants provide that the New Warrants may not be exercised by the Subscribers if such exercise will result in the Company not being able to comply with the public float requirement under the Listing Rules.

The Board was informed by the Subscribers that the Subscribers intend to maintain the listing of the Shares on the Stock Exchange after Completion.

13. MEETING OF THE HOLDERS OF THE EXISTING WARRANTS

Under the terms of the Existing Warrants, holders of the Existing Warrants are entitled to have the exercise price of the Existing Warrants adjusted upon the occurrence of certain adjustment events. They include, among other things:

i. the Company altering the nominal amount of each Share by way of a consolidation or subdivision;

ii. the Company issuing any warrants to subscribe for new Shares and the total effective consideration per new Share receivable by the Company for such warrants is less than 80% of the market price of the Shares; and

iii. the Company issuing for cash any Shares at a price which is less than 80% of the market price of the Shares (collectively, the "**Price Adjustment Events**").

Pursuant to the Subscription Agreement, the Company shall, among other things:

a. issue the Subscription Shares at a price which is less than 80% of the market price of the Shares;

b. issue New Warrants to subscribe for new Shares at an exercise price which is less than 80% of the market price of the Shares; and

c. undertake the Capital Reorganization, which will constitute Price Adjustment Events as mentioned in (i), (ii) and (iii) above.

One of the completion conditions of the Subscription Agreement is for the Company to obtain approval of not less than 75.0% of the votes of the holders of the Existing Warrants to waive their entitlement to price adjustments as a result of the Price Adjustment Events. As such, the Company is proposing to obtain a one-off waiver from the holders of the Existing Warrants of their entitlement to price adjustments due to the Price Adjustment Events as a result of the Subscription and the transactions contemplated thereunder. The Company is seeking this waiver pursuant to the terms of the Existing Warrants which provide that holders of the Existing Warrants, through the passing of a special resolution, may abrogate, vary or compromise or otherwise enter into any arrangement in respect of the rights of the holders of the Existing Warrants against the Company. A meeting of the holders of the Existing Warrants for the foregoing purpose was held on 11 September 2015 and the requisite resolution was passed by the holders of the Existing Warrants. Therefore, the completion condition of the Subscription Agreement mentioned above has been satisfied.

14. PROPOSED SHARE CONSOLIDATION

On the basis that the Capital Reorganization will be implemented pursuant to the Subscription and will become effective before Completion, the Board proposes to implement the Share Consolidation on the first business day immediately following the date of Completion on the basis that every 2 issued and unissued Shares of HK$0.001 each will be consolidated into 1 Consolidated Share of HK$0.002 each and where applicable, 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 issued share capital of the Company which may arise from the Share Consolidation.

Conditions to the Share Consolidation

The Share Consolidation is conditional upon:

(1) the Capital Reorganization becoming effective and the Completion;

(2) the passing of the necessary special resolution by the Shareholders to approve the Share Consolidation;

(3) the compliance with the relevant procedures and the requirements under the laws of Bermuda and the Listing Rules to effect the Share Consolidation; and

(4) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on the first business day immediately following the date of Completion.

Effects of the Share Consolidation

Upon the Capital Reorganization becoming effective and immediately after Completion (but before the Share Consolidation), on the basis that:

i. the Company will not allot, issue or repurchase any Share prior thereto; and

ii. none of the Existing Warrants will be exercised thereto,

the authorised share capital of the Company will be HK$2,000,000,000 divided into 2,000,000,000,000 Shares of HK$0.001 each, of which 146,960,377,128 Shares of HK$0.001 each will have been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, on the basis that:

(i) the Company will not allot, issue or repurchase any Shares prior thereto; and

(ii) none of the Existing Warrants or New Warrants will be exercised thereto,

the authorised share capital of the Company will be HK$2,000,000,000 divided into 1,000,000,000,000 Consolidated Shares of HK$0.002 each, of which 73,480,188,564 Consolidated Shares of HK$0.002 each will have been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other in accordance with the Company's Bye-laws. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

The Shares are currently traded in board lots of 4,000 Shares. Upon the Share Consolidation becoming effective, the board lot size will remain unchanged and the Consolidated Shares will be traded in board lots of 4,000 Consolidated Shares.

Application for listing of the Consolidated Shares

An application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares in issue and to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated 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 Consolidated 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.

None of the Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed HEC Securities Limited to provide matching services regarding the sale and purchase of odd lots of the Consolidated Shares for Shareholders, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares, during the period from Tuesday, 10 November 2015 to Monday, 30 November 2015 (both days inclusive). Holders of odd lots of the Consolidated Shares may contact Mr. Ng Kwai Cho of HEC Securities Limited at 26/F., China United Centre, 28 Marble Road, North Point, Hong Kong at (852) 3198 0807 during office hours in the aforesaid period.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. If any Shareholder is in doubt about the odd lot trading arrangement, such Shareholder should consult his/her/its own professional advisers.

Expected timetable

Please refer to the "Expected Timetable" contained in this circular for the expected timetable for the implementation of the Share Consolidation.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may during the specified period submit share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for Consolidated Shares with new nominal value of HK$0.002 each. Thereafter, certificates for existing Shares will be accepted for exchange only on payment of a fee of HK$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for the Consolidated Shares at any time.

Adjustments in relation to other securities of the Company

As at the Latest Practicable Date, the Company had Existing Warrants entitling the holders thereof to subscribe for a total of 4,281,751,940 Shares. Depending on the amount of Existing Warrants outstanding at Completion, the New Warrants will be issued by the Company pursuant to the Subscription at Completion. The Share Consolidation, which is expected to be effective on the first business day immediately following the Completion will result in adjustments to the respective exercise price and/or the number of Consolidated Shares to be issued upon the exercise of the Existing Warrants and the New Warrants. The Company has appointed its auditors to review and certify the basis of such adjustments to the respective exercise price and/or the number of Consolidated Shares to be issued upon the exercise of the Existing Warrants and the New Warrants in accordance with the Listing Rules and the respective terms of Existing Warrants and the New Warrants. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

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

Reasons for the Share Consolidation

Rule 13.64 of the Listing Rules provides that the Stock Exchange may require a listed issuer to change its trading method or proceed with a consolidation or splitting of its securities if the market price of such securities approaches the extremities of HK$0.01 or HK$9,995. In view of:

a. the Subscription Price per Share of HK$0.0061;

b. the Subscribers will subscribe for such number of Shares as shall represent 75.0% of the enlarged total issued share capital of the Company at Completion; and

c. the current market capitalization of the Company,

the theoretical share price of the Shares after Completion may approach the extremity of HK$0.01. The Company proposes the Share Consolidation as a pre-cautionary measure to ensure that Rule 13.64 of the Listing Rules will be complied with after Completion. The Share Consolidation is expected to result in a corresponding increase in the trading price of the Consolidated Shares. Accordingly, the Board believes that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

General

The Share Consolidation will be proposed at the SGM for the Shareholders to consider and, if thought fit, approve the necessary special resolution(s) in respect of the Share Consolidation. Please refer section headed "SGM" in the "Letter from the Board" contained in this circular for further details.

15. MAJOR TRANSACTION IN RELATION TO PURCHASE OF TECHNOLOGY EQUIPMENT

On 9 July 2015, the Purchaser (a wholly-owned subsidiary of the Company) entered into (i) the Carpark Management Systems Agreement; (ii) the HP Server Systems Agreement; (iii) the NetApp Storage Systems Agreement; (iv) the Data Backup Systems Agreement; and (v) the Network Systems Agreement for the purchase of technology equipment in anticipation of the development of the ICS Online Platform by the Group after Completion.

The Purchase Agreements

(1) The Carpark Management Systems Agreement

Date: 9 July 2015

Parties: (i) Guangdong Anjubao Opto-electronic Transmission Technology Co., Ltd.* (廣東安居寶光電傳輸科技有限公司) (as vendor). The ultimate beneficial owner of Guangdong Anjubao is Mr. Zhang Bo* (張波).

(ii) Begonia Limited, an indirect wholly-owned subsidiary of the Company (as purchaser)

(2) The HP Server Systems Agreement

Date: 9 July 2015

Parties: (i) Guangzhou Kanghui Electronic Technology Co., Ltd.* (廣州市匯電子科技有限公司) (as vendor). The ultimate beneficial of Guangzhou Kanghui is Mr. Hu Liu Sheng* (胡六勝).

(ii) Begonia Limited, an indirect wholly-owned subsidiary of the Company (as purchaser)

(3) The NetApp Storage Systems Agreement

Date: 9 July 2015

Parties: (i) Guangzhou Gengheima Network Technology Co., Ltd.* (廣州庚黑馬網絡技術有限公司) (as vendor). The ultimate beneficial owner of Guangzhou Gengheima is Mr. Luo Jie Si* (羅捷斯).

(ii) Begonia Limited, an indirect wholly-owned subsidiary of the Company (as purchaser)

(4) The Data Backup Systems Agreement

Date: 9 July 2015

Parties: (i) Guangzhou Gengheima Network Technology Co., Ltd.* (廣州庚黑馬網絡技術有限公司) (as vendor). The ultimate beneficial owner of Guangzhou Gengheima is Mr. Luo Jie Si* (羅捷斯).

(ii) Begonia Limited, an indirect wholly-owned subsidiary of the Company (as purchaser)

(5) The Network Systems Agreement

Date: 9 July 2015

Parties: (i) Gaowei Telecommunication (Guangzhou) Co., Ltd.* (高威電信(廣州)有限公司) (as vendor). The ultimate beneficial owner of Gaowei Telecommunication is Mr. She Wei Chao* (佘偉超).

(ii) Begonia Limited, an indirect wholly-owned subsidiary of the Company (as purchaser)

Each of the Vendors to the Purchase Agreements and its ultimate beneficial owners are not Shareholders, and are third parties independent of the Company and its connected persons.

Each of the Subscribers has informed the Board that each of the Vendors to the Purchase Agreements and its ultimate beneficial owners are third parties independent of the respective Subscriber and its connected persons.

Subject matter of the Purchases

Subject to the terms and conditions of the Carpark Management Systems Agreement, Guangdong Anjubao has agreed to sell, and the Purchaser has agreed to purchase, 725 sets of carpark management systems. Such systems are applied to carpark entrances and exits to manage vehicle entry and exit, with the ability to identify and register vehicle license plates and conduct relevant analysis.

Subject to the terms and conditions of the HP Server Systems Agreement, Guangzhou Kanghui has agreed to sell, and the Purchaser has agreed to purchase, 150 sets of Hewlett-Packard computer servers. Such computer servers are the building blocks of data networks.

Subject to the terms and conditions of the NetApp Storage Systems Agreement, Guangzhou Gengheima has agreed to sell, and the Purchaser has agreed to purchase, 12 storage devices, including three memory disk arrays, three all-flash memory disk arrays and six fiber optic switches.

Subject to the terms and conditions of the Data Backup Systems Agreement, Guangzhou Gengheima has agreed to sell, and the Purchaser has agreed to purchase, one Symantec backup appliance, two Symantec backup server software and six components of Symantec backup solutions.

Subject to the terms and conditions of the Network Systems Agreement, Gaowei Telecommunication has agreed to sell, and the Purchaser has agreed to purchase, various network components such as transceivers, cables and cords, fiber optics, power supplies firewalls, data load balancers, data traffic controllers and network jumpers. Gaowei Telecommunication will also provide out-of-office-hour installation and supervision service and three-year maintenance service.

Consideration

(1) The Carpark Management Systems Agreement

Pursuant to the Carpark Management Systems Agreement, the amount of consideration payable by the Purchaser to Guangdong Anjubao is RMB32,602,500 (approximately HK$41,333,450). The Purchaser may place purchase orders with Guangdong Anjubao from time to time, and the Purchaser shall pay (i) 30% of the purchase order amount within 30 business days from the date such order is placed with Guangdong Anjubao and; (ii) 70% of the purchase order amount within 30 business days from the date the Purchaser has taken delivery of the relevant carpark management systems.

The book value of the assets under the Carpark Management Systems Agreement to be recorded in the Company's financial statements upon initial recognition is expected to be approximately RMB32,602,500 (approximately HK$41,333,450), which represents the consideration under the Carpark Management Systems Agreement.

(2) The HP Server Systems Agreement

Pursuant to the HP Server Systems Agreement, the amount of consideration payable by the Purchaser to Guangzhou Kanghui is RMB26,770,000 (approximately HK$33,939,006), 10% of which is payable within 15 business days from the effective date of the HP Server Systems Agreement. The Purchaser may place purchase orders with Guangzhou Kanghui from time to time, and the Purchaser shall pay (i) 20% of the purchase order amount within 20 business days from the date such order is placed with Guangzhou Kanghui; (ii) 35% of the purchase order amount upon delivery; and (iii) the rest of the purchase order amount within 15 business days from the date the Purchaser is satisfied with the product installation, testing and quality check.

The book value of the assets under the HP Server Systems Agreement to be recorded in the Company's financial statements upon initial recognition is expected to be approximately RMB26,770,000 (approximately HK$33,936,006), which represents the consideration under the HP Server Systems Agreement.

(3) The NetApp Storage Systems Agreement

Pursuant to the NetApp Storage Systems Agreement, the amount of consideration payable by the Purchaser to Guangzhou Gengheima is RMB23,040,000 (approximately HK$29,210,112), 10% of which is payable within 15 business days from the effective date of the NetApp Storage Systems Agreement. The Purchaser may place purchase orders with Guangzhou Gengheima from time to time, and the Purchaser shall pay (i) 20% of the purchase order amount within 20 business days from the date such order is placed with Guangzhou Gengheima; (ii) 35% of the purchase order amount upon delivery; and (iii) the rest of the purchase order amount within 15 business days from the date the Purchaser is satisfied with the product installation, testing and quality check.

The book value of the assets under the NetApp Storage Systems Agreement to be recorded in the Company's financial statements upon initial recognition is expected to be approximately RMB23,040,000 (approximately HK$29,210,112), which represents the consideration under the NetApp Storage Systems Agreement.

(4) The Data Backup Systems Agreement

Pursuant to the Data Backup Systems Agreement, the amount of consideration payable by the Purchaser to Guangzhou Gengheima is RMB756,000 (approximately HK$958,457), 10% of which is payable within 15 business days from the effective date of the Data Backup Systems Agreement. The Purchaser may place purchase orders with Guangzhou Gengheima from time to time, and the Purchaser shall pay (i) 20% of the purchase order amount within 20 business days from the date such order is placed with Gugangzhou Gengheima; (ii) 35% of the purchase order amount upon delivery; and (iii) the rest of the purchase order amount within 15 business days from the date the Purchaser is satisfied with the product installation, testing and quality check.

The book value of the assets under the Data Backup Systems Agreement to be recorded in the Company's financial statements upon initial recognition is expected to be approximately RMB756,000 (approximately HK$958,457), which represents the consideration under the Data Backup Systems Agreement.

(5) The Network Systems Agreement

Pursuant to the Network Systems Agreement, the amount of consideration payable by the Purchaser to Gaowei Telecommunication is RMB9,284,063 (approximately HK$11,770,335), 10% of which is payable within 15 business days from the effective date of the Network Systems Agreement. The Purchaser may place purchase orders with Gaowei Telecommunication from time to time, and the Purchaser shall pay (i) 20% of the purchase order amount within 20 business days from the date such order is placed with Gaowei Telecommunication; (ii) 35% of the purchase order amount within 10 business days from the date the Purchaser has taken delivery of the relevant equipment; and (iii) the rest of the purchase order amount within 15 business days from the date the relevant equipment has been installed, tested and operated (to the Purchaser's satisfaction) for one month.

The book value of the assets under the Network Systems Agreement to be recorded in the Company's financial statements upon initial recognition is expected to be approximately RMB9,284,063 (approximately HK$11,770,335), which represents the consideration under the Network Systems Agreement.

The consideration for each of the Purchase Agreements was negotiated with the facilitation of Evergrande and, to the best of the Directors' knowledge, such consideration was determined based on arm's length negotiations after taking into account factors including market value of comparable equipment and services, reputation and integrity of the relevant Vendor and the reliability of its service. Evergrande has informed the Directors that the consideration under each of the Purchase Agreements represents a discount of approximately 20% to 90% to the market value of the relevant assets under each of the Purchase Agreements.

Conditions Precedent

Each of the Purchase Agreements shall not be effective until the fulfilment of the following conditions precedent:

i. the obtaining of the approval of the Shareholders for the relevant Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and

ii. the Company becoming a subsidiary (as defined in the Listing Rules) of Evergrande.

Information about the Purchaser and the Group

The Purchaser is an indirect wholly-owned subsidiary of the Company established for the purpose of establishing the ICS Online Platform as contemplated in the section headed "Use of Proceeds from the Subscription" in the "Letter from the Board" contained in this circular. Please refer to the section headed "Information of the Company and the Subscribers" in the "Letter from the Board" contained in this circular for the principal business activities carried on by the Group.

Information about the Vendors

Guangdong Anjubao is a company incorporated in the PRC with limited liability whose shares are listed on the growth enterprise market of Shenzhen Stock Exchange (Stock Code: 300155) and is principally engaged in the research, development and design of Opto-electronic devices and provision of relevant services in the PRC.

Guangzhou Kanghui is a company incorporated in the PRC with limited liability and is principally engaged in the distribution of servers manufactured by Hewlett-Packard and Lenovo in the PRC.

Guangzhou Gengheima is a company incorporated in the PRC with limited liability and is principally engaged in the provision of network information, security and management solutions in the PRC.

Gaowei Telecommunication is a company incorporated in the PRC with limited liability and is principally engaged in the provision of network solutions in the PRC.

Reasons for the Purchases

In anticipation of the establishment of the ICS Online Platform by the Group after Completion as set out in the section headed "Use of Proceeds from the Subscription" in the "Letter from the Board" contained in this circular, the Company has entered into the Purchase Agreements for the purchase of technology equipment. Such technology equipment represent a crucial component of the infrastructure of the ICS Online Platform to deliver safe, efficient and reliable services and performance. It is expected that the development and operation of the ICS Online Platform will require a substantial volume of sophisticated technology equipment, and the entering into of the Purchase Agreements allows the Company to secure adequate supply of such technology equipment. Furthermore, the Company is able to obtain terms (such as per unit purchase price and credit period) more favorable than market due to the bulk volume of technology equipment purchased under the relevant Purchase Agreements. Evergrande has informed the Directors that the per unit purchase price of the products under each of the Purchase Agreements is in general lower in comparison to market quotations obtained for the purchase of a single unit by approximately 20% to 90%. Evergrande has also informed the Directors that the payment terms under the Purchase Agreements, such as the initial deposit of 10% of the consideration, is in general lower than the initial deposit required by certain other suppliers of similar products in the market, which ranges from 20% to 30% of the consideration.

The Directors have (i) reviewed the terms of the Purchase Agreements; (ii) discussed the Purchase Agreements with Evergrande on the rationale of entering into the Purchase Agreements; and (iii) to the extent available to the Directors, reviewed the market terms offered by the Vendors (with respect to a purchase of a single unit of the relevant equipment) and other vendors providing similar products and services, and compared such terms to those of the Purchase Agreements, in particular the per unit purchase price and the payment terms. The Directors are of the view that the development and operation of the ICS Online Platform require the technology equipment under the Purchase Agreements, and the terms of the Purchase Agreements are commercial terms negotiated on arm's length basis which are, to the extent available for comparison, no less favorable than the market terms offered by the Vendors (with respect to a purchase of a single unit of the relevant equipment) and/or other vendors providing similar products and services in the market.

Since the consideration for each of the Purchases will be settled by cash proceeds from the Subscription, it is estimated that as a result of the Purchases, the decrease in the cash position of the Group will be offset by the increase in non-current assets of the Group and there will not be any immediate material impact on the Group's earnings, assets and liabilities.

Based on the above, the Board is of the view that the terms of the Purchase Agreements are fair and reasonable and the entering into of the Purchase Agreements is in the interest of the Company and the Shareholders as a whole.

Listing Rules Implications

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Purchases, on an aggregated basis, exceeds 25% but is below 100%, the Purchases constitute a major transaction for the Company under Rule 14.06 of the Listing Rules and are subject to the notification, reporting, announcement and shareholders' approval requirements under the Listing Rules. The Purchase Agreements will be proposed at the SGM for the Shareholders to consider, and if thought fit, approve the necessary resolution(s) in respect of the Purchases. See the section headed "SGM" in the "Letter from the Board" contained in this circular for further details.

SGM

The SGM will be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 15 October 2015, at 9:30 a.m.

Given that the Capital Reorganization, the Share Consolidation, the Subscription Agreement, the New Warrant Instrument (which will be entered into by the Company at Completion as contemplated under the Subscription Agreement), the Specific Mandate in relation to the Subscription, the Purchase Agreements and the respective transactions contemplated thereunder are all transactions related to each other forming one significant proposal (i.e. these transactions must take effect altogether or not at all), the Independent Shareholders will consider, and if thought fit, approve such transactions as one special resolution (with respect to the Capital Reorganization and the Share Consolidation) and one ordinary resolution (with respect to the Subscription Agreement, the New Warrant Instrument, the Purchase Agreements and the respective transactions contemplated thereunder) at the SGM and the effectiveness of such resolutions will be inter-conditional upon each other. The Independent Shareholders will also consider, and if thought fit, approve the Whitewash Waiver as a separate ordinary resolution at the SGM. Therefore, three resolutions will be proposed in respect of the aforementioned transactions at the SGM: (1) a special resolution to approve the Capital Reorganization and the Share Consolidation; (2) an ordinary resolution to approve the Subscription Agreement, the New Warrant Instrument, the Specific Mandate in relation to the Subscription, the Purchase Agreements and the respective transactions contemplated thereunder; and (3) an ordinary resolution to approve the Whitewash Waiver. For reasons set out above, resolutions (1) and (2) will be inter-conditional upon each other, while resolution (3) will be conditional upon resolutions (1) and (2). In addition, at the SGM, a special resolution will be proposed to approve the Change of Company Name and ordinary resolutions will be proposed to approve the appointment of Directors. Please refer to the "Notice of the SGM" in this circular for further details of the resolutions proposed.

As at the Latest Practicable Date, the Subscribers and parties acting in concert with any of them did not hold any Shares or other securities in the Company and accordingly are not entitled to vote on any of the resolutions to be proposed at the SGM.

In accordance with the Listing Rules and the Takeovers Code, Shareholders who are (i) the Subscribers or their respective associates; (ii) any parties acting in concert with the Subscribers; or (iii) parties involved or interested in the Subscription or the Whitewash Waiver are required to abstain from voting on (1) the special resolution to approve the Capital Reorganization and the Share Consolidation; (2) the ordinary resolution to approve the Subscription Agreement, the New Warrant Instrument, the Specific Mandate in relation to the Subscription, the Purchase Agreements and the respective transactions contemplated thereunder; and (3) the ordinary resolution to approve the Whitewash Waiver, at the SGM. As (i) HEC Capital Limited and Dr. Kwong Kai Sing, Benny are guarantors of the Company's obligations under the Subscription Agreement, and (ii) Mr. Hui Quincy Kwong Hei, a director of the parent company of Smart Jump Corporation referred the Subscribers to the Company and attended the MOU meeting, each of Murtsa Capital Management Limited (which is an indirect wholly-owned subsidiary of HEC Capital Limited and held 4,334,680,422 Shares, representing approximately 11.80% of the Company’s total issued share capital as at the Latest Practicable Date), Dr. Kwong Kai Sing, Benny (who held 8,560,000 Shares, representing approximately 0.02% of the Company’s total issued share capital as at the Latest Practicable Date) and Smart Jump Corporation (which held 2,358,656,694 Shares, representing approximately 6.42% of the Company’s total issued share capital as at the Latest Practicable Date) will abstain from voting on (1) the special resolution to approve the Capital Reorganization and the Share Consolidation; (2) the ordinary resolution to approve the Subscription Agreement, the New Warrant Instrument, the Specific Mandate in relation to the Subscription, the Purchase Agreements and the respective transactions contemplated thereunder; and (3) the ordinary resolution to approve the Whitewash Waiver, at the SGM. As the appointment of Directors and Change of Company Name are relevant to the Subscription, each of Murtsa Capital Management Limited, Dr. Kwong Kai Sing, Benny and Smart Jump Corporation will also abstain from voting at the SGM on the resolutions relating to the appointment of Directors and the Change of Company Name.

From 13 October 2015 to 15 October 2015, both days inclusive, the register of members of the Company will be closed for the purpose of ascertaining shareholders’ entitlement to attend and vote at the SGM. In order to be eligible for attending and voting at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 12 October 2015.

In order for holders of Existing Warrants to be eligible to attend and vote at the SGM in the capacity as shareholders of the Company, all subscription forms accompanied by the relevant warrant certificates and remittance for the relevant subscription monies must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of the above address for subscription not later than 4:30 p.m. on 30 September 2015.

A form of proxy for the SGM is enclosed herewith. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meetings should you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

Pursuant to the requirements of the Listing Rules, all votes to be taken at the SGM will be by poll.

An announcement on the results of the SGM will be made by the Company following the SGM in accordance with the Takeovers Code and the Listing Rules.

Shareholders and potential investors of the Company should note that each of the Completion, the Capital Reorganization, the Share Consolidation and the Purchases is subject to certain conditions being fulfilled or waived (if applicable) and may or may not be completed and hence Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

16. RECOMMENDATIONS

Your attention is drawn to:

(a) the letter from the Independent Board Committee set out on pages 67 to 68 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning, among other things, the Subscription and the Whitewash Waiver; and

(b) the letter from Vinco Capital set out on pages 69 to 102 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders on, among other things, the Subscription and the Whitewash Waiver and the principal factors and reasons considered by Vinco Capital in arriving at its recommendations.

The Directors (including the independent non-executive Directors after considering the advice of Vinco Capital) consider that the terms of the Subscription and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, the Directors consider that the Capital Reorganization, the Share Consolidation, the terms of the Purchase Agreements, the Change of Company Name, the appointment of Directors and the relevant transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of (a) the special resolution to approve the Capital Reorganization and the Share Consolidation; (b) the special resolution to approve the Change of Company Name; (c) the ordinary resolution to approve the Subscription Agreement, the New Warrant Instrument, the Purchase Agreements and the respective transactions contemplated thereunder; (d) the ordinary resolution to approve the Whitewash Waiver, to be proposed at the SGM; and (e) the ordinary resolutions to approve the appointment of Directors.

17. FURTHER INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular and the notice of the SGM.

Yours faithfully,
MASCOTTE HOLDINGS LIMITED
Chung Yuk Lun
Chairman

MASCOTTE HOLDINGS LIMITED
馬斯葛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

(Stock Code of Warrants: 1493)

21 September 2015

To the Independent Shareholders

Dear Sir or Madam,

ISSUE AND SUBSCRIPTION OF NEW SHARES AND UNLISTED NEW WARRANTS, SPECIFIC MANDATE IN RELATION TO THE SUBSCRIPTION AND WHITEWASH WAIVER

We refer to the circular dated 21 September 2015 of the Company (the "**Circular**") of which this letter forms part.

Terms defined in the Circular have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the Subscription and the Whitewash Waiver (collectively, the "**Proposed Transactions**") and to advise the Independent Shareholders as to whether, in our opinion, the Proposed Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

Vinco Capital has been appointed as the Independent Financial Adviser with the Independent Board Committee's approval to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Transactions.

We wish to draw your attention to the letter from the Board set out on pages 10 to 66 of the Circular which contains, among others, information on the Proposed Transactions as well as the letter from Vinco Capital set out on pages 69 to 102 of the Circular which contains its advice in respect of the Proposed Transactions.

* *For identification purpose only*

Having considered the principal factors and reasons and the advice of Vinco Capital as set out in the letter from Vinco Capital, we consider that the Proposed Transactions are fair and reasonable, entered into on normal commercial terms, and in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM.

Yours faithfully
For and on behalf of
The Independent Board Committee
MASCOTTE HOLDINGS LIMITED

Mr. Frank H. Miu	**Mr. Robert James Iaia II**	**Mr. Hung Cho Sing**	**Mr. Chung Kong Fei, Stephen**

Independent Non-Executive Directors

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver, which have been prepared for the purpose of incorporation in this circular:

VINCO 域高

Grand Vinco Capital Limited
Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

21 September 2015

To the Independent Board Committee and the Independent Shareholders of Mascotte Holdings Limited

Dear Sirs,

ISSUE AND SUBSCRIPTION OF NEW SHARES AND UNLISTED NEW WARRANTS AND APPLICATION FOR THE GRANTING OF WHITEWASH WAIVER

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver, details of which are set out in the letter from the board (the "Letter from the Board") contained in the circular of the Company dated 21 September 2015 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 31 July 2015 (after trading hours), the Company announced that on 15 June 2015, the Subscribers entered into the Subscription Agreement with the Guarantors and the Company, pursuant to which the Company agreed to allot and issue, and the Subscribers agreed to subscribe for, at Completion, (a) the Subscription Shares representing 75.0% of the enlarged total issued share capital of the Company immediately after Completion at HK$0.0061 per Share; and (b) the New Warrants at an aggregate nominal consideration of HK$2.00, subject to the terms of the Subscription Agreement.

The Subscription Agreement provides that, on the date of Completion, the Company will execute by way of deed poll the New Warrant Instrument pursuant to which the Company will issue to the Subscribers, and the Subscribers will subscribe for, the New Warrants, at an aggregate nominal consideration of HK$2.00. The New Warrants will have (i) an aggregate value equal to the product of the number of the New Warrant Shares and HK$0.0061, (ii) an initial exercise price of HK$0.0061 per New Warrant Share and (iii) a subscription period of five (5) years from the date of Completion. The New Warrants are designed to give the Subscribers the right to subscribe for additional Shares to bring their shareholding in the Company back to 75.0% in the event that the shareholding of the Subscribers is diluted following the allotment and issuance of new Shares as a result of the exercise of one or more of the Existing Warrants after Completion. However, the Subscribers may exercise the New Warrants at their discretion at any time, provided that the New Warrants may not be exercised if it will result in the Company not being able to comply with the public float requirement under the Listing Rules immediately following such exercise.

Immediately after Completion, the Subscribers and parties acting in concert with them will, in aggregate, hold 75.0% of the enlarged total issued share capital of the Company and this will give rise to (in the absence of the Whitewash Waiver) an obligation for the Subscribers to make a mandatory general offer for all the Shares (not already owned or agreed to be acquired by the Subscribers) under Rule 26 of the Takeovers Code. An application will be made by the Subscribers to the Executive for the Whitewash Waiver which, if granted, will be subject to the approval by the Independent Shareholders of the Company by way of a poll at the SGM.

The Board currently comprises three executive Directors and four independent non-executive Directors. The Independent Board Committee, comprising all the non-executive Directors, namely Mr. Frank H. Miu, Mr. Robert James Iaia II, Mr. Hung Cho Sing and Mr. Chung Kong Fei, Stephen, has been established by the Company to advise the Independent Shareholders as to (i) whether the terms of the Subscription and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the resolution(s) relating to the Subscription and the Whitewash Waiver.

We have been appointed, and approved by the Independent Board Committee, as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion as to (i) whether the terms of the Subscription and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and whether they are in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution(s) relating to the Subscription and the Whitewash Waiver to be proposed at the SGM. We are not connected with the directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and therefore is considered suitable as defined under Rule 13.80 of the Listing Rules and Rule 2 under the Takeovers Code to give independent advice to the Independent Board Committee and the Independent Shareholders. We have not acted as the independent financial adviser to the Company's other transactions during the last two years.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete up to the Latest Practicable Date and should there be any material changes to our opinion after the despatch of the Circular, Shareholders would be notified as soon as possible pursuant to Rule 9.1 of the Takeovers Code. We have also assumed that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

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

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Subscription and the Whitewash Waiver, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

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

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver, we have considered the principal factors and reasons as set out below:

I. Background information of the Group

Principal business

The Company and its subsidiaries are principally engaged in the investment and trading of securities, provision of finance, property investment and manufacturing and sale of accessories for photographic products.

Historical financial information

Set out below is a summary of the financial results of the Group for each of the three years ended 31 March 2015, as extracted from the annual report of the Company for the year ended 31 March 2015 (the "2015 Annual Report"), and the annual report of the Company for the year ended 31 March 2014 (the "2014 Annual Report"), respectively.

Consolidated statement of profit or loss	**For the year ended 31 March**		
	2013	**2014**	**2015**
	(audited)	(audited)	(audited)
	HK'000	*HK'000*	*HK'000*
		(represented)	
Turnover	163,270	107,874	100,099
Loss for the year attributable to owners of the Company	(1,176,304)	(545,696)	(128,431)

Consolidated statement of financial position	**As at 31 March**		
	2013	**2014**	**2015**
	(audited)	(audited)	(audited)
	HK'000	*HK'000*	*HK'000*
Bank balances and cash	52,710	59,102	45,843
Total assets	402,709	146,643	125,474
Total liabilities	1,488,814	246,570	153,158
Equity attributable to owners of the Company	(1,091,399)	(105,625)	(32,712)

Sources: the 2014 Annual Report and the 2015 Annual Report *(i) For the year ended 31 March 2014*

According to the 2014 Annual Report, the Group recorded a decrease in turnover of approximately 33.9% to approximately HK$107.9 million for the year ended 31 March 2014 as compared to approximately HK$163.3 million for the corresponding period in 2013. During the period, all of the turnover came from the manufacturing and sales of accessories segment. The decrease was mainly attributable to the decrease in overseas sales and the decrease in market demand for photographic products. Despite the decrease in revenue, the net loss attributable to owners of the Company for the year ended 31 March 2014 amounted to approximately HK$545.7 million this year from approximately HK$1,176.6 million in the corresponding period last year. The decrease in net loss was mainly attributable to (i) the decrease in finance costs to approximately HK$153.3 million from approximately HK$389.5 million; (ii) decrease in net loss of approximately HK$106.3 million on alteration of terms and early redemption of the Company's bonds; (iii) the Group recorded a fair value gain on derivative financial instrument of approximately HK$25 million as compared to a fair value loss on derivative financial instrument of approximately HK$126 million in the corresponding period last year and (iv) a decrease in impairment loss of approximately HK$12.7 million recognised for the remaining investment in the solar grade polycrystalline silicon business as compared to such impairment loss of approximately HK$106.9 million in the corresponding period last year. As at 31 March 2014, the Group recorded total assets, total liabilities and negative equity attributable to owners of the Company of approximately HK$146.6 million, HK$246.6 million and HK$105.6 million, respectively.

(ii) For the year ended 31 March 2015

According to the 2015 Annual Report, the Group recorded turnover of approximately HK$100.0 million, representing a decrease of approximately 7.2% as compared to the corresponding period in 2014. During the period, all of the turnover came from the manufacturing and sales of accessories segment. The decrease in revenue was mainly attributable to the decrease in demand in photographic market as global photographic market continued to decline because of the demise of compact camera in favour of mobile phone as well as stagnant in single-lens reflex and mid-size camera, coupled with keen market competition. Despite the decrease in turnover, the net loss attributable to owners of the Company for the year ended 31 March 2015 amounted to approximately HK$128.4 million this year from approximately HK$545.7 million in the corresponding period last year. The decrease in net loss was mainly attributable to (i) the decrease in finance costs to approximately HK$16.5 million for the year ended 31 March 2015 from approximately HK$151.9 million for the corresponding last year and (ii) there is no loss incurred on the alteration of terms of the Company's bonds for the year ended 31 March 2015 as compared to a loss of approximately HK$344.4 million last year. As at 31 March 2015, the Group had total assets, total liabilities and negative equity attributable to owners of the Company of approximately HK$125.4 million, approximately HK$153.2 million and approximately HK$32.7 million, respectively.

II. Information of the Subscribers

Evergrande is principally engaged in the development of large scale residential properties and integrated commercial properties in the PRC. It adopts a standardised operational model in the PRC to manage various projects in different cities across the PRC. It is also engaged in other new industries in the PRC including spring water, grain and oil, dairy and health. According to the website of Evergrande, the Evergrande is one of the global top 500 companies with annual sales hit RMB131.5 billion in 2014. Over 300 large projects have been operated in over 150 main cities in China. It owns an architectural engineering company, architectural design institute and project supervision company, as well as real estate development company and property management company. The real estate company has successively developed more than 200 series of projects and the property management company are managing 272 properties, totaling an area of 28.5 million square meters. The ultimate controlling shareholder of Evergrande is Dr. Hui Ka Yan, who is also the chairman and an executive director of Evergrande.

Mount Yandang is a wholly-owned subsidiary of Tencent. Tencent was founded in Shenzhen in 1998 and went public on the Main Board of the Hong Kong Stock Exchange in 2004. Tencent is one of the constituent stocks of the Hang Seng Index and is a leading provider of internet services in China. According to the results announcement of Tencent for the six months ended 30 June 2015, Tencent's diversified services include QQ, Weixin/WeChat for communications; Qzone for social networking; QQ Game Platform for online games; QQ.com and Tencent News for information and Tencent Video for video content. As stated in the announcement, the monthly active user accounts ("MAU") of QQ was 843 million while the combined MAU of Weixin and WeChat were 600 million and the MAU of Qzone was 659 million. According to the announcement, Tencent seeks to evolve with the internet by investing in innovation, providing a hospitable environment for partners, and staying close to users.

III. Reasons for the Subscription and use of proceeds

Reasons for the Subscription

As stated in the Letter from the Board, the Company has been loss-making for a long period of time and its financial position is not satisfactory. The Directors consider that the Subscription represents a valuable opportunity for the Group to bring in two strategic investors with extensive expertise and business network in their respective industries to develop new businesses and income streams for the Group. The Directors consider that the entering into of the Subscription Agreement represents a good opportunity to:

i. significantly raise the shareholder profile of the Company;

ii. raise a substantial amount of additional funds for the Company;

iii. improve the financial position and liquidity of the Group; and

iv. provide the Group with the needed management capability and resources, and financial flexibility for future business development and capturing prospective investment opportunities when they arise.

The Directors are of the view that the Subscribers will not only provide additional funding to the Company and improve its financial position but also introduce valuable investment opportunities to the Company which will be beneficial to the Company and the Shareholders as a whole in the long term.

Prospect of photographic market

As stated in the 2015 Annual Report, the only revenue stream of the Group was the manufacturing and the sales of photographic accessories and the decreasing revenue was due to the decrease in demand in photographic market. According to the report published by Camera & Imaging Products Association ("CIPA"), CIPA Statistical results & outlook on shipment in February 2015, in 2014, the number of total shipments worldwide of cameras decreased in four consecutive years to 43.4 million pieces or decreased year-on-year by approximately 31%. In addition, the total value of shipment worldwide of cameras decreased by approximately 18% to 964.5 billion yen in 2014, which was under 1,000 billion yen for the first time since 2002. The above statistics show the declining market of the photographic market worldwide. In addition, CIPA also estimates that the total shipment of the cameras in terms of quantity will further decrease by approximately 20% in 2015 to approximately 35 million pieces. CIPA is founded in 2002 in Japan to ensure fair market competition, securing product compatibility, sharing specification standards and also to conduct statistical surveys and provide information concerning technical trends and the market for imaging related devices. It has 51 members including Canon Inc., Nikon Corporation, Sony Corporation, Panasonic Corporation etc. which are engaged in the development, production, or sale of cameras and lenses as well as related products. Given that (i) CIPA is an independent international organization; (ii) the members of CIPA are the major players in the photographic industry and (iii) the statistical data are based on the data provided from the members, we therefore consider that it is reasonable to rely on the statistics from CIPA.

Based on the above, we consider that the prospect of photographic market is still uncertain and may face further decline which may continue to affect the Group's manufacturing and the sales of photographic accessories segment if the Group continue to solely rely on this business segment. After taking into account that the uncertain prospect of photographic market, we therefore are of the view that it is fair and reasonable and in the interest of the Company to develop on the new business segment – the development of the ICS Online Platform as the new business segment can diversify the business of the Group to facilitate the future growth of the Group given the potential prospect of the ICS Online Platform as discussed below.

As stated in the section headed "Historical financial information" above, the Company has been in loss making and recorded negative net equity attributable to the owners of the Company for each of the 3 years ended 31 December 2015. The turnover was also decreasing for each of the 3 years ended 31 December 2015 which was due to decrease in demand in photographic market as global photographic market continued to decline and there was only one segment – manufacturing and sales of accessories for the Group to generate turnover. Given that (i) the loss making performance of the Group; (ii) the negative net equity attributable to the owners of the Company for each of the 3 years ended 31 December 2015; (iii) only one segment recorded turnover for the Group and the sole reliance on manufacturing and sales of accessories segment may affect the financial performance of the Group given the relevant segment's industry performance continue to decline; (iv) the Subscription provides a good opportunity to raise substantial amounts of funds for the Group to develop a new business segment to diversify the Group's business; (v) the Subscribers will become the Shareholders and they have committed to introduce new business opportunities to the Group to broaden and diversify its income streams and contribute their respective expertise in property development and management and provision of internet services to the Group and (vi) the Group can take advantage of the Subscribers' expertise, networks and profile for future financing, business development and/or investment opportunities, we therefore consider that the Subscription is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Financing alternatives

Save for the Subscription, the Company has conducted fund raising activities by way of issuing equity securities in the twelve-month period immediately preceding the Latest Practicable Date, and the details of which are as follows:

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
11 September 2014	Placing of 847,015,679 placing shares at the placing price of HK$0.09 per placing share	Approximately HK$73.44 million	Intended to be used for the repayment of the outstanding indebtedness of approximately HK$44.3 million and the balance in the sum of approximately HK$29.14 million for general working capital of the Group	Used as intended

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
24 December 2014	Bonus warrants issue of 1 warrant for every 5 Shares; 5,378,641,037 warrants were issued to subscribe in cash for 5,378,641,037 new Shares	Approximately HK$108.63 million (up to the Latest Practicable Date)	To finance the interest expenses to be incurred on the outstanding convertible bonds of the Company, or to capture any potential investments that may arise or as general working capital of the Group	Approximately HK$5.8 million used to finance the interest expenses incurred on the convertible bonds of the Company, approximately HK$36.2 million used for investment, approximately HK$15.5 million used as general working capital of the Group, and approximately HK$51.13 million held as bank deposit

We have discussed with the management of the Company regarding other financing methods such as placing and debt financing. We note that debt financing and/or bank borrowings will incur interest burden and repayment obligations of the Group and may be subject to lengthy due diligence and negotiations as well as the pledge of assets by the Group, in particular given that the Group recorded net losses in each of the three years ended 31 December 2015. Further, according to the 2015 Annual Report, we noted that the gearing ratio (as defined as total borrowings divided by total assets) of the Group was 61.3% which implies that HK$0.613 of debt was used for every HK$1 of asset of the Group. Hence, further debt financing will increase in the gearing ratio of the Group as well as increase its interest burden while the Group is generating loss from its operation. In addition, as stated in the Letter from the Board, the Company does not have sufficient collaterals that can be offered to banks for obtaining financing on terms and conditions acceptable to the Company. Therefore, we consider that debt financing may not be suitable for the Company.

Regarding other forms of equity financing such as pre-emptive fund raising, rights issue or open offer can raise the amount of funds similar to funds brought by the Subscription. However, the pre-emptive fund raising requires the existing Shareholders to involve in the pre-emptive fund raising exercise to avoid their respective shareholdings being diluted. In addition, underwriting agreement are required to enter into between the Company and underwriters. Given the loss making performance and deteriorating financial position of the Group, we concur with the Directors' view that such pre-emptive fund raising may not feasible as the existing Shareholders may not willing to further invest on the Company and the Company may not able to obtain much favourable terms with the underwriters. In addition, as stated in the Letter from the Board, before negotiations of the Subscription began, the Directors did not identify a particular purpose (such as an appropriate business investment opportunity) that is a justification to raise funds with pre-emptive fund raising exercise, which would have been, in the Directors' view, an important factor for the Shareholders in deciding whether to participate in such fund raising exercise.

Given that (i) the debt financing and/or bank borrowings will bring along with the interest expenses, increasing gearing ratios; (ii) the Company does have sufficient collaterals to obtain bank financing and (iii) there are no justifications, such as business investment opportunities for the Group to conduct large scale pre-emptive equity fund raising exercises comparable to the Subscriptions, we consider that there are no other best available financing alternatives for the Group to consider other than the Subscription. In addition, taking into consideration that the Subscription (i) provide a good opportunity to raise substantial amounts of funds for the Group to develop a new business segment to diversify the Group's business and (ii) will allow the Subscribers become the Shareholders and the Group can take advantages of the Subscribers' networks and profile for future financing, business development and/or investment opportunities, we therefore consider that the Subscription is in the interests of the Company and the Shareholders as a whole.

Use of proceeds

As stated in the Letter from the Board, the maximum proceeds from the Subscription (including any issue of New Warrant Shares) is expected to amount to approximately HK$750.7 million (assuming (1) all Existing Warrants are exercised prior to Completion, so that the maximum number of Subscription Shares are issued; or, otherwise, (2) full exercise of any New Warrants subsequent to Completion), representing a net issue price of approximately HK$0.0061 per Subscription Share.

It is the intention of the Subscribers to procure the Company to begin implementing a 12-month business plan immediately after Completion as the first and critical stage of the development (the "**First Stage Development Plan**") of an internet community service online platform (the "**ICS Online Platform**"). The plan is to establish an open and collaborative platform with both online and offline community services focusing on the Hengda Community (恒大社區) as its first batch of users, so that various consumer-related needs of the community service users can be fulfilled and integrated in one-stop, ranging from ordering, logistical arrangement and delivery of products or services.

Set out below are the planned use of the maximum proceeds from the Subscription (including any issue of New Warrant Shares) of approximately HK$750.7 million assuming Completion will take place in October 2015, and the actual steps taken by the Company and the Subscribers up to the Latest Practicable Date in preparation for implementing the First Stage Development Plan:

1. approximately HK$256 million for the research and development of the ICS Online Platform and related systems technology:

   a. For the purpose of developing the core technology in-house, research and development of mobile terminals and data mining have already begun as of the Latest Practicable Date. Approximately 300 professionals are expected to be employed by the Group within the 12 months following Completion. It is expected that the aggregate staff remuneration, together with other research expenses and patent application fees for the relevant products, would amount to approximately HK$130 million for the first 12 months after Completion;

   b. As disclosed in the section headed "Purchase Agreements" in the "Letter from the Board" contained in this circular, the Purchaser has entered into the Carpark Management Systems Agreement on 9 July 2015 with Guangdong Anjubao, for the purchase of carpark management systems for a cash consideration of approximately HK$41 million (or approximately RMB32.6 million). Separately, on the same date, a non-binding letter of intent was entered into between the Purchaser and Guangdong Anjubao in connection with a possible purchase of a carpark intelligence navigation system from Guangdong Anjubao, for an estimated cash consideration of approximately HK$77 million (or approximately RMB60.4 million). If such transaction is implemented, payments are expected to be made by the Group between January 2016 and October 2016;

   c. Feasibility studies have been conducted on the implementation of the internet community services in certain pilot housing estates of Evergrande. It is expected that payments related to the further feasibility studies to be conducted by the Group after Completion would amount to approximately HK$5 million, which is expected to be made by the Group between November 2015 and October 2016; and

   d. On 9 July 2015, a non-binding letter of intent was entered into between the Purchaser and Zhuhai Bilinke E-Commerce Co., Ltd.* (珠海比鄰客電子商務有限公司), an independent third party, in connection with a possible purchase of software for the development and implementation of the ICS Online Platform, for an estimated cash consideration of approximately HK$3 million (or approximately RMB2.0 million). If such transaction is implemented, payments are expected to be made by the Group by November 2015;

2. approximately HK$173 million for the implementation of the ICS Online Platform in the housing estates of Evergrande and for other potential users:

   a. Invitations to various service providers have been sent for the joining of the ICS Online Platform in certain pilot housing estates of Evergrande. In this connection, it is expected that approximately HK$77 million of marketing expenses will be utilised to attract service providers, which is expected to be paid by the Group between November 2015 and October 2016;

   b. Approximately 100 households in certain pilot housing estates of Evergrande have been invited to join the pilot scheme in relation to the ICS Online Platform. It is expected that approximately HK$50 million of marketing expenses will be utilised by the Group for further invitation of households to join the ICS Online Platform between December 2015 and October 2016;

   c. It is expected that upon successful implementation of the ICS Online Platform in the pilot housing estates of Evergrande, the project will be expanded to other housing estates in the PRC. Approximately HK$30 million is expected to be utilised by the Group to (i) obtain management rights of third party housing estates, and (ii) upgrade and install the required infrastructure in those third party housing estates. It is expected that relevant payments will be made between January 2016 and October 2016; and

   d. Approximately HK$16 million is expected to be utilised by the Group to engage a marketing and advertising agency to promote the branding and image of the ICS Online Platform, through marketing campaigns and advertisements in the PRC. Related payments are expected to be made between January 2016 and October 2016;

3. approximately HK$191 million for the development of supporting infrastructure for the participants in the ICS Online Platform:

   a. As disclosed in the section headed “Purchase Agreements” in the "Letter from the Board" contained in this circular, the Purchaser has entered into the HP Server Systems Agreement, the NetApp Storage Systems Agreement and the Network Systems Agreement on 9 July 2015 with Guangzhou Kanghui, Guangzhou Gengheima and Gaowei Telecommunication, respectively, for the purchase of computer servers, computer storage devices and network components, with an aggregate cash consideration of approximately HK$75 million (or approximately RMB59.1 million);

b. On 9 July 2015, a non-binding letter of intent has been entered into between the Purchaser and an independent third party, namely Hetian Investment Group Co., Ltd.* (禾田投資集團有限公司), in connection with a possible purchase of certain units in a science technology park for the purpose of setting up a cloud computing center, for an estimated purchase price of approximately HK$70 million (or approximately RMB55.4 million). If such transaction is implemented, payments are expected to be made by the Group between November 2015 and April 2016;

c. On 9 July 2015, a non-binding letter of intent has been entered into between the Purchaser and an independent third party, namely Guangdong Planning and Designing Institute of Telecommunications Co., Ltd.* (廣東省電信規劃設計院有限公司), in connection with the design and installation of a cloud computing center of the Group, for an estimated cash consideration of approximately HK$38 million (or approximately RMB30.0 million). If such transaction is implemented, payments are expected to be made by the Group between November 2015 and October 2016;

d. On 9 July 2015, a non-binding letter of intent has been entered into between the Purchaser and an independent third party, namely Guangdong Jinnaohui Information Technology Co., Ltd.* (廣東金腦惠信息科技有限公司), in connection with a possible purchase of certain computer equipment for the cloud computing center to be set up by the Group, with an estimated purchase price of approximately HK$7 million (or approximately RMB5.8 million). If such transaction is implemented, payments are expected to be made by the Group between November 2015 and October 2016; and

e. As disclosed in the section headed "Purchase Agreements" in the "Letter from the Board" contained in this circular, the Purchaser has entered into the Data Backup Systems Agreement on 9 July 2015 with Guangzhou Gengheima, for the purchase of data backup solutions, for a total cash consideration of approximately HK$1 million (or approximately RMB0.8 million);

4. approximately HK$64 million for acquisitions and investments in selected service providers:

   Discussions are currently in progress with certain selected service providers, as regards (i) potential strategic investments by the Group which may create synergies for the ICS Online Platform, and (ii) potential acquisition of certain network installation and smart home businesses, with an aggregate expected investment amount of approximately HK$64 million. If such transactions materialise, payments are expected to be settled by the Group between January 2016 and October 2016; and

5. approximately HK$67 million for general working capital requirements of the Group to support both the business of the ICS Online Platform and the existing businesses of the Group.

Please refer to the Letter from the Board section headed "Use of Proceeds from the Subscription" for more details on the use of proceeds. We noted that the proceeds from the Subscription will be utilised as the First Stage Development Plan for the ICS Online Platform. In this regard, Evergrande can deploy their strengths in community scale and property management services, whereas Tencent can use their expertise and scale in internet for the co-development of the platform. It is expected that upon successful implementation of the ICS Online Platform, such platform will be expanded to other housing estates in the PRC outside the Hengda Community. The community service users are expected to benefit from the advanced internet technology brought by the platform to their daily life, and they are expected to enjoy the convenience from the provision of one-stop service in the long term. We are of the view that the prospect of the ICS Online Platform will be determined by the prospect of the real estate and property management markets in the PRC. Below are our analysis for the future prospects of these markets:

Prospects of real estate and property management and internet community service online platform

According to a report 2015 China Top 100 property services enterprises research report (2015 中國物業服務百強企業研究報告) (the "Research Report") published in June 2015 by China Index Academy, an independent property research organization with more than 15 offices nationwide, in 2014, the floor space of residential buildings completed reached 1.07 billion square meters and it is expected that the capacity of real estate management market will increase by 3.5 billion square meters and provide a spacious rooms for the top 100 property services enterprises to grow in the next three years. In 2014, the total construction area under management by top 100 property services enterprises amounted to 17.49 million square meters, represents a year-on-year increase of approximately 15.7% while the number of real estate projects under management by top 100 property services enterprises increased by 9 projects to 94 projects, represents a year-on-year increase of approximately 10.9%. The real estate management services industry experience robust growth in the PRC. One of the main drivers for the growth of the real estate management services industry is the prospect of the real estate market in the PRC. On 30 March 2015, the People's Bank of China has announced to decrease the minimum down payment required on second-home purchases to 40 per cent, from 50 to 60 per cent in most cities and 70 per cent in Beijing and Shanghai. The finance ministry also expanded a capital-gains tax exemption to include sellers who have owned their home for as little as two years, rather than the previous five-year minimum. In addition, in order to stimulate the PRC economy, the People's Bank of China conducted targeted reserve requirement ratio cuts for 3 times and lower the benchmark loan and deposit interest rates twice during the first half of 2015. In the combination of the loosening monetary policy and the policies to support the PRC real estate market, the real estate market in the PRC shows mild recovery as of June 2015. According to the statistics from the National Bureau of Statistics of the PRC, the accumulated investment of real estate amounted to approximately RMB43,956 million as of June 2015, representing a year-on-year increase of approximately 4.6%. The total sales area of commodity housing amounted to approximately 502.63 million square meters, representing a year-on-year increase of approximately 3.9% and the sales of commodity housing amounted to approximately RMB3,425.9 billion, representing a year-on-year increase of approximately 10.0%.

Together with the growth in the investment in real estate and the increase in the sales of commodity housing due to the stimulation policy implemented by the PRC government, we consider that there is a potential growth in the real estate management market.

In March 2015, the Premier of the State Council of the People's Republic of China, Mr. Li Keqiang announced the report on the work of the PRC government that it will develop the "Internet Plus" action plan to integrate the mobile Internet, cloud computing, big data with modern manufacturing, to encourage the healthy development of e-commerce, industrial networks, and internet banking, and to guide internet-based companies to increase their presence in the international market. In addition to the RMB40 billion government fund already in place for investment in China's emerging industries, more funds needed to be raised for promoting business development and innovation.

As stated in the Research Report, residents have higher demand on living quality and living convenience as the economy and the living standards increased in the PRC and the Internet provide an opportunity for such real estate management enterprises to meet the higher demand on living quality and living standards. After the launch of the Internet Plus concept, many property management services enterprises start to speed up the pace on the use of internet and software to increase the residents' convenience and living satisfaction. The Research Report expects that more real estate management enterprises will leverage on the internet and software, together with cloud computing, big data to optimise the real estate management services and participate the construction of community online to offline (O2O) system proactively to increase the values of the real estate management services.

Given that (i) the real estate management market recorded growth in 2014; (ii) the stimulation policy implemented by the PRC government to boost the real estate market; (iii) the development of "Internet Plus" by the PRC government; (iv) the use of internet and software can create values of the real estate management services so as to increase the living standards of the residents within the community; (v) the background and expertise from the Subscribers on the internet, software and property management, respectively as stated in the section headed "Information of the Subscribers" above and (vi) the need for the Group to deploy a new business segment given the loss making performance and the decrease in demand in the manufacturing and sales of accessories for photographic products, we therefore consider that the use of the proceeds from the Subscription to develop the ICS Online Platform is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

IV. Principal terms of the Subscription Agreement

Date:

15 June 2015

Issuer:

The Company

Guarantors *note 1*:

(1) HEC Capital Limited, a substantial Shareholder of the Company

(2) Mr. Chung Yuk Lun, an executive Director

(3) Dr. Kwong Kai Sing, Benny, an executive Director

(4) Mr. Chow Chi Wah, Vincent, an executive Director

The Guarantors have agreed to jointly and severally guarantee the obligations of the Company and provide certain indemnities under the Subscription Agreement.

Subscribers *notes 1,2*:

(1) Evergrande

(2) Mount Yandang, a wholly-owned subsidiary of Tencent

Notes:

1. HEC Capital Limited, Mr. Chung Yuk Lun, Dr. Kwong Kai Sing, Benny, Mr. Chow Chi Wah, Vincent, Evergrande and Mount Yandang have informed the Company that they are independent of, and not connected with each other, and (save for the Subscription Agreement), there is no agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) between HEC Capital Limited, Mr. Chung Yuk Lun, Dr. Kwong Kai Sing, Benny, Mr. Chow Chi Wah, Vincent, Evergrande and Mount Yandang in relation to any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

2. The Subscribers are independent of, not connected with and not acting in concert with any of the Directors, the chief executives or the substantial Shareholders of the Company or its subsidiaries or any of their respective associates. As at the Latest Practicable Date, the Subscribers and their respective concert parties did not hold any existing issued Shares.

Pursuant to the Subscription Agreement, the Subscribers have agreed to subscribe for, and the Company has agreed to allot and issue, at Completion, (a) such number of Subscription Shares representing 75.0% of the enlarged total issued share capital of the Company immediately after Completion at an issue price of HK$0.0061 per Subscription Share; and (b) the New Warrants at an aggregate nominal consideration of HK$2.00 subject to the terms of the Subscription Agreement. Immediately after Completion, Evergrande and Mount Yandang will respectively hold 55.0% and 20.0% of the enlarged total issued share capital of the Company. The New Warrants will have (i) an aggregate value equal to the product of the number of the New Warrant Shares and HK$0.0061, (ii) an initial exercise price of HK$0.0061 per New Warrant Share and (iii) a subscription period of five (5) years from the date of Completion.

The total amount of New Warrants and the total number of Subscription Shares to be issued and allotted to the Subscribers at Completion are dependent on how many Existing Warrants, if any, are exercised prior to Completion. The total number of Subscription Shares and New Warrant Shares issuable upon full exercise of the New Warrants (based on their initial exercise price equal to the Subscription Price per Share of HK$0.0061) shall be equal to 123,065,538,666 Shares (representing approximately 334.96% of the total issued share capital of the Company as at the Latest Practicable Date and, assuming the Existing Warrants are also exercised in full and there are no other changes in the issued Shares of the Company, 75.0% of the enlarged total issued share capital of the Company immediately after such exercise of the New Warrants and the Existing Warrants).

Assuming all Existing Warrants are exercised prior to Completion and there is no other change in the issued Shares of the Company, (i) no New Warrant and (ii) 123,065,538,666 Shares, representing the maximum number of Subscription Shares, will be issued and allotted to the Subscribers at Completion.

Assuming none of the Existing Warrants is exercised before Completion and there is no other change in the issued Shares of the Company, (i) New Warrants with a face value of approximately HK$78,356,061, under which 12,845,255,820 New Warrants Shares are issuable upon full exercise (based on the initial exercise price equal to the Subscription Price per Share), and (ii) 110,220,282,846 Shares (representing approximately 300.0% of the total issued share capital of the Company as at the Latest Practicable Date and, assuming none of the New Warrants is exercised and there are no other changes in the issued Shares of the Company, 75.0% of the enlarged total issued share capital of the Company immediately upon the issuance and allotment of such Shares), being the minimum number of Subscription Shares, will be issued and allotted to the Subscribers at Completion.

Subscription Price

The Subscription Price per Share, being HK$0.0061, represents:

(i) a discount of approximately 97.9% to the closing price of HK$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 97.6% to the average closing prices of approximately HK$0.251 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;

(iii) a discount of approximately 97.5% to the average closing price of approximately HK$0.244 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day; and

(iv) a discount of approximately 98.30% to the closing price of HK$0.355 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

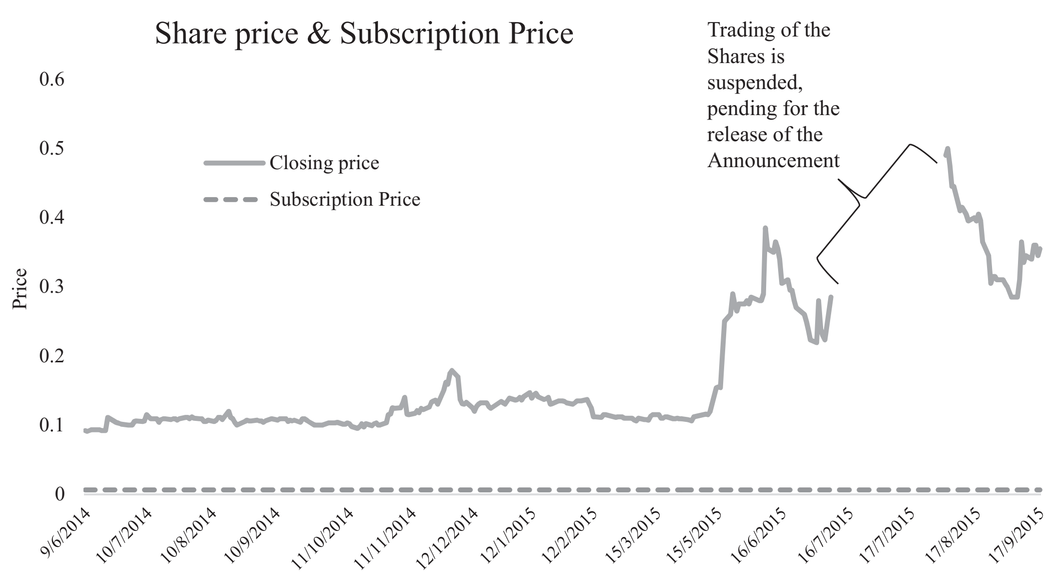
As stated in the Letter from the Board, the Subscription Price per Share of HK$0.0061 was arrived at after arm's length negotiations between the Subscribers and the Company.

Comparable analysis

To assess the fairness and reasonableness of the terms of the Subscription, we have considered applying a comparable analysis to companies listed on the Stock Exchange that are similar to the Company (i) with similar business of the Group in terms of principal business, operations and financial position; (ii) subscription of the respective new shares to be listed on the Stock Exchange under specific mandate; (iii) change in control of the respective listed company upon the completion of the shares subscription; and (iv) application of whitewash waivers made by the subscriber(s). However, we have not been able to identify suitable comparable companies with similar business nature with the Group. Thus, we consider the aforesaid comparable analysis is not applicable.

Share prices of the Company

We have reviewed the closing prices and the trading liquidity of the Shares during the twelve-month period from 9 June 2014, being the 1 year period prior to the Last Trading Day and up to the Latest Practicable Date (the "Review Period"):



Source: The Stock Exchange

As shown in the tables above, the daily closing price of the Shares during the Review Period ranged from a low of HK$0.091 per Share on 10 June 2014 to the high of HK$0.5 per Share on 4 August 2015. The average closing price of Shares within the Review Period was approximately HK$0.17 per Share, and the Subscription Price represents a discount of approximately 96.36% to the average closing price of Shares within the Review Period. The Subscription Price represents a discount to the closing price of the Shares throughout the Review Period and to the average closing price of Shares within the Review Period. We noted that the Share price was relatively stable from the beginning of the Review Period and up to March 2015. From April 2015, the Share price starts to surge from closing price of HK$0.154 per Share on 15 April 2015 to high of HK$0.385 per Share on 7 May 2015. On 21 April 2015, the Company has published an announcement that it is not aware of any reasons for the recent increase in the price and trading volume of the shares of the Company. The Share price started to drop in May as the Company published a profit warning announcement stating the potential loss making performance for the year ended 31 March 2015. On 9 June 2015, the trading of the Share was suspended pending for the release of the Holding Announcement and the Announcement. The trading of the Shares was resumed on 3 August and the Share price jumped significantly. As advised by the Directors, the significant increase in the Share price was primarily due to the Announcement and the Subscription by the Subscribers.

We noted that the Subscription Price represents a deep discount to the Share price during the Review Period. As to the fairness and reasonableness of setting the Subscription Price in a deep discount, we have considered the following factors:

(i) the Group was in loss making performance since the financial year ended 31 March 2011 and the Group had net liabilities of approximately HK$27.7 million as at 31 March 2015;

(ii) the weak demand on its product in photographic market and it is expected that the demand of the cameras worldwide will keep decreasing in 2015 according to CIPA and hence may affect the business of the Group. Therefore, there is a need of diversifying the Group's business in order to facilitate future growth;

(iii) as discussed above, both the Subscribers will become the Shareholders and they have committed to introduce new business opportunities to the Group to broaden and diversify its income streams and contribute their respective expertise in property development and management and provision of internet services to the Group and the Group can take advantage of the Subscribers' expertise, networks and profile for future financing, business development and/or investment opportunities;

(iv) the potential positive prospect of the ICS Online Platform due to the recovering real estate market in the PRC and the development of "Internet Plus" by the PRC government and the use of internet and software can create values of the real estate management services so as to increase the living standards of the residents within the community according to the Research Report;

(v) there are no other financing alternatives nor any investment targets identified by the Group other than the Subscription;

(vi) the Group's audited consolidated net liabilities of approximately HK$0.0008 per Share as at 31 March 2015 as derived from the net liabilities of the Group of approximately HK$27.7 million and 36,740,094,282 Shares in issue as at the Latest Practicable Date; and

(vii) the Subscription may enhance the cash position, working capital and net assets value of the Group as discussed below.

Having taken into account and as balanced by the above factors, we are of the view that although the Subscription Price represents a deep discount of 97.9% to the Share price as at the Last Trading Day, it is fair and reasonable so far as the Independent Shareholders are concerned.

Principal terms of the New Warrant

In the event that none of the Existing Warrants is exercised before the Completion, the maximum amount of New Warrants, being 78,355,061 New Warrants, will be issued to the Subscribers, which will confer the rights to the Subscribers to subscribe for up to an aggregate of 12,845,255,820 New Warrant Shares (based on the initial exercise price equal to the Subscription Price per Share (subject to adjustments)). For the avoidance of doubt, in case of the exercise price being adjusted down, a higher number of the New Warrant Shares will be issuable upon full exercise of the New Warrants. For illustration purpose only and assuming full exercise of the New Warrants in the scenario described above immediately after Completion, the Company will issue 12,845,255,820 New Warrant Shares (based on the initial exercise price equal to the Subscription Price per Share), representing (a) approximately 8.74% of the issued share capital of the Company immediately after Completion (i.e. immediately after the issue of the Subscription Shares), or (b) approximately 7.83% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares and all the New Warrant Shares (assuming full exercise of the New Warrants after Completion).

The New Warrants will be issued to the Subscribers at a nominal issue price being HK$2.00 in aggregate and the initial exercise price is HK$0.0061 per New Warrant Share, subject to adjustments upon the occurrence of any of the adjustment events during the period of five (5) years from the date of Completion. Please refer to the section headed "Adjustments to the Exercise Price" of the Letter from the Board for further details. The initial exercise price is the same as the Subscription Price per Share.

The New Warrants may be exercised at any time during a period of five years commencing from the date of issue of the New Warrants. Upon expiry of the said period, any New Warrants which have not been exercised will lapse and cease to be valid for any purpose. Each New Warrant is transferable in integral multiples of HK$0.1 by instrument of transfer in any usual or common form or such other form as may be approved by the Directors. One of the conditions to the New Warrants provides that the holders thereof may not exercise the New Warrants if it would result in the Company being unable to comply with the public float requirement under the Listing Rules.

Reasons for and the rationale for the New Warrants

As stated in the Letter from the Board, the Company is required by the terms of the Subscription Agreement to execute the New Warrant Instrument and issue the New Warrants, simultaneously with the issue of the Subscription Shares, upon Completion. The New Warrants will not be issued unless Completion takes place. The Directors consider that the issue of the New Warrants is an integral part of the Subscription. If the Company had refused to issue the New Warrants to the Subscribers, it would not be able to consummate the Subscription, and as such, it would not be able to benefit from the new business opportunities associated with the Subscription. In addition, as advised by the Directors, the rationale for the New Warrant are that the original commercial intention of the Subscribers is to acquire immediately upon Completion such number of Shares representing 75.0% of the enlarged total issued share capital of the Company on a fully-diluted basis (i.e. assuming all of the Existing Warrants, being the only outstanding securities as of the date of the Subscription Agreement which are convertible into ordinary shares of the Company, are fully exercised), which would amount to 123,065,538,666 Shares (the "**Maximum Number of Shares**"), at HK$0.0061 per Share. However, if the Existing Warrants are not exercised by their holders fully or at all prior to Completion, the Maximum Number of Shares would represent more than 75% of the enlarged total issued share capital of the Company immediately after Completion and would render the Company in a breach of the 25% public float requirement under the Listing Rules. Hence, the New Warrants approach was proposed to the Subscribers as a commercial alternative, so that in the event that the Subscribers are unable to acquire up to the Maximum Number of Shares upon Completion because of the 25% public float requirement, they would be given the right to acquire further Shares up to the Maximum Number of Shares from time to time after Completion, but only to the extent it would not result in the Company breaching the 25% public float requirement. Given that as at the Latest Practicable Date, the total issued share capital are not in a fully diluted basis (i.e. the Existing Warrants are still not yet exercised in full), if the Maximum Number of Shares are being issued and such number would represent more than 75% of the enlarged total issued share capital of the Company immediately after Completion and would render the Company in a breach of the 25% public float requirement. Therefore we consider that the rationale of the issue of the New Warrants and the original commercial intention of the Subscribers is still valid.

Our Analysis

We noted that the initial exercise price of the New Warrants is the same as the Subscription Price per Share. We also noted from the valuation report of the New Warrants (the "Valuation Report") produced by Asset Appraisal Limited ("the Valuer") as stated in the Appendix II (A) of this Circular that the fair value of the New Warrants of HK$0.2795 per New Warrant Share. We have reviewed the Valuation Report and noted that there are three common models in determining the valuation of share option namely Black-Scholes Model, Monte Carlo Model and Binomial Option Pricing Model. As the New Warrants can be exercised at any time during a period of five years commencing from the date of issue of the New Warrants and hence we considered that the Binomial Option Pricing Model would be appropriate to value the New Warrants given that the Black Scholes Model can only value options at maturity and the Monte Carlo Model involves too many assumptions. In addition, the parameters such as the volatility, dividend yield used for the valuation of the New Warrants under the Binomial Option Pricing Model are based on the historical data and policy of the Company which we considered are fair and reasonable. Also, we noted that the probability of each up-movement, share price rise for each down-movement, share price slip for each down-movement are based on the pre-determined formula as stated in the Binomial Option Pricing Model which we consider that is fair and reasonable. Regarding the number of time step, we are of the view that it is fair and reasonable as we noted that 500 time steps are assumed and such times steps would make up 500 times of binomial stock price movement and 501 terminal stock prices over the life of the New Warrants (i.e. 5 years). Based on the above, we are of the view that the Valuation Report is fair and reasonable. We noted that the initial exercise price of the New Warrant represents a discount of approximately 97.82% to it fair value of the New Warrant as stated in the Valuation Report of HK$0.2795 per New Warrant Share. In order to consider the fairness and reasonableness of the initial exercise price of the New Warrant, we have considered the following factors:

(i) the initial exercise price of the New Warrant equals to the Subscription Price;

(ii) the Group was in loss making performance since the financial year ended 31 March 2011 and the Group had net liabilities of approximately HK$27.7 million as at 31 March 2015;

(iii) the Group's audited consolidated net liabilities of approximately HK$0.0008 per Share as at 31 March 2015 as derived from the net liabilities of the Group of approximately HK$27.7 million and 36,740,094,282 Shares in issue as at the Latest Practicable Date;

(iv) there are no other financing alternatives nor any investment targets identified by the Group other than the Subscription and the need of funding to diversify the business of the Group;

(v) the fact that the Valuation Report is conducted after the terms of the Subscription were agreed as the New Warrants are part of the Subscription to ensure that the Subscribers can have the flexibility to maintain 75% shareholdings of the Company when the Existing Warrants (if not fully exercise before Completion) are exercised after Completion;

(vi) the New Warrants is an integral part of the Subscription that the Subscribers would not have entered into the Subscription Agreement without it; and

(vii) the fact that if the Group had refused to issue the New Warrants to the Subscribers, it would not be able to consummate the Subscription, and as such, it would not be able to benefit from the new business opportunities associated with the Subscription.

Having taken into account and as balanced by the above factors, we consider that although the initial exercise price of the New Warrant represents a deep discount of approximately 97.9% to the Share price as at the Last Trading Day and the fair value of the New Warrant Share as mentioned in the Valuation Report, the benefit from the new business opportunities associated with the Subscription still outweighs the deep discount to its fair value of the New Warrant as stated in the Valuation Report and therefore we are of the view that the initial exercise price of HK0.0061 per New Warrant is still fair and reasonable so far as the Independent Shareholders are concerned.

To assess the fairness and reasonableness of the other terms of the New Warrants, we intended to search for comparable companies listed on the Stock Exchange that are (i) similar to the Company in terms of principal business, operations and financial position and (ii) involving the issue of non-listed warrants to subscribers with the means of maintaining its control. However, we are unable to identify such comparables.

In order to assess the fairness and reasonableness of the remaining terms of the New Warrant, we have compared them with the terms of the Existing Warrants. We noted that we were not aware of any material difference between the terms of the New Warrants and the Existing Warrants. However, we noted that both the terms of the New Warrants and the Existing Warrants include a transferability feature. As stated in the Letter from the Board, the New Warrants are designed to give the Subscribers the right to subscribe for additional Shares to bring their shareholding back to 75.0% in the event that the shareholding of the Subscribers is diluted following the allotment and issue of new Shares as a result of the exercise of one or more of the Existing Warrants after Completion. As confirmed by the Directors, it was the original intention of the Subscribers to subscribe for additional Shares through the New Warrants to maintain its 75.0% shareholding in the Company and the transferability feature under the New Warrants is also an existing term under the Existing Warrants that the Subscribers requested for. However, the Subscribers will not be able to maintain 75.0% shareholdings of the Company if the Subscribers exercise the transferability feature under the New Warrants to any Independent Third Parties. We are of the view that the transferability feature is contradicted with the original intention of the Subscribers, therefore we consider that the transferability feature under the New Warrants is not reasonable but will not affect the interests of the Independent Shareholders. Moreover, as disclosed in the section headed "Effects of the Subscription on shareholding structure of the Company" in the "Letter from the

Board" contained in this circular, assuming (i) none of the Existing Warrants is exercised before Completion; (ii) there is no other change in the issued Shares of the Company; (iii) the Subscribers transfer all their New Warrants to other parties and such New Warrants are subsequently exercised in full, 12,845,255,820 New Warrants Shares will be issued; and (iv) full exercise of the Existing Warrants after Completion, the total issued Shares of the Company will increase from 146,960,377,128 to 164,087,384,888. Given that the minimum number of Subscription Shares, being 110,220,282,846 Shares, will be issued and allotted to the Subscribers under the Subscription, the Subscribers are still able to hold approximately 67.17% of the total issued Shares and maintain the control of the Company.

Given that (i) the discussion in the sections headed "*Historical financial information" and "Reasons for the Subscription and use of proceeds*" above; (ii) the initial exercise price of the New Warrants equals to the Subscription Price; (iii) the Group's audited consolidated net liabilities of approximately HK$0.0008 per Share as at 31 March 2015 as derived from the net liabilities of the Group of approximately HK$27.7 million and 36,740,094,282 shares in issue as at the Latest Practicable Date; (iv) the Group has no better financial alternatives other than the Subscription; (v) the Subscription Agreement would not be entered into if the Directors refuse to issue the New Warrants and as such the Group will be unable to enjoy potential benefits brought by the Subscription to the Group; and (vi) other than the transferability feature under the New Warrants is contradicted with the original intention of the Subscribers to maintain its 75.0% shareholding in the Company, the other terms of the New Warrants are no material difference from those of the Existing Warrants; (vii) the Subscribers will still able to maintain the control of the Company if they transfer all the New Warrants to other parties who subsequently fully exercise the New Warrants into the New Warrant Shares and the Company is still able to take advantage of the background, networks and operation scale of the Subscribers; (viii) the intention of the issue of the New Warrants is to ensure that the Subscribers hold in aggregate 75% interest in the Company; and (ix) no more Shares will be issued to the Subscribers other than the Maximum Number of Shares pursuant to the Subscription and the New Warrants cannot be exercised if the Group fail to comply the 25% public float requirement, we therefore consider that the terms of the New Warrants are entered as an integral part of the Subscription and is in the interests of the Company and the Independent Shareholders as a whole.

V. Effects of the Subscription on shareholding structure of the Company

The number of Subscription Shares and the amount of New Warrants to be issued to the Subscribers upon Completion are dependent on how many, if any, Existing Warrants are exercised before Completion. For the purposes of illustration:

a. if the Existing Warrants are fully exercised before Completion and there is no other change in the issued Shares of the Company, upon Completion, no New Warrants will be issued to the Subscribers and, 123,065,538,666 Shares, representing the maximum number of Subscription Shares, will be issued and allotted to the Subscribers; or

b. if none of the Existing Warrants is exercised before Completion and there is no other change in the issued Shares of the Company, upon Completion, the maximum amount of New Warrants, being HK$78,356,061 New Warrants under which 12,845,255,820 New Warrants Shares will be issuable upon full exercise (based on the initial exercise price equal to the Subscription Price per Share), will be issued to the Subscribers and the minimum number of Subscription Shares, being 110,220,282,846 Shares, will be issued and allotted to the Subscribers.

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and the changes thereto as a result of the Subscription:

Existing substantial Shareholders	**As at the Latest Practicable Date**		**Scenario 1: Immediately after the issue of the Subscription Shares on Completion (assuming the Existing Warrants are not exercised before Completion and the New Warrants issued upon Completion are not exercised)**		**Scenario 2: Immediately after the issue of the Subscription Shares on Completion (assuming full exercise of the Existing Warrants before Completion in which case no New Warrants will be issued)**	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
VMS Investment Group Limited [1,8]	4,375,000,000	11.91	4,375,000,000	2.98 (public)	4,375,000,000	2.67 (public)
Murtsa Capital Management Limited [2, 7]	4,334,680,422	11.80	4,334,680,422	2.95 (public)	4,334,680,422	2.64 (public)
Sub-total	8,709,680,422	23.71	8,709,680,422	5.93	8,709,680,422	5.31
Existing Directors						
Dr. Kwong Kai Sing, Benny [3,7]	8,560,000	0.02	8,560,000	0.01 (public)	13,040,000	0.01 (public)
Mr. Frank H. Miu [4,8]	872,000	0.00	872,000	0.00 (public)	1,046,400	0.00 (public)
Sub-total	9,432,000	0.02	9,432,000	0.01	14,086,400	0.01
Public Shareholders						
Smart Jump Corporation [5,7]	2,358,656,694	6.42 (public)	2,358,656,694	1.60 (public)	2,358,656,694	1.44 (public)
Other public Shareholders	25,662,325,166	69.85 (public)	25,662,325,166	17.46 (public)	29,939,422,706	18.24 (public)
Sub-total	28,020,981,860	76.27	28,020,981,860	19.06	32,298,079,400	19.68

Existing substantial Shareholders	As at the Latest Practicable Date		Scenario 1: Immediately after the issue of the Subscription Shares on Completion (assuming the Existing Warrants are not exercised before Completion and the New Warrants issued upon Completion are not exercised)		Scenario 2: Immediately after the issue of the Subscription Shares on Completion (assuming full exercise of the Existing Warrants before Completion in which case no New Warrants will be issued)	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Subscribers and parties acting in concert with them						
Evergrande	–	–	80,828,207,420	55.00	90,248,061,688	55.00
Mount Yandang [6]	–	–	29,392,075,426	20.00	32,817,476,978	20.00
Sub-total	–	–	110,220,282,846	75.00[9]	123,065,538,666	75.00
Total	36,740,094,282	100.00	146,960,377,128	100.00	164,087,384,888	100.00

Notes:

(1) VMS Investment Group Limited is indirectly wholly-owned by Ms. Mak Siu Hang Viola.

(2) Murtsa Capital Management Limited is an indirect wholly-owned subsidiary of HEC Capital Limited. Freewill Holdings Limited directly holds approximately 25.6%, and indirectly holds approximately 7.38%, of HEC Capital Limited. Freewill Holdings Limited is beneficially owned as to approximately 32.44% by Freeman Financial Corporation Limited, approximately 21.57% by HEC Development Limited, approximately 21.33% by Mason Financial Holdings Limited, approximately 14.88% by Skyway Securities Group Limited (formerly known as Mission Capital Holdings Limited), approximately 7.07% by Enerchina Holdings Limited and approximately 2.71% by China Optoelectronics Holding Group Co., Limited. Freeman Financial Corporation Limited, Mason Financial Holdings Limited, Skyway Securities Group Limited, Enerchina Holdings Limited and China Optoelectronics Holding Group Co., Limited are companies listed on the Main Board of the Stock Exchange.

(3) As at the Latest Practicable Date, Dr. Kwong Kai Sing, Benny, an executive Director, held 8,560,000 Shares and Existing Warrants with a face value of HK$448,000 under which 4,480,000 Shares were issuable upon full exercise. According to the terms of the Subscription Agreement, unless otherwise agreed by the Subscribers, Dr. Kwong Kai Sing, Benny shall resign as a Director with effect from Completion (or where applicable, such earliest date as permitted by the Takeovers Code). Following his resignation, Dr. Kwong Kai Sing, Benny will cease to be a core connected person of the Company and his shareholding in the Company will be counted towards public float of the Company.

(4) As at the Latest Practicable Date, Mr. Frank H. Miu, an independent non-executive Director held 872,000 Shares and Existing Warrants with a face value of HK$17,440 under which 174,400 Shares were issuable upon full exercise. According to the terms of the Subscription Agreement, unless otherwise agreed by the Subscribers, Mr. Frank H. Miu shall resign as a Director with effect from Completion (or where applicable, such earliest date as permitted by the Takeovers Code). Following his resignation, Mr. Frank H. Miu will cease to be a core connected person of the Company and his shareholding in the Company will be counted towards public float of the Company.

(5) Smart Jump Corporation is an indirect wholly-owned subsidiary of Freeman Financial Corporation Limited, a company listed on the Main Board of the Stock Exchange.

(6) Mount Yandang is a wholly-owned subsidiary of Tencent.

(7) As (i) HEC Capital Limited and Dr. Kwong Kai Sing, Benny are guarantors of the Company's obligations under the Subscription Agreement, and (ii) Mr. Hui Quincy Kwong Hei, a director of the parent company of Smart Jump Corporation referred the Subscribers to the Company and attended the MOU meeting, each of Murtsa Capital Management Limited (an indirect wholly-owned subsidiary of HEC Capital Limited), Dr. Kwong Kai Sing, Benny and Smart Jump Corporation will abstain from voting on (a) the special resolution to approve the Capital Reorganization and the Share Consolidation; (b) the ordinary resolution to approve the Subscription Agreement, the New Warrant Instrument, the Purchase Agreements and the respective transactions contemplated thereunder; and (c) the ordinary resolution to approve the Whitewash Waiver, at the SGM.

(8) Each of VMS Investment Group Limited and Mr. Frank H. Miu is not involved in the negotiation of, nor interested in, the Capital Reorganization, the Share Consolidation, the Subscription Agreement, the New Warrant Instrument, the Purchase Agreements and the respective transactions contemplated thereunder and they are not required to abstain from voting on (a) the special resolution to approve the Capital Reorganization and the Share Consolidation; (b) the ordinary resolution to approve the Subscription Agreement, the New Warrant Instrument, and the Purchase Agreements and the respective transactions contemplated thereunder; and (c) the ordinary resolution to approve the Whitewash Waiver, at the SGM.

(9) In scenario 1, the maximum amount of New Warrants, being HK$78,356,061 New Warrants under which 12,845,255,820 New Warrant Shares will be issuable upon full exercise (based on the initial exercise price equal to the Subscription Price per Share), will be issued to the Subscribers, and the minimum number of Subscription Shares, being 110,220,282,846 Shares, will be issued and allotted to the Subscribers. As set out in the section headed "Principal Terms of the New Warrants – (8) Transferability" in the "Letter from the Board" contained in this circular, each New Warrant is transferable. In the event that (a) the Subscribers transfer all their New Warrants to other parties; (b) such New Warrants are subsequently exercised in full by other parties; and (c) the Existing Warrants are exercised in full, (i) the total number of issued Shares will increase from 146,960,377,128 to 164,087,384,888; and (ii) the shareholding of the Subscribers will be diluted from 75.00% to approximately 67.17%.

We note that the shareholding interest of the existing public Shareholders is subject to dilution of the aforementioned extents as a result of the Subscription. The dilution effect of the Subscription alone represents a maximum dilution of approximately 52.39% on the public Shareholders as at the Latest Practicable Date. Despite the potential dilution effect resulted from the Subscription, having taken into account (i) the loss making performance of the Group and the negative equity value attributable to the owners of the Company for the three years ended 31 March 2015; (ii) no better financing alternative for the Group to adopt other than the Subscription; (iii) background and network of the Subscribers; (iv) the potential positive prospect of the ICS Online Platform; (v) the Subscription provides a good opportunity to raise substantial amounts of funds for the Group to develop a new business segment to diversify the Group's business; (vi) the Subscribers will become the Shareholders and they have committed to introduce new business opportunities to the Group to broaden and diversify its income streams and contribute their respective expertise in property development and management and provision of Internet services to the Group; and (vii) the Group can take advantage of the Subscribers' expertise, networks and profile for future financing, business development and/or investment opportunities, we consider the possible dilution effect on the existing Shareholders to be acceptable.

VI. Financial effects of the Subscription

It should be noted that the below analysis are for illustrative purpose only and do not purport to represent how the financial position/results of the Group will be upon Completion pursuant to the Subscription.

Working Capital

According to the 2015 Annual Report, the Group had bank balances and cash of merely HK$45.8 million, total current assets of approximately HK$97.2 million and total current liabilities of approximately HK$88.0 million. Upon Completion, a maximum amount of proceeds of approximately HK$750.7 million (assuming (1) all Existing Warrants are exercised prior to Completion, so that the maximum number of Subscription Shares are issued; or, otherwise, (2) full exercise of any New Warrants subsequent to Completion) will be received, as advised by the Directors, it is expected that both the cash position and the current asset position of the Group (before applying the proceeds from the Subscription to develop the ICS Online Platform) will be further enhanced.

Net Assets Value

As advised by the Directors, the proceeds from the Subscription is expected to result in (i) an increase in cash by the amount of the net proceeds received under the Subscription; and (ii) an increase by the relevant amount in the issued capital and reserve of the Company. As per the 2015 Annual Report, the net assets were in deficit of approximately HK$27.7 million. Upon Completion, as advised by the Directors, it is expected that the net assets value of the Group will be enhanced.

Based on the above, we consider that the terms of the Subscription are fair and reasonable in term of improving the financial position of the Company and in the interests of the Company and the Shareholders as a whole.

IX. Application for the Whitewash Waiver

Immediately after Completion, the Subscribers and parties acting in concert with them will, in aggregate, hold 75.0% of the enlarged total issued share capital of the Company.

This will give rise to (in the absence of the Whitewash Waiver) an obligation for the Subscribers and parties acting in concert with any of them to make a mandatory general offer for the Shares (not already owned or agreed to be acquired by the Subscribers and parties acting in concert with them) under Rule 26 of the Takeovers Code. The Subscription Agreement provides that the Whitewash Waiver is a completion condition that can be waived jointly by the Subscribers at their discretion. If such condition is waived, the Subscribers and the parties acting in concert with them (if any) will be obliged to conduct a mandatory general offer for the Shares (not already owned or agreed to be acquired by the Subscribers and parties acting in concert with them) under Rule 26 of the Takeovers Code. An application will be made by the Subscribers to the Executive for the Whitewash Waiver which, if granted, will be subject to the approval by the Independent Shareholders of the Company by way of a poll at the SGM.

The Subscribers have informed the Company that, other than the Subscription Agreement, (a) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscribers and parties acting in concert with any of them, which might be material to the Subscription and the Whitewash Waiver, with any other persons; and (b) there is no agreement or arrangement to which any of the Subscribers and parties acting in concert with any of them which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and the Whitewash Waiver.

Having considered that (i) the possible benefits of the Subscription to the Company as mentioned in the sections above; (ii) the preceding condition (if not waive by the Subscribers jointly) of approving the Whitewash Waiver by the Independent Shareholders at the SGM so as to implement the Subscription; and (iii) the terms of the Subscription are fair and reasonable and in the interests of the Company and Independent Shareholders as a whole, we thus believe that the it would also be reasonable for the Independent Shareholders to vote in favour of the Whitewash Waiver at the SGM.

D. CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Subscription and the Whitewash Waiver including:

(a) the loss making performance of the Group and the negative equity value attributable to the owners of the Company for the three years ended 31 March 2015;

(b) no better financing alternative for the Group to adopt other than the Subscription;

(c) the Group has not identified any investment opportunities to diversify the business of the Group given that the potential uncertain prospect of the photographic market;

(d) the Group's audited consolidated net liabilities per Share of approximately HK$0.0008 as at 31 March 2015 as derived from the net liabilities of the Group of approximately HK$27.7 million and 36,740,094,282 Shares in issue as at the Latest Practicable Date;

(d) background, networks and operation scale of the Subscribers in the PRC that the Group can take advantage of for future financing, business development and/or investment opportunities;

(e) background, networks and operation scale of the Subscribers in the PRC that the Group can take advantage of for future financing, business development and/or investment opportunities;

(f) the Subscription provides a good opportunity to raise substantial amounts of funds for the Group to develop a new business segment which may have potential positive prospect of the ICS Online Platform to diversify the Group's business;

(g) the issue of the New Warrant is an integral part of the Subscription and the Subscribers may not enter into the Subscription should the Group refuse the issue of the New Warrant;

(h) terms of the New Warrants are entered as an integral part of the Subscription and is in the interests of the Company and the Shareholders as a whole;

(i) the initial exercise price of the New Warrant equals to the Subscription Price;

(j) other than the transferability feature under the New Warrants is contradicted with the original intention of the Subscribers to maintain its 75.0% shareholding in the Company, the other terms of the New Warrants are no material difference than those of the Existing Warrants and the Subscribers will still able to maintain the control of the Company if they transfer all the New Warrants to other parties who subsequently fully exercise the New Warrants into the New Warrant Shares and the Company is still able to take advantage of the background, networks and operation scale of the Subscribers;

(k) the Subscription may enhance the cash position, working capital and net assets value of the Group; and

(l) the Whitewash Waiver (if not waive by the Subscribers jointly) is a prerequisite for the Completion, we are of the view that (i) the terms of the Subscription are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole and (ii) the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concern and is in the interests of the Company and Shareholders as a whole. Accordingly, we recommend (i) the Independent Shareholders and (ii) the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Subscription and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

Note: *Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Grand Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in and completed various advisory transactions involving companies listed in Hong Kong in respect of the Takeovers Code for over 10 years.*

1. FINANCIAL SUMMARY

The following is a summary of the results and of the assets and liabilities of the Group for the three years ended 31 March 2013, 2014 and 2015, details of which were extracted from the annual reports of the Company for each of the years ended 31 March 2013, 2014 and 2015.

	Year ended 31 March		
	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*
			(restated)
RESULTS			
Turnover	**101,224**	109,346	166,456
Loss before tax	**(139,788)**	(541,206)	(1,191,958)
Income tax credit (charge)	**10,687**	(5,605)	15,654
Loss for the year	**(129,101)**	(546,811)	(1,176,304)
Attributable to:			
Owners of the Company	**(128,431)**	(545,696)	(1,176,604)
Non-controlling interests	**(670)**	(1,115)	300
	(129,101)	(546,811)	(1,176,304)
Basic and diluted loss per share (HK cents)	**0.54**	4.11	10.00
Dividend per share	**–**	–	–

	As at 31 March		
	2015	2014	2013
	HK$'000	HK$'000	HK$'000
			(restated)
ASSETS AND LIABILITIES			
Total assets	**125,474**	146,643	402,709
Total liabilities	**(153,158)**	(246,570)	(1,488,814)
Net (liabilities) assets	**(27,684)**	(99,927)	(1,086,105)
Equity attributable to owners of the Company	**(32,712)**	(105,625)	(1,091,399)
Non-controlling interests	**5,028**	5,698	5,294
	(27,684)	(99,927)	(1,086,105)

Note: * The above financial summary has not been re-presented to reclassify the performance of solar grade polycrystalline silicon operation as discontinued operation.

The auditors of the Company for the year ended 31 March 2012 and 2013, Deloitte Touche Tohmatsu, were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly did not express an opinion on the Group's consolidated financial statements in the annual report of the Company for the year ended 31 March 2013, for the following reasons, the texts of which were extracted from the annual report of the Company for the year ended 31 March 2013:

- Included in the consolidated statement of financial position as at 31 March 2013 are an intangible asset and certain property, plant and equipment (collectively referred to as the "**Assets**") with carrying amounts of HK$707,168,000 (2012: HK$2,434,796,000) and HK$130,085,000 (2012: HK$242,342,000) respectively, which were principally acquired by the Group through acquisition of 100% equity interest in Sun Mass Energy Limited ("**Sun Mass**") by two tranches of 50.1% and 49.9% on 15 July 2011 and 4 January 2012, respectively, during the year ended 31 March 2012. The intangible asset represents technology for manufacturing of solar grade polycrystalline silicon further explained in note 19 to the consolidated financial statements (the "**Core Technology**") and property, plant and equipment represented factory premises and machinery purchased for production of solar grade polycrystalline silicon.

- During the year, an impairment loss of HK$1,935,391,000 (2012: nil) has been recognised in respect of the Assets. As set out in note 8 to the consolidated financial statements, the directors of the Company determined the recoverable amount of the Assets based on value in use calculations which involve management's estimations including but not limited to commencement of commercial production in the second half of 2013. Whether the Assets attributable to the Core Technology are able to generate future economic benefits to the Group is dependent on the successful launch of commercial production of solar grade polycrystalline silicon. As Sun Mass repeatedly delayed the commencement of commercial production, and it has been unable to commence commercial production as at the date of issuance of these consolidated financial statements, we are unable to determine whether the Core Technology will generate sufficient future economic benefits to the Group to support the total carrying amounts of the Assets of HK$837,253,000 (2012: HK$2,677,138,000); and whether the impairment losses of HK$1,935,391,000 (2012: nil) recognised during the year ended 31 March 2013 are free from material misstatement. Any adjustments to the carrying amounts of the Assets and impairment losses would affect the net assets of the Group as at 31 March 2013 and 2012 and the losses for the years then ended. This caused us to disclaim our audit opinion on the consolidated financial statements in respect of the year ended 31 March 2012.

Please refer to the annual report of the Company for the year ended 31 March 2013 for further details.

The auditors of the Company for each of the two years ended 31 March 2014 and 2015, Deloitte Touche Tohmatsu, did not issue any qualified opinion on the financial statements of the Group for each of the two years ended 31 March 2014 and 2015.

The Group did not have any items which are exceptional because of size, nature or incidence for each of the three years ended 31 March 2013, 2014 and 2015.

2. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

The following information is extracted from the audited financial statements of the Group as set out in the annual report of the Company for the year ended 31 March 2015:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2015

		2015	2014
	NOTES	***HK$'000***	*HK$'000*
			(Re-presented)
Continuing operations			
Turnover			
Sales of goods		**100,099**	107,874
Cost of sales		**(65,876)**	(74,019)
		34,223	33,855
Investment income		**3**	350
Rental income		**1,122**	1,122
Net change in fair value of financial assets at fair value through profit or loss		**4,410**	1,115
		39,758	36,442
Other income	*7*	**660**	382
Other gains and losses	*8*	**223**	(307,750)
Selling and distribution costs		**(5,532)**	(6,859)
Administrative expenses		**(98,607)**	(75,277)
Finance costs	*9*	**(16,492)**	(151,934)
Loss before tax		**(79,990)**	(504,996)
Income tax credit (charge)	*10*	**10,687**	(5,605)
Loss for the year from continuing operations	*11*	**(69,303)**	(510,601)
Discontinued operation			
Loss for the year from discontinued operation	*12*	**(59,798)**	(36,210)
Loss for the year		**(129,101)**	(546,811)

	NOTES	2015 HK$'000	2014 HK$'000 (Re-presented)
Other comprehensive (expense) income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**–**	3,819
Net loss on fair value changes of available-for-sale investment		**(73)**	–
Reclassification adjustment – transfer translation reserve to profit or loss upon disposal of subsidiaries	35	**89,460**	–
		89,387	3,819
Total comprehensive expense for the year		**(39,714)**	(542,992)
Loss for the year attributable to owners of the Company:			
– from continuing operations		**(68,633)**	(511,392)
– from discontinued operation		**(59,798)**	(34,304)
		(128,431)	(545,696)
(Loss) profit for the year attributable to non-controlling interests			
– from continuing operations		**(670)**	791
– from discontinued operation		**–**	(1,906)
		(670)	(1,115)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(39,044)**	(541,974)
Non-controlling interests		**(670)**	(1,018)
		(39,714)	(542,992)
			(Re-presented)
Loss per share	16		
From continuing and discontinued operations			
Basic and diluted loss per share (HK cents)		**0.54**	4.11
From continuing operations			
Basic and diluted loss per share (HK cents)		**0.29**	3.85

Consolidated Statement of Financial Position
As at 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	17	**5,114**	5,790
Investment properties	18	**21,546**	21,924
Prepaid lease payments	19	**698**	1,059
Available-for-sale investment	20	**910**	–
Restricted bank deposits	21	**–**	5,379
Rental deposits		**–**	429
		28,268	34,581
Current assets			
Financial assets at fair value through profit or loss	22	**24,510**	15,103
Inventories	23	**3,523**	4,413
Trade receivables	24	**17,003**	14,620
Other receivables, deposits and prepayments	24	**5,991**	8,265
Loan and interest receivables	25	**–**	10,215
Prepaid lease payments	19	**336**	344
Bank balances and cash	26	**45,843**	59,102
		97,206	112,062
Current liabilities			
Trade payables	27	**8,610**	5,647
Other payables and accrued charges	27	**51,879**	52,520
Borrowings	28	**–**	4,075
Tax payable		**11,076**	18,333
Obligations under finance leases			
– due within one year	29	**315**	214
Convertible bonds	30	**16,150**	66,079
		88,030	146,868
Net current assets (liabilities)		**9,176**	(34,806)
Total assets less current liabilities		**37,444**	(225)

	NOTES	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred tax liabilities	31	**4,698**	7,159
Borrowings	28	**60,000**	92,262
Obligations under finance leases			
– due after one year	29	**430**	281
		65,128	99,702
Net liabilities		**(27,684)**	(99,927)
Capital and reserves			
Share capital	32	**312,689**	153,461
Reserves		**(345,401)**	(259,086)
Equity attributable to owners of the Company		**(32,712)**	(105,625)
Non-controlling interests		**5,028**	5,698
Total deficit		**(27,684)**	(99,927)

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company														
	Share capital HK$'000	Share premium HK$'000	Warrant reserve HK$'000	Convertible bonds equity reserve HK$'000	Investment revaluation reserve HK$'000	Other reserve HK$'000	Special reserve HK$'000 (Note a)	Translation reserve HK$'000	Reserve fund HK$'000 (Note b)	Enterprise expansion reserve HK$'000 (Note b)	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2013	18,414	1,819,182	–	1,198,151	–	–	13,901	(88,670)	1,084	1,083	31,349	(4,085,893)	(1,091,399)	5,294	(1,086,105)
Loss for the year	–	–	–	–	–	–	–	–	–	–	–	(545,696)	(545,696)	(1,115)	(546,811)
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	–	–	3,722	–	–	–	–	3,722	97	3,819
Total comprehensive income (expense) for the year	–	–	–	–	–	–	–	3,722	–	–	–	(545,696)	(541,974)	(1,018)	(542,992)
Issue of new shares under rights issue *(Note 32a)*	73,658	441,951	–	–	–	–	–	–	–	–	–	–	515,609	–	515,609
Recognition of equity components of Convertible Bonds (II) *(Note 30)*	–	–	–	875,167	–	–	–	–	–	–	–	–	875,167	–	875,167
Issue of new shares under placement *(Note 32b)*	12,500	93,750	–	–	–	–	–	–	–	–	–	–	106,250	–	106,250
Conversion of Convertible Bonds (I) *(Note 32c)*	41,111	350,079	–	(369,393)	–	–	–	–	–	–	–	–	21,797	–	21,797
Conversion of Convertible Bonds (II) *(Note 32d)*	7,778	65,828	–	(69,222)	–	–	–	–	–	–	–	–	4,384	–	4,384
Release of deferred tax liabilities on conversion of Convertible Bonds (I) and Convertible Bonds (II)	–	–	–	794	–	–	–	–	–	–	–	–	794	–	794
Transaction costs attributable to issue of new shares	–	(25,978)	–	–	–	–	–	–	–	–	–	–	(25,978)	–	(25,978)
Recognition of equity-settled share-based payments *(Note 33)*	–	–	–	–	–	–	–	–	–	–	3,036	–	3,036	–	3,036
Transfer to accumulated losses upon lapse of share options	–	–	–	–	–	–	–	–	–	–	(23,815)	23,815	–	–	–
Recognition of deferred tax liabilities upon issuance of Convertible Bonds (II)	–	–	–	(1,889)	–	–	–	–	–	–	–	–	(1,889)	–	(1,889)
Disposal of partial interest in a subsidiary without losing control of the subsidiary *(Note c)*	–	–	–	–	–	52,792	–	–	–	–	–	–	52,792	(2,792)	50,000
Acquisition of additional interests in subsidiaries *(Notes c and d)*	–	–	–	–	–	(24,214)	–	–	–	–	–	–	(24,214)	4,214	(20,000)
Transferred to set off accumulated losses *(Note e)*	–	–	–	–	–	(28,578)	–	–	–	–	–	28,578	–	–	–
At 31 March 2014	153,461	2,744,812	–	1,633,608	–	–	13,901	(84,948)	1,084	1,083	10,570	(4,579,196)	(105,625)	5,698	(99,927)

	Attributable to owners of the Company														
	Share capital *HK$'000*	Share premium *HK$'000*	Warrant reserve *HK$'000*	Convertible bonds equity reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Other reserve *HK$'000*	Special reserve *HK$'000* *(Note a)*	Translation reserve *HK$'000*	Reserve fund *HK$'000* *(Note b)*	Enterprise expansion reserve *HK$'000* *(Note b)*	Share options reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 April 2014	153,461	2,744,812	–	1,633,608	–	–	13,901	(84,948)	1,084	1,083	10,570	(4,579,196)	(105,625)	5,698	(99,927)
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(128,431)	(128,431)	(670)	(129,101)
Reclassification adjustment – transfer translation reserve to profit or loss upon disposal of subsidiaries *(Note 35)*	-	-	-	-	-	-	-	89,460	-	-	-	-	89,460	-	89,460
Net loss on fair value changes of available-for-sale investment	-	-	-	-	(73)	-	-	-	-	-	-	-	(73)	-	(73)
Total comprehensive (expense) income for the year	-	-	-	-	(73)	-	-	89,460	-	-	-	(128,431)	(39,044)	(670)	(39,714)
Issue of new shares under placement *(Note 32e)*	8,470	67,761	-	-	-	-	-	-	-	-	-	-	76,231	-	76,231
Transaction costs attributable to issue of new shares	-	(2,796)	-	-	-	-	-	-	-	-	-	-	(2,796)	-	(2,796)
Issue of new shares upon exercise of share options *(Note 32f)*	2,000	44,307	-	-	-	-	-	-	-	-	(19,507)	-	26,800	-	26,800
Transaction costs attributable to issue of the Warrants *(Note 32i)*	-	-	(1,058)	-	-	-	-	-	-	-	-	-	(1,058)	-	(1,058)
Issue of new shares upon exercise of the Warrants *(Note 32i)*	7	64	1	-	-	-	-	-	-	-	-	-	72	-	72
Conversion of Convertible Bonds (I) and Convertible Bonds (II) *(Note 32g)*	88,890	720,646	-	(792,343)	-	-	-	-	-	-	-	-	17,193	-	17,193
Conversion of New Convertible Bonds (I) and New Convertible Bonds (II) *(Note 32h)*	59,861	558,562	-	(598,453)	-	-	-	-	-	-	-	-	19,970	-	19,970
Effects arising on the revision of terms of Convertible Bonds (I) and Convertible Bonds (II) *(Note 30)*	-	-	-	181,510	-	-	-	-	-	-	-	(225,664)	(44,154)	-	(44,154)
Recognition of deferred tax liabilities upon issuance of New Convertible Bonds (I) and New Convertible Bonds (II)	-	-	-	(2,191)	-	-	-	-	-	-	-	-	(2,191)	-	(2,191)
Recognition of equity-settled share-based payments *(Note 33)*	-	-	-	-	-	-	-	-	-	-	20,732	-	20,732	-	20,732
Release of deferred tax liabilities on conversion of Convertible Bonds (I) and Convertible Bonds (II)	-	-	-	614	-	-	-	-	-	-	-	-	614	-	614
Release of deferred tax liabilities on conversion of New Convertible Bonds (I) and New Convertible Bonds (II)	-	-	-	483	-	-	-	-	-	-	-	-	483	-	483
Release of deferred tax liabilities upon extinguishment of Convertible Bonds (II)	-	-	-	61	-	-	-	-	-	-	-	-	61	-	61
Transferred to accumulated losses upon lapse of share options	-	-	-	-	-	-	-	-	-	-	(56)	56	-	-	-
Transferred to accumulated losses upon cancellation of share options	-	-	-	-	-	-	-	-	-	-	(11,739)	11,739	-	-	-
At 31 March 2015	312,689	4,133,356	(1,057)	423,289	(73)	-	13,901	4,512	1,084	1,083	-	(4,921,496)	(32,712)	5,028	(27,684)

Notes:

(a) The special reserve represented the difference between the nominal amount of the share capital issued by the Company and the aggregate nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation on 5 September 1997.

(b) Reserve fund and enterprise expansion reserve are reserves required by the relevant laws in the People's Republic of China ("PRC") applicable to a subsidiary of the Company in the PRC for enterprise development purposes.

(c) On 11 April 2013, the Company entered into a sale and purchase agreement with Hao Tian Resources Group Limited ("Hao Tian"), an independent third party whereby the Company agreed to sell, and Hao Tian agreed to purchase 531,575 shares of Sun Mass Funding Corporation, representing approximately 5.82% of the issued share capital, for a consideration of HK$50,000,000. The difference between the consideration and the proportionate share of net liabilities attributable to the non-controlling interests of HK$2,792,000 was transferred to other reserve. Subsequently, on 8 November 2013, the Company entered into another sale and purchase agreement with Hao Tian to buy back the aforesaid 531,575 shares of Sun Mass Funding Corporation for a cash consideration of HK$20,000,000 of which HK$10,000,000 was paid during the year ended 31 March 2014 and the remaining HK$10,000,000 was paid during the year ended 31 March 2015. The difference between the consideration paid and the carrying amount of the additional interest acquired by the Group was debited to other reserve.

(d) During the year ended 31 March 2014, the Group entered into a sale and purchase agreement with the non-controlling interest shareholder of a subsidiary in the PRC in respect of the acquisition of remaining 23.1% equity of Dongguan Tak Yak Leather Goods Manufacturing Limited at nil consideration. The carrying amount of the additional interest acquired by the Group of HK$484,000 was transferred to other reserve.

(e) The directors of the Company authorised to credit the other reserve of HK$28,578,000 arising from the disposal of partial interest in a subsidiary without losing control and acquisition of additional interest in a subsidiary to set off the accumulated losses of the Company during the year ended 31 March 2014.

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	NOTES	**2015** **HK$'000**	2014 *HK$'000* (Re-presented)
OPERATING ACTIVITIES			
Loss before tax			
– continuing operations		**(79,990)**	(504,996)
– discontinued operation		**(59,798)**	(36,210)
Adjustments for:			
Depreciation of property, plant and equipment		**1,711**	1,629
Amortisation of prepaid lease payments		**338**	715
(Reversal of) allowance for inventory obsolescence		**(374)**	326
(Reversal of) allowance for doubtful debts on trade receivables, net		**(40)**	835
Share-based payment expense		**20,732**	3,036
Finance costs		**16,602**	153,266
Bank interest income		**(199)**	(97)
Net (gain) loss on disposal of property, plant and equipment		**(185)**	22
Gain on disposal of prepaid lease payments		**(410)**	(10,542)
Net fair value loss (gain) on investment properties		**378**	(1,957)
Interest income from loan receivable		**(3)**	(350)
Loss on disposal of subsidiaries	*35*	**51,212**	–
Impairment loss on property, plant and equipment in respect of discontinued operation		**–**	12,730
Fair value gain on derivative financial instrument	*30*	**–**	(25,032)
Net fair value (gain) loss on unlisted convertible bonds designated at fair value through profit or loss		**(4,410)**	9,900
Gain on alteration of terms of Convertible Bonds (II)		**(142)**	–
Loss on alteration of terms of Consideration Bonds		**–**	344,376
Operating cash flows before movements in working capital		**(54,578)**	(52,349)
Decrease (increase) of held-for-trading investments		**3**	(3)
Decrease in inventories		**1,264**	66
(Increase) decrease in trade receivables		**(2,343)**	14,561
Decrease in other receivables, deposits and prepayments		**897**	1,232
Increase (decrease) in trade payables		**2,963**	(787)
Increase (decrease) in other payables and accrued charges		**19,695**	(23,559)
Net cash used in operations		**(32,099)**	(60,839)
Tax paid		**(64)**	(118)
NET CASH USED IN OPERATING ACTIVITIES		**(32,163)**	(60,957)

	NOTE	2015 HK$'000	2014 HK$'000 (Re-presented)
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		**199**	–
Proceeds from disposal of investment properties		**–**	3,540
Proceeds from disposal of prepaid lease payments		**441**	12,053
Proceeds from redemption of financial assets designated at fair value through profit or loss		**25,000**	–
Purchase of financial assets designated at fair value through profit or loss		**(30,000)**	(25,000)
Advance to an independent third party		**–**	(10,000)
Repayment from an independent third party		**10,215**	–
Net cash outflows from disposal of subsidiaries	35	**(561)**	–
Net cash outflows from purchase of available-for-sale investments		**(983)**	–
Purchase of property, plant and equipment		**(564)**	(13,167)
Interest received from saving deposits		**199**	97
Interest received from loan receivables		**3**	135
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**3,949**	(32,342)
FINANCING ACTIVITIES			
Proceeds from disposal of partial interest in a subsidiary without losing control		**–**	50,000
Acquisition of non-controlling interest of a subsidiary		**(10,000)**	(10,000)
Interest paid on borrowings and convertible bonds		**(73,352)**	(67,841)
Interest paid on Consideration Bonds		**–**	(20,791)
Repayment of obligations under finance leases		**(250)**	(164)
Interest paid on obligations under finance leases		**(13)**	(10)
Proceeds on exercise of share options		**26,800**	–
Proceeds from issue of shares		**76,231**	106,250
Proceeds from issue of shares under rights issue		**–**	515,609
Proceeds on exercise of bonus warrants		**72**	–
Transaction costs attributable to issue of new shares		**(2,796)**	(25,978)
Transaction costs attributable to issue of bonus warrants		**(1,058)**	–
Repayment of borrowings		**(48,979)**	(503,075)
New borrowings raised		**48,300**	55,000
NET CASH FROM FINANCING ACTIVITIES		**14,955**	99,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(13,259)**	5,701
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**59,102**	52,710
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**–**	691
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**45,843**	59,102

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

1. GENERAL

The Company was incorporated in the Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in the annual report.

The Company and its subsidiaries (the "Group") are principally engaged in investment and trading of securities, provision of finance, property investment and manufacture and sales of accessories for photographic products. During the year ended 31 March 2015, the Group disposed of a subsidiary that was engaged in the business of manufacture and sale of solar grade polycrystalline silicon in Taiwan. The result of this operation has been presented as discontinued operation in the consolidated financial statements (see note 12 for details).

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In the preparation of the consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group by continuous monitoring forecast and actual cash flows in light of the Group's recorded net liabilities of approximately HK$27,684,000 as at 31 March 2015 and its incurred loss of approximately HK$129,101,000 for the year then ended. In the opinion of the directors of the Company, the consolidated financial statements have been prepared on a going concern basis as the Group obtained cash of approximately HK$44,666,000 from the exercise of bonus warrants by certain warrantholders subsequent to the end of the reporting period. The directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements and financial obligations in the next twelve months from the end of the reporting period.

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

The Group has applied the following new interpretation and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

The application of new interpretation and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[3]
Amendments to HKAS 27	Equity method in separate financial statements[4]

[1] Effective for annual periods beginning on or after 1 January 2018.

[2] Effective for annual periods beginning on or after 1 January 2017.

[3] Effective for annual periods beginning on or after 1 July 2014.

[4] Effective for annual periods beginning on or after 1 January 2016.

[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have impact on the Group's financial assets. However, in the opinion of the directors, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, in the opinion of the directors, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the proportionate share of net assets attributable to the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the Group; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Group's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals/or for capital appreciation purposes are accounted for as investments properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above).

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

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 "Income taxes" (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Net realisable value represents the estimated selling price for inventories less all estimated costs to completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial assets.

AFS financial assets

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

The Group designated unit trusts investments as AFS financial assets which are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, loans and interest receivables, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For the loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on AFS equity investments previously recognised in profit or loss will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Financial liabilities and equity instruments

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Bonus warrant issue

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's ordinary shares are classified as equity instruments of the Company and are recorded, at an amount that represents cash consideration received as a result of the bonus issue. Incremental transaction costs that are directly attributable to the issue of bonus warrants are charged to equity.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Convertible bonds that contain liability and equity components and early redemption option

Convertible bonds issued by the Company that contain both the liability (together with the early redemption option which is closely related to the host liability component) and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component is allocated to the conversion option that meets the definition of an equity instrument, and is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Extinguishing the liability component of convertible bonds with equity instrument and replacing it with instruments classified as equity

When the contractual terms of an instrument (that contain a substantial liability component) are modified such that the revised terms would result in instruments being classified as equity, the Group derecognises the financial liability (or part of the financial liability) from the consolidated statement of financial position. The Group measures the fair value of equity instruments issued, unless the fair value cannot be reliably measured, in which case the equity instruments would be measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the liability extinguished and the fair value of the equity instruments issued is recognised in profit or loss.

Other financial liabilities

Other financial liabilities including trade payables, other payables and accrued charges and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives, including embedded derivatives which are separated from non-derivative host contract, are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivative

Derivatives embedded in non-derivative host contracts are tested as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group derecognises financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Share-based payment transactions

Share options granted to employees and others providing similar services as employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimated, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following is the critical judgment that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of investment properties during the year to reflect the tax consequences through consuming the inherent economic benefits through use.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment

Determining whether an impairment is required requires an estimation of recoverable amounts of relevant property, plant and equipment or the respective cash generating units ("CGU") to which the property, plant and equipment belong, which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, the recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant assets or the CGU and a suitable discount rate in order to calculate the present value. The discount rate represents rate that reflects current market assessments of time value of money and the risks specific to the asset or the CGU for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, a material impairment loss may arise. As at 31 March 2015, the carrying amounts of property, plant and equipment are HK$5,114,000 (2014: HK$5,790,000).

Estimated impairment of trade receivables and loan and interest receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2015, the carrying amount of trade receivables is approximately HK$17,003,000 (2014: HK$14,620,000) (net of allowance for doubtful debts of approximately HK$4,836,000 (2014: HK$5,489,000)). As at 31 March 2014, the carrying amount of loan and interest receivables was approximately HK$10,215,000. The amount was fully repaid during the year ended 31 March 2015 and no new loan was made by the Group during the year.

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focusing on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Investments: Investment and trading of securities

(ii) Loan financing: Provision of loan financing services

(iii) Property investment: Holding investment properties for rental and capital appreciation

(iv) Manufacture and sales of accessories: Manufacture and sales of accessories for photographic products

As the manufacture of solar grade polycrystalline silicon operation was discontinued upon disposal of subsidiaries in the current year, the segment information reported below does not include financial information in respect of the discontinued operation, which are disclosed in more detail in note 12. Accordingly, the comparatives of segment information have been re-presented.

Segment revenue and results

The following is an analysis of the Group's turnover and results by reportable and operating segments.

For the year ended 31 March 2015

Continuing operations

	Investments	Loan financing	Property investment	Manufacture and sales of accessories	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
Sales of goods	–	–	–	100,099	100,099
Investment income					
Interest income on loan receivable	–	3	–	–	3
Rental income	–	–	1,122	–	1,122
Net change in fair value of financial assets at fair value through profit or loss ("FVTPL") *(Note)*	4,410	–	–	–	4,410
	4,410	3	1,122	100,099	105,634
Segment profit (loss)	4,725	3	(917)	(1,081)	2,730
Unallocated corporate expenses					(66,641)
Unallocated other income					243
Unallocated finance costs					(16,464)
Gain on the alteration of terms of Convertible Bonds (II)					142
Loss before tax					(79,990)

Continuing operations

	Investments HK$'000	Loan financing HK$'000	Property investment HK$'000	Manufacture and sales of accessories HK$'000	Consolidated HK$'000
Segment revenue					
Sales of goods	–	–	–	107,874	107,874
Investment income					
Interest income on loan receivable	–	350	–	–	350
Rental income	–	–	1,122	–	1,122
Net change in fair value of financial assets at FVTPL *(Note)*	1,115	–	–	–	1,115
	1,115	350	1,122	107,874	110,461
Segment profit (loss)	1,070	350	11,224	(4,858)	7,786
Unallocated corporate expenses					(41,636)
Unallocated other income					29
Unallocated finance costs					(151,831)
Net change in fair value of derivative financial instrument					25,032
Loss on the alteration of terms of Consideration Bonds					(344,376)
Loss before tax					(504,996)

Note: The change in fair value of financial assets at FVTPL included realised gain of approximately HK$9,900,000 (2014: Nil) and unrealised loss of approximately HK$5,490,000 (2014: approximately HK$9,900,000) arising from unlisted convertible bonds designated at FVTPL. During the year ended 31 March 2014, the change in fair value of financial assets at FVTPL included realised gain of approximately HK$11,015,000 arising from held-for-trading investments which were purchased and disposed of during the year.

Segment revenue includes proceeds from sales of goods, interest income on loan receivable and rental income. In addition, the CODM also consider change in fair value of financial assets at FVTPL (excluding derivative financial instrument) as segment revenue.

Segment profit (loss) represents the profit earned by/loss from each segment without allocation of certain other income, change in fair value of derivative financial instrument, unallocated corporate expenses, gain on alteration of terms of Convertible Bonds (II), loss on alteration of terms of Consideration Bonds and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

As at 31 March 2015

Continuing operations

	Investments	Loan financing	Property investment	Manufacture and sales of accessories	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	24,567	–	21,546	28,349	74,462
Unallocated property, plant and equipment					117
Unallocated other receivables, deposits and prepayments					4,142
Available-for-sale investment					910
Bank balances and cash					45,843
Consolidated total assets					125,474
LIABILITIES					
Segment liabilities	–	–	–	35,860	35,860
Unallocated other payables and accrued charges					25,374
Unallocated borrowings					60,000
Tax payable					11,076
Convertible bonds					16,150
Deferred tax liabilities					4,698
Consolidated total liabilities					153,158

For the year ended 31 March 2014 (Re-presented)

Continuing operations

	Investments	Loan financing	Property investment	Manufacture and sales of accessories	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	15,151	10,215	21,924	28,637	75,927
Unallocated property, plant and equipment					163
Unallocated other receivables, deposits and prepayments					3,705
Bank balances and cash					59,102
Assets relating to discontinued operation					7,746
Consolidated total assets					146,643
LIABILITIES					
Segment liabilities	–	–	–	33,441	33,441
Unallocated other payables and accrued charges					15,564
Unallocated borrowings					60,000
Tax payable					18,333
Convertible bonds					66,079
Deferred tax liabilities					7,159
Liabilities relating to discontinued operation					45,994
Consolidated total liabilities					246,570

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain property, plant and equipment, certain other receivables, deposits and prepayments, available-for-sale investment, assets relating to discontinued operation, and bank balances and cash; and

- all liabilities are allocated to reportable and operating segments, other than certain other payables and accrued charges, tax payable, convertible bonds, certain borrowings, liabilities relating to discontinued operation and deferred tax liabilities.

Other segment information

For the year ended 31 March 2015

Continuing operations

	Investments HK$'000	Loan financing HK$'000	Property investment HK$'000	Manufacture and sales of accessories HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in measure of segment profit or loss or segment assets and liabilities:							
Addition to property, plant and equipment	–	–	–	1,038	1,038	11	1,049
Reversal of allowance for inventory obsolescence	–	–	–	374	374	–	374
Reversal of allowance for doubtful debts on trade receivables, net	–	–	–	40	40	–	40
Depreciation of property, plant and equipment	–	–	–	(1,668)	(1,668)	(43)	(1,711)
Net gain on disposal of property, plant and equipment	–	–	–	185	185	–	185
Net fair value loss on investment properties	–	–	(378)	–	(378)	–	(378)
Amortisation of prepaid lease payments	–	–	–	(338)	(338)	–	(338)
Gain on disposal of prepaid lease payments	–	–	–	410	410	–	410
Finance costs	–	–	–	(28)	(28)	(16,464)	(16,492)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets and liabilities:							
Gain on the alteration of terms of Convertible Bonds (II)	–	–	–	–	–	142	142

For the year ended 31 March 2014 (Re-presented)

Continuing operations

	Investments *HK$'000*	Loan financing *HK$'000*	Property investment *HK$'000*	Manufacture and sales of accessories *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in measure of segment profit or loss or segment assets and liabilities:							
Addition to property, plant and equipment	–	–	–	1,101	1,101	18	1,119
Allowance for inventory obsolescence	–	–	–	(326)	(326)	–	(326)
Allowance for doubtful debts on trade receivables, net	–	–	–	(835)	(835)	–	(835)
Depreciation of property, plant and equipment	–	–	–	(1,585)	(1,585)	(44)	(1,629)
Net loss on disposal of property, plant and equipment	–	–	–	(1)	(1)	–	(1)
Net fair value gain on investment properties	–	–	1,957	–	1,957	–	1,957
Amortisation of prepaid lease payments	–	–	–	(715)	(715)	–	(715)
Gain on disposal of prepaid lease payments	–	–	10,542	–	10,542	–	10,542
Finance costs	(93)	–	–	(10)	(103)	(151,831)	(151,934)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets and liabilities:							
Loss on the alteration of terms of consideration bonds	–	–	–	–	–	(344,376)	(344,376)
Fair value gain on derivative financial instrument	–	–	–	–	–	25,032	25,032

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC") (2014: Hong Kong, the PRC and Taiwan).

Information about the Group's revenue from external customers from continuing operations is presented based on the location at which the goods or services are delivered or provided. Information about the Group's non-current assets is presented based on the geographical location of the assets.

The Group's total revenue from sales of goods from continuing operations by geographical location are detailed below:

	2015	2014
	HK$'000	*HK$'000*
Europe	**48,938**	45,989
United States of America	**14,420**	15,013
Hong Kong	**6,477**	8,154
PRC	**15,230**	20,466
Japan	**11,271**	13,031
Others	**3,763**	5,221
	100,099	107,874

The Group's non-current assets by geographical location of the assets are detailed below:

	2015	2014
	HK$'000	*HK$'000*
PRC	**25,577**	27,313
Hong Kong	**1,781**	1,460
Taiwan	**–**	429
	27,358	29,202

Note: Non-current assets exclude available-for-sale investment and restricted bank deposits.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the segment revenue of the Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A [1]	**–** [2]	11,576

[1] Revenue is generated from manufacture and sales of accessories.

[2] The corresponding revenue did not contribute over 10% of total segment revenue of the Group.

7. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Bank interest income	**194**	29
Interest income from unlisted convertible bonds	**352**	48
Dividend income from available-for-sale investment	**49**	–
Sundry income	**65**	305
	660	382

8. OTHER GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Gain on the alteration of terms of Convertible Bonds (II) *(Note 30)*	**142**	–
Loss on the alteration of terms of Consideration Bonds *(Note 30)*	**–**	(344,376)
Fair value gain on derivative financial instrument (before alteration of terms of Consideration Bonds) *(Note 30)*	**–**	25,032
Reversal of (allowance for) doubtful debts on trade receivables, net	**40**	(835)
Net fair value (loss) gain on investment properties	**(378)**	1,957
Net gain (loss) on disposal of property, plant and equipment	**185**	(1)
Gain on disposal of prepaid lease payments	**410**	10,542
Net foreign exchange loss	**(176)**	(69)
	223	(307,750)

9. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Interests on:		
– Bank and other borrowings wholly repayable within five years	**636**	7,355
– Other borrowings not wholly repayable within five years	**2,750**	2,408
Interest on finance lease wholly repayable within five years	**28**	10
Effective interest expense on:		
– Convertible bonds	**13,078**	13,732
– Consideration bonds-debt component	**–**	128,429
	16,492	151,934

10. INCOME TAX CREDIT (CHARGE)

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**(834)**	(2,786)
	(834)	(2,786)
Overprovision in prior years:		
Hong Kong	**3,288**	–
PRC	**4,739**	–
	8,027	–
Deferred tax credit (charge) for the year *(Note 31)*	**3,494**	(2,819)
	10,687	(5,605)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit in Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The income tax credit (charge) for the year can be reconciled to the loss before tax from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Re-presented)
Loss before tax from continuing operations	**(79,990)**	(504,996)
Tax at income tax rate of 16.5% (2014: 16.5%)	**13,198**	83,324
Tax effect of expenses not deductible for tax purpose	**(3,882)**	(85,038)
Tax effect of income not taxable for tax purpose	**85**	4,541
Overprovision in prior years	**8,027**	–
Tax effect of deductible temporary differences not recognised	**–**	(3,459)
Tax effect of tax losses not recognised	**(6,172)**	(4,114)
Tax effect of non-allowable losses of offshore operation	**(309)**	(374)
Utilisation of tax losses previously not recognised	**–**	455
Effect of different tax rates for subsidiaries operating in other jurisdictions	**(260)**	(940)
Income tax credit (charge) for the year from continuing operations	**10,687**	(5,605)

11. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2015	2014
	HK$'000	*HK$'000*
		(Re-presented)
Loss for the year from continuing operations has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments *(Note13)*		
– fees and other emoluments	**5,825**	5,173
– equity-settled share-based payments *(Note33)*	**854**	2,210
Other staff costs		
– salaries, allowances and bonus	**33,819**	30,666
– retirement benefits scheme contributions	**1,685**	1,716
– equity-settled share-based payments *(Note33)*	**19,507**	(135)
	61,690	39,630
Equity-settled share-based payments granted to consultants *(Note33)*	**371**	961
Amortisation of prepaid lease payments	**338**	715
Cost of inventories recognised as an expense (including reversal of allowance for inventory obsolescence amounted to approximately HK$374,000 (2014: allowance for inventory obsolescence amounted to approximately HK$326,000) for the year ended 31 March 2015	**65,876**	74,019
Auditor's remuneration	**1,709**	2,330
Depreciation of property, plant and equipment (included in administrative expenses) *(Note)*	**1,711**	1,629
Gross rental income from investment properties	**(1,122)**	(1,122)
Less: direct operating expenses from investment properties that generate rental income during the year	**859**	1,070
	(263)	(52)
Investment income		
– interest income on loan receivable	**(3)**	(350)

Note: Depreciation of assets held under finance leases amounted to approximately HK$180,000 (2014: approximately HK$66,000).

12. DISCONTINUED OPERATION

On 16 June 2014, the Group entered into a sale and purchase agreement with an independent individual ("Purchaser") (the "Agreement"). Pursuant to the Agreement, the Group conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of Sun Mass Energy Limited ("Sun Mass") and its subsidiaries (collectively known as "Sun Mass Group"), which carried out all of the Group's solar grade polycrystalline silicon operation. The disposal was completed on 25 June 2014, on which date the control of Sun Mass Group was passed to the Purchaser.

The loss from the discontinued operation for the current and preceding years is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented to re-classify performance of the solar grade polycrystalline silicon operation as a discontinued operation.

	2015	2014
	HK$'000	*HK$'000*
Loss from the solar grade polycrystalline silicon operation for the period/year	**(8,586)**	(36,210)
Loss on disposal of subsidiaries *(Note 35)*	**(51,212)**	–
Loss for the year from discontinued operation	**(59,798)**	(36,210)

The results of the solar grade polycrystalline silicon operation for the current and preceding years were as follows:

	2015	2014
	HK$'000	*HK$'000*
Other income	**320**	337
Other gains and losses	**188**	238
Impairment loss recognised in respect of manufacture of solar grade polycrystalline silicon business *(Note)*	**–**	(12,730)
Administrative and other expenses	**(8,984)**	(22,723)
Finance costs	**(110)**	(1,332)
Loss for the period	**(8,586)**	(36,210)
Loss on disposal of subsidiaries *(Note 35)*	**(51,212)**	–
Loss for the year from discontinued operation	**(59,798)**	(36,210)
Loss for the year attributable to:		
Owner of the Company	**(59,798)**	(34,304)
Non-controlling interest	**–**	(1,906)
	(59,798)	(36,210)
Net cash outflows from operating activities	**(9,642)**	(13,319)
Net cash outflows from investing activities	**(556)**	(16,403)
Net cash (outflows) inflows from financing activities	**(789)**	27,217
	(10,987)	(2,505)

Note: The amounts represent costs incurred for purchase of property, plant and equipment and other receivables and deposits attributable to the core technology relating to the manufacture of solar grade polycrystalline silicon during the year ended 31 March 2014. These expenditures were expensed when they were incurred as they related to the acquisition of Sun Mass which business was proven to be fictitious in prior year.

Loss for the year from discontinued operations have been arrived at after charging (crediting):

	2015	2014
	HK$'000	*HK$'000*
Staff costs		
Directors' emoluments		
– fees and other emoluments	**–**	–
Other staff costs		
– salaries, allowances and bonus	**3,060**	12,273
– retirement benefits scheme contributions	**46**	562
	3,106	12,835
Bank interest income	**(5)**	(68)
Net loss on disposal of property, plant and equipment	**–**	21
Net foreign exchange gain	**(188)**	(259)
Research and development cost recognised as expense (included in other expense)	**–**	8,980

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the directors and the chief executive were as follows:

	Executive directors							Non-executive director	Independent non-executive directors					
2015	Wong Danny F.	Suen Yick Lun Philip	Eddie Woo	Wong Yuen Mui	Shum Ching Yee Jennifer	Chung Yuk Lun	Chow Chi Wah Vincent	Eddie Woo	Frank H. Miu	Agustin V. Que	Robert James Iaia II	Hung Cho Sing	Chung Kong Fei Stephen	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note e)	*(Note c)*	*(Note h)*	*(Note f)*	*(Note g)*	*(Note i)*	*(Note j)*	*(Note h)*		*(Note k)*			*(Note l)*	
Fees	-	-	-	-	-	-	-	-	240	160	240	240	91	971
Other emoluments														
Salaries	400	255	717	180	450	2,271	445	79	-	-	-	-	-	4,797
Retirement benefit scheme	3	4	12	4	8	16	8	2	-	-	-	-	-	57
Share-based payments *(Note 33)*	-	-	854	-	-	-	-	-	-	-	-	-	-	854
	403	259	1,583	184	458	2,287	453	81	240	160	240	240	91	6,679

2014	Executive directors								Independent non-executive directors				
	Peter Temple Whitelam	Wong Danny F.	Lo Yuen Wa Peter	Suen Yick Lun Philip	Eddie Woo	Lau King Hang	Wong Yuen Mui	Shum Ching Yee Jennifer	Frank H. Miu	Agustin V. Que	Robert James Iaia II	Hung Cho Sing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	*(Note e)*	*(Note b)*	*(Note c)*		*(Note d)*	*(Note f)*	*(Note g)*					
Fees	–	–	–	–	–	–	–	–	240	240	240	240	960
Other emoluments													
Salaries	473	307	840	900	936	399	207	84	–	–	–	–	4,146
Retirement benefit scheme	–	3	15	15	15	14	5	–	–	–	–	–	67
Share-based payments *(Note 33)*	–	–	–	–	2,210	–	–	–	–	–	–	–	2,210
	473	310	855	915	3,161	413	212	84	240	240	240	240	7,383

Notes:

(a) Mr. Peter Temple Whitelam retired as an executive director on 14 February 2014.

(b) Mr. Lo Yuen Wa Peter resigned as an executive director and chief executive officer on 27 March 2014, his remunerations disclosed above include those for services rendered by him as chief executive officer.

(c) Mr. Suen Yick Lun Philip was appointed as the chief executive officer of the Company on 27 March 2014 and he resigned as an executive director as well as chief executive officer on 1 July 2014, his remunerations disclosed above include those for services rendered by him as chief executive officer.

(d) Mr. Lau King Hang resigned as an executive director on 7 March 2014.

(e) Mr. Wong Danny F. was appointed as an executive director on 14 February 2014 and he resigned as an executive director on 3 June 2014.

(f) Miss. Wong Yuen Mui was appointed as an executive director on 18 December 2013 and she resigned as an executive director on 1 July 2014.

(g) Ms. Shum Ching Yee Jennifer was appointed as an executive director on 3 March 2014 and she resigned as an executive director on 8 September 2014.

(h) Mr. Eddie Woo was re-designated from an executive director to non-executive director on 4 December 2014 and resigned as non-executive director on 21 January 2015.

(i) Mr. Chung Yuk Lun was appointed as an executive director on 7 May 2014.

(j) Mr. Chow Chi Wah Vincent was appointed as an executive director on 3 November 2014.

(k) Dr. Agustin V. Que resigned as an independent non-executive director on 1 December 2014.

(l) Mr. Chung Kong Fei Stephen was appointed as an independent non-executive director on 14 November 2014.

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments in both years.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2014: two) were directors of the Company during the year whose emoluments are included in the disclosures in note 13. The emoluments of the remaining three (2014: three) individual employees were as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries and other benefits	**8,110**	7,990
Contributions to retirement benefits schemes	**18**	30
	8,128	8,020

The emoluments were within the following bands:

	No. of employees	
	2015	2014
HK$nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1
HK$5,500,001 to HK$6,000,000	**1**	1
	3	3

During both years, no emoluments were paid by the Group to the five highest paid individuals, or directors of the Company, as inducement to join or upon joining the Group as compensation for loss of office.

15. DIVIDENDS

No dividend was paid or proposed for both years, nor has any dividend been proposed since the end of the reporting period.

16. LOSS PER SHARE

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**23,925,015,832**	13,277,599,563

The computation of diluted loss per share does not assume the exercise of the Company's share options, bonus warrants and conversion of the Company's outstanding convertible bonds (2014: share options and conversion of the Company's outstanding convertible bonds) since their assumed exercise conversion would result in a decrease in loss per share from the continuing operations.

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
		(Re-presented)
Loss for the purposes of calculating basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(128,431)**	(545,696)

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
		(Re-presented)
Loss is calculated as follows:		
Loss for the year attributable to the owners of the Company	**(128,431)**	(545,696)
Less: Loss for the year from discontinued operation *(Note 12)*	**59,798**	34,304
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	**(68,633)**	(511,392)

The denominators used are the same as those detailed above for calculating the basic and diluted loss per share.

From discontinued operation

Basic and diluted loss per share from discontinued operation is HK0.25 cents (2014: HK0.26 cents) per share, is based on the loss for the year from discontinued operation of approximately HK$59,798,000 (2014: approximately HK$34,304,000) and the denominators detailed above for calculating basic and diluted loss per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 April 2013	94,407	5,281	182,280	10,666	6,799	100,048	399,481
Exchange adjustments	(5,947)	(75)	(7,830)	(290)	8	(2,798)	(16,932)
Additions	7,691	225	1,890	408	659	2,976	13,849
Transfer	69,762	–	–	–	–	(69,762)	–
At 31 March 2014	165,913	5,424	176,340	10,259	4,945	30,464	393,345
Additions	**–**	**7**	**22**	**535**	**485**	**–**	**1,049**
Disposal of subsidiaries	**(158,210)**	**(2,523)**	**(168,872)**	**(6,532)**	**(278)**	**(30,464)**	**(366,879)**
Disposals	**–**	**–**	**–**	**(18)**	**(530)**	**–**	**(548)**
At 31 March 2015	**7,703**	**2,908**	**7,490**	**4,244**	**4,622**	**–**	**26,967**
DEPRECIATION AND IMPAIRMENT							
At 1 April 2013	92,572	3,377	181,931	8,762	6,578	100,048	393,268
Exchange adjustments	(5,986)	(119)	(7,833)	(313)	8	(2,798)	(17,041)
Provided for the year	375	453	65	520	216	–	1,629
Transfer	69,762	–	–	–	–	(69,762)	–
Eliminated on disposals	–	–	–	(510)	(2,521)	–	(3,031)
Impairment loss recognised in respect of discontinued operation *(Note 12)*	7,691	–	1,854	209	–	2,976	12,730
At 31 March 2014	164,414	3,711	176,017	8,668	4,281	30,464	387,555
Provided for the year	**375**	**465**	**56**	**564**	**251**	**–**	**1,711**
Eliminated upon disposal of subsidiaries	**(158,210)**	**(2,523)**	**(168,872)**	**(6,532)**	**(278)**	**(30,464)**	**(366,879)**
Eliminated on disposals	**–**	**–**	**–**	**(4)**	**(530)**	**–**	**(534)**
At 31 March 2015	**6,579**	**1,653**	**7,201**	**2,696**	**3,724**	**–**	**21,853**
CARRYING AMOUNTS							
At 31 March 2015	**1,124**	**1,255**	**289**	**1,548**	**898**	**–**	**5,114**
At 31 March 2014	1,499	1,713	323	1,591	664	–	5,790

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the estimated useful lives of 50 years or the terms of the leases whichever is the shorter
Leasehold improvements	15% or the unexpired terms of the leases whichever is shorter
Plant and machinery	20%
Furniture, fixtures and equipment	15%
Motor vehicles	20%

	2015	2014
	HK$'000	*HK$'000*
The carrying values of the leasehold land and buildings comprise:		
Situated in the PRC under medium-term lease	**1,124**	1,499

As at 31 March 2014, the Group has pledged leasehold land and buildings which were fully impaired as at 31 March 2014 at the end of the reporting period to secure the bank borrowings granted to the Group.

The carrying value of motor vehicles includes an amount of approximately HK$898,000 (2014: approximately HK$593,000) in respect of assets held under finance leases.

18. INVESTMENT PROPERTIES

	2015	2014
	HK$'000	*HK$'000*
FAIR VALUE		
At 1 April	**21,924**	23,158
Exchange adjustments	**–**	349
Disposal	**–**	(3,540)
Net fair value (loss) gain recognised in profit or loss	**(378)**	1,957
At 31 March	**21,546**	21,924
Unrealised (loss) gain on properties revaluation included in profit or loss (included in other gains and losses)	**(378)**	4,347

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties as at 31 March 2015 and 2014 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group.

The fair value were determined based on market comparison approach assuming sales of the property interest in its existing state and making references to comparable market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject property as available in the relevant market.

In estimating the fair value of the investment properties, the directors of the Company considered that the highest and best use of the properties is their current use upon the application of HKFRS 13 "Fair value measurement". There has been no change of the valuation technique during the year. At the end of the reporting period, the management of the Group works closely with the independent qualified professional valuer to establish and determine the appropriate valuation techniques and inputs into the model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

Information about fair value measurements using significant observable input

The following table shows the valuation techniques used in the determination of fair values of investment properties and observable inputs used in the valuation models.

Description	**Fair value 31 March 2015** *HK$'000*	**Fair value 31 March 2014** *HK$'000*	**Fair value hierarchy**	**Valuation techniques**	**Observable inputs**	**Range of significant inputs**	**Relationship of inputs to fair value**
Industrial and dormitory buildings	21,546	21,924	Level 2	Market comparison approach	Unit price per square meter	2015: HK$1,048 to HK$1,865 per square meter 2014: HK$1,647 to HK$2,099 per square meter	The higher the market price, the higher the fair value

The Group's investment properties are held under medium-term leases in the PRC and classified as level 2 in the fair value hierarchy for both years.

There were no transfers into or out of level 3 during the year.

19. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	2015	2014
	HK$'000	*HK$'000*
Leasehold land in the PRC:		
Medium-term lease	**1,034**	1,403
Analysed for reporting purposes as:		
Current asset	**336**	344
Non-current asset	**698**	1,059
	1,034	1,403

The leasehold land is amortised on a straight-line basis over the remaining term of the lease.

20. AVAILABLE-FOR-SALE INVESTMENT

	2015	2014
	HK$'000	*HK$'000*
Unit trusts at fair value	**910**	–

Unlisted unit trusts represent investment in funds in the United States. These funds principally invest in corporate bonds in the United States which are rated below the investment grade.

21. RESTRICTED BANK DEPOSITS

The amount represents restricted bank deposits placed to secure the lease agreement for land located at Yilan County, Taiwan, acquired upon the acquisition of Sun Mass. The restricted bank deposits would be released at the end of the lease term or upon termination or cancellation of the lease.

As at 31 March 2014, the restricted bank deposits carried interest at the fixed interest rate of 0.56% per annum. During the year ended 31 March 2015, the entire balance of restricted bank deposits was disposed of when the Group disposed its entire interest in the Sun Mass Group during the year (see note 35 for details).

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	*HK$'000*
Held-for-trading investments		
– equity securities listed in Hong Kong	**–**	3
Unlisted convertible bonds designated at FVTPL		
– acquired in year 2014	**–**	15,100
– acquired in year 2015	**24,510**	–
	24,510	15,103

Held-for-trading investments comprise of equity securities listed in Hong Kong and their fair values are based on quoted market bid prices.

Unlisted convertible bonds designated at FVTPL acquired in year 2014 in the market with a consideration of HK$25,000,000 represents convertible bonds with principal amount of HK$25,000,000 issued on 27 May 2010 by Celebrate International Holdings Limited, a company incorporated in the Cayman Islands and its shares listed on the Main Board of the Stock Exchange (the "Issuer 1"). As at 31 March 2014, the fair value of these unlisted convertible bonds designated at FVTPL was approximately HK$15,100,000. The change in fair value of approximately HK$9,900,000 represented unrealised loss on the acquisition and recognised in profit or loss during the year ended 31 March 2014. The Issuer 1 and its subsidiaries are principally engaged in investment holding and trading of food and beverage. On 16 January 2014, the Issuer 1 entered into deed of amendment on variation of the terms and conditions of the convertible bonds.

Before the variation of terms and conditions, the Group has the right to convert the whole or part of the principal amount of the convertible bond into shares of the Issuer 1 at any time and from time to time up to 27 May 2016. The convertible bonds entitled the Issuer 1 to redeem the whole or part of the convertible bonds at par at its sole and absolute discretion anytime before or on the date of maturity by cash. The major variation of terms and condition are, (i) the maturity date of the convertible bonds changed from 27 May 2016 to 31 December 2016; (ii) conversion price changed from HK$9.902 per conversion share to HK$0.3 per conversion share; (iii) the Issuer 1 has changed the interest rate of the convertible bonds from zero coupon to 2.5% per annum, payable quarterly in arrear; (iv) before the change of terms and conditions, the Issuer 1 will redeem the convertible bonds at par at anytime before or on the maturity date by cash. After the change of terms and conditions, the Issuer 1 will redeem the convertible bonds at the outstanding principal amount on maturity date either by cash or at the Issuer 1's own discretion, allot and issue new shares of the Issuer 1 to the Company or its nominee of a quantity equivalent to the outstanding principal amount of the convertible bonds divided by the conversion price for the repayment.

During the year ended 31 March 2015, these unlisted convertible bonds designated at FVTPL were early redeemed in full by the Issuer 1 at a consideration of approximately HK$25,000,000. The change in fair value of approximately HK$9,900,000 represents realised gain on the redemption and recognised in profit or loss.

Unlisted convertible bonds designated at FVTPL acquired in year 2015 in the market at a consideration of HK$30,000,000 represents convertible bonds with principal amount of HK$30,000,000 issued on 18 January 2011 by Up Energy Development Group Limited, a company incorporated in the Bermuda and its shares listed on the Main Board of the Stock Exchange (the "Issuer 2"). As at 31 March 2015, the fair value of these unlisted convertible bonds designated at FVTPL was approximately HK$24,510,000. The change in fair value of approximately HK$5,490,000 represented unrealised loss on the acquisition and recognised in profit or loss during the year ended 31 March 2015. The Issuer 2 and its subsidiaries are principally engaged in development and construction of coal mining and coke processing facilities. On 22 January 2015, the Issuer 2 entered into deed of amendment on variation of the terms and conditions of the convertible bonds.

Before the variation of terms and conditions, the Group has the right to convert the whole or part of the principal amount of the convertible bond into shares of the Issuer 2 at any time and from time to time up to five business days preceding the maturity date on 18 January 2016. The convertible bonds required the Issuer 2 to redeem the outstanding convertible bonds at par on the date of maturity by cash. The major variation of terms and condition are, (i) the maturity date of the convertible bonds changed from 18 January 2016 to 31 December 2018; (ii) conversion price changed from HK$1.6258 per conversion share to HK$0.75 per conversion share; and (iii) the Issuer 2 has changed the interest rate of the convertible bonds from zero coupon to 5.0% per annum, payable semi-annually in arrear.

The fair values of the unlisted convertible bonds designated at FVTPL as at 31 March 2015 and 2014 are estimated by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group using valuation techniques based on the discounted cash flow analysis using discount rate from observable current market transactions and share price of the Issuer 1 and 2 as inputs. The inputs adopted in the model were disclosed in note 34.

23. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials	**685**	491
Work in progress	**1,761**	1,544
Finished goods	**1,077**	2,378
	3,523	4,413

24. TRADE RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**21,839**	20,109
Less: Allowance for doubtful debts	**(4,836)**	(5,489)
	17,003	14,620

The Group allows an average credit period ranging from 60 to 150 days to its trade customers from manufacture and sales of accessories business. The following is an ageing analysis of trade receivables by age, based on the invoice date which approximates the revenue recognition date at the end of the reporting period, net of allowances for doubtful debts:

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**13,958**	10,811
61 to 150 days	**3,045**	3,809
	17,003	14,620

The Group's policy on allowance for doubtful debts is based on the evaluation of collectability, age of accounts and on management's judgement including credit worthiness and past collection history of each customer.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits to it. The credit limits attributed to customers are reviewed regularly.

As at 31 March 2015 and 2014, there were no trade receivables which were past due but not impaired.

Movement in the allowance for doubtful debts

	2015	2014
	HK$'000	*HK$'000*
Balance at beginning of the year	**5,489**	6,888
Impairment losses recognised	**108**	960
Amounts written off as uncollectible	**(613)**	(2,234)
Amounts recovered during the year	**(148)**	(125)
Balance at end of the year	**4,836**	5,489

Other receivables, deposits and prepayments

All other receivables are expected to be recovered within one year.

25. LOAN AND INTEREST RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Unsecured, fixed-rate loan receivable	**–**	10,000
Interest receivables	**–**	215
	–	10,215

As at 31 March 2014, the outstanding loan receivable to an independent third party had contractual maturity date within 1 year, and carried fixed-rate at 6% per annum.

The Group has policy for allowance of doubtful debts which is based on the evaluation of collectibility and ageing analysis of accounts and on directors' judgement, including the current creditworthiness and the past collection history of each debtor.

In determining the recoverability of the loan receivable, the Group considered any changes in the credit quality of the loan receivable from the date credit was initially granted up to the end of the reporting period. As at 31 March 2014, there were no loan receivable which were past due but not impaired. During the year ended 31 March 2015, the entire loan and interest receivables were settled.

26. BANK BALANCES AND CASH

Bank balances carry interest at average market rates of 0.1% (2014: 0.1%) per annum. As at 31 March 2015, the bank balances amounting to approximately HK$12,662,000 (2014: approximately HK$20,742,000) are denominated in RMB which is not-freely convertible into other currencies.

27. TRADE PAYABLES AND OTHER PAYABLES AND ACCRUED CHARGES

Trade payables

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**8,563**	4,513
61 to 150 days	**–**	698
Over 150 days	**47**	436
	8,610	5,647

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Other payables and accrued charges

Included in other payables and accrued charges are miscellaneous tax payables of approximately HK$40,841,000 (2014: approximately HK$19,550,000) and consideration payable to Hao Tian Resources Group Limited in relation to acquisition of Sun Mass of Nil (2014: HK$10,000,000).

28. BORROWINGS

		2015	2014
	NOTES	***HK$'000***	*HK$'000*
Secured bank borrowing	*(i)*	**–**	36,337
Unsecured other borrowings	*(ii)*	**60,000**	60,000
		60,000	96,337
Carrying amount repayable based on scheduled repayment terms:			
Within one year		**–**	4,075
Between one to two years		**–**	4,075
Between two to five years		**5,000**	12,226
Over five years		**55,000**	75,961
		60,000	96,337
Less: Amount due within one year shown under current liabilities		**–**	(4,075)
Amount shown under non-current liabilities		**60,000**	92,262

Notes:

(i) Secured bank borrowing carried variable interest at local bank's deposit rate in Taiwan plus a spread of 1.8% per annum. The bank borrowing was secured by the leasehold land and buildings of the Group which were fully impaired as at 31 March 2014. During the year ended 31 March 2015, the entire bank borrowing balance was disposed of when the Group disposed of its entire interest in the Sun Mass Group during the year (see note 35 for details).

(ii) The unsecured other borrowings granted from independent third parties carry fixed interest rate at 5% (2014: 5%) per annum with HK$5,000,000 (2014: Nil) repayable within five years and HK$55,000,000 (2014: HK$60,000,000) repayable over five years.

29. OBLIGATIONS UNDER FINANCE LEASES

As at 31 March 2015, the Group leased motor vehicles (2014: a motor vehicle) under finance leases with lease terms ranging from 2 to 5 years (2014: 3 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.8% to 2.75% (2014: 1.8%) per annum. These leases have no terms of renewal or purchase options and escalation clauses.

	Minimum lease payments		**Present value of minimum lease payments**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**345**	232	**315**	214
In more than one year but not more than two years	**172**	289	**154**	281
In more than two years but not more than five years	**294**	–	**276**	–
	811	521	**745**	495
Less: Future finance charges	**(66)**	(26)	**–**	–
Present value of lease obligations	**745**	495	**745**	495
Less: Amount due for settlement within one year			**(315)**	(214)
Amount due for settlement after one year			**430**	281

The Group's obligations under the finance leases are secured by the lessor's charge over the leased assets.

30. CONVERTIBLE BONDS

Convertible Bonds (I)

The key terms of the Convertible Bonds (I) with principal amount of HK$1,450,000,000 issued by the Company in July 2011 were revised in January 2013. The key terms after revision in January 2013 are as follows: (i) the Convertible Bonds (I) are denominated in HK$ with interest of 5% per annum payable on a semi-annually basis; (ii) the Convertible Bonds (I) entitle the holders to convert them into ordinary shares of the Company at a fixed conversion price of HK$0.2 per share; and (iii) at the maturity date on 14 July 2014, the Company, at its sole and absolute discretion, will have a choice of either paying the principal together with accrued interest of the outstanding Convertible Bonds (I) (collectively the "Outstanding Debt") by cash or by issuing shares of which the number is determined based on Outstanding Debt divided by the conversion price of HK$0.2 per share.

The Convertible Bonds (I) after revision in January 2013 contain an equity and a liability components. The liability component represents the future coupon interest payments of 5% per annum until maturity carried at amortised cost and its effective interest rate is 22% per annum. The equity component of the Convertible Bonds (I) contains (a) the Company's option to exchange the obligation to pay the principal amount of the Outstanding Debt for a fixed number of ordinary shares of the Company at maturity; and (b) the bondholder's option to convert the instruments into a fixed number of ordinary shares of the Company any time before the maturity. The fair value of the liability component on initial recognition was determined based on present value of all future coupon payments discounted at the prevailing market rate of interest for similar instruments.

Following the rights issue completed on 20 May 2013, the conversion price of the Convertible Bonds (I) was adjusted from HK$0.20 per share to HK$0.09 per share.

On 16 June 2014, the Company and all bondholders entered into a deed of amendment pursuant to which certain terms of the Convertible Bonds (I) were changed subject to approval by shareholders. The Company obtained approval from shareholders in a special general meeting held on 23 July 2014. The alteration of terms include: interest payment interval has been changed from semi-annually to quarterly and the maturity date has been changed from 14 July 2014 to 31 December 2015. The Convertible Bonds (I) with revised terms are hereinafter referred to as "New Convertible Bonds (I)". The New Convertible Bonds (I) were measured at fair value on 23 July 2014 which was approximately equal to HK$888,089,000 which are allocated to the equity component and liability component of approximately HK$847,778,000 and HK$40,311,000 respectively. The fair value measurement was carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected to the Group. At the time when the terms are revised, the carrying amount of the liability component of Convertible Bonds (I) is zero.

The fair value of the New Convertible Bonds (I) was determined based on the sum of the fair value of the liability and equity components. The fair value of the new liability component as at 23 July 2014 was determined based on present value of all future coupon payments discounted by using the prevailing market rate of interest for similar instruments at the time when the terms are revised. The fair value of the equity component as at 23 July 2014 was determined based on the quoted market price of the shares of the Company multiplied by the number of shares to be delivered. In subsequent periods, the liability component of the New Convertible Bonds (I) is carried at amortised cost using effective interest rate of 34.8% per annum.

As at 23 July 2014, the equity component of approximately HK$847,778,000 has been recognised under the heading of "convertible bonds equity reserve". The difference of approximately HK$188,445,000 between the fair value of the consideration paid (i.e. the fair value of the New Convertible Bonds (I) at the time when the terms are revised) and the equity component of the Convertible Bonds (I) has been charged to equity (i.e. accumulated losses).

Following the issue of bonus warrants passed in a special general meeting held on 3 February 2015, the conversion price of the New Convertible Bonds (I) was further adjusted from HK$0.09 per share to HK$0.08 per share. Details about the issue of bonus warrants are set out in note 32(i).

Convertible Bonds (II)

As part of the consideration for the additional acquisition of 49.9% equity interest in Sun Mass, the Company issued consideration bonds with the principal amount of HK$1,750,000,000 on 4 January 2012 ("Consideration Bonds"). According to the terms of the Consideration Bonds, the maturity date is 3 January 2014, two years from the issue date. At the maturity date, the Company may elect at its discretion to extend the term for another 5 years. The Consideration Bonds bear interest at 2.5% per annum for the first 2 years and 12.5% per annum afterwards for the extension period of five years. Interest is payable quarterly in arrears. The Company may also redeem part or all of the Consideration Bonds any time during the repayment term at principal amount and interest accrued up to redemption date. The extension option and early redemption option (collectively the derivative components) are considered not closely related to the host debt component. The effective interest rate of the Consideration Bonds is 23.554% per annum. The Consideration Bonds are freely transferrable by the holders at any time from the date of issue of the Consideration Bonds. Fair value gain on derivative financial instruments in respect of the Consideration Bonds of approximately HK$25,032,000 was recognised in profit or loss during the year ended 31 March 2014.

The Company and the bondholders entered into a deed of amendment which was approved by shareholders of the Company on 13 December 2013, pursuant to which the terms and conditions of the Consideration Bonds were amended and hereinafter referred to Convertible Bonds (II).

The key terms of the Convertible Bonds (II) issued by the Company after revision in December 2013 are as follows: (i) the Convertible Bonds (II) are denominated in HK$ with interest of 7.5% per annum payable quarterly in arrears; (ii) the Convertible Bonds (II) entitle the holders to convert them into ordinary shares of the Company at any time from 13 December 2013 to seventh business days prior to the maturity date on 31 December 2014 at a fixed conversion price of HK$0.09 per share; (iii) if the Convertible Bonds (II) have not been converted, redeemed or purchased and cancelled, they will be redeemed at maturity date on 31 December 2014 at principal and accrued interests by cash or by shares of the Company at a fixed conversion price of HK$0.09 per share at the Company's sole and absolute discretion; and (iv) the Company, at its sole and absolute discretion, may redeem the Convertible Bonds (II) in whole or in part, at principal and accrued interest anytime before maturity.

The Convertible Bonds (II) contain an equity and a liability components. The liability component represents the future coupon interest payments of 7.5% per annum carried at amortised cost and its an effective interest rate is 33% per annum. The equity component of Convertible Bonds (II) contains (a) the Company's option to exchange the obligation to pay the principal amount of the Outstanding Debt for a fixed number of ordinary shares of the Company at date of maturity; and (b) the bondholder's option to convert the instruments into ordinary shares of the Company any time before seventh business days prior to the maturity.

The Convertible Bonds (II) were measured at fair value on 13 December 2013 of approximately HK$933,366,000 with an amount of approximately HK$875,167,000 allocated to equity. The fair value measurement was carried out by American Appraisal China Limited, an independent qualified professional valuer not connected with the Group. The fair value of the Convertible Bonds (II) was determined based on the sum of the fair value at the liability and equity components.

The fair value of the liability component on initial recognition was determined based on present value of all future coupon payments until the maturity date discounted at the prevailing market rate of interest for similar instruments. The fair value of the equity component was determined based on the quoted market price of the shares of the Company multiplied by the number of shares to be delivered. Upon the alteration of terms on 13 December 2013, the Company extinguished the carrying amount of the Consideration Bonds and its derivative financial instrument. As a result, a loss of alteration of terms of the Convertible Bonds (II) amounting to approximately HK$344,376,000 was arisen from the difference between the fair value of the Convertible Bonds (II) and the carrying amounts of liability of approximately HK$880,812,000 and derecognised derivative financial instrument of the Consideration Bonds of approximately HK$291,822,000 was recognised in profit or loss which is included in other gains and losses for the year ended 31 March 2014.

On 16 June 2014, the Company and all bondholders entered into a deed of amendment pursuant to which certain terms of the Convertible Bonds (II) were changed subject to approval by shareholders. The Company obtained approval from shareholders in a special general meeting held on 23 July 2014. The alteration of terms include: the interest payment dates have been changed to the 2nd of January, April, July and October of each calendar year, the maturity date has been changed from 31 December 2014 to 31 December 2015 and the interest rate has been changed from 7.5% per annum to 5% per annum. The Convertible Bonds (II) with revised terms is hereinafter referred to as "New Convertible Bonds (II)". The New Convertible Bonds (II) were measured at fair value on 23 July 2014, which was approximately equal to HK$184,333,000 which are allocated to the equity component and liability component of approximately HK$175,611,000 and HK$8,722,000 respectively. The fair value measurement was carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected to the Group. At the time when the terms are revised, the carrying amount of the liability component of Convertible Bonds (II) approximately HK$5,021,000.

The fair value of the New Convertible Bonds (II) was determined based on the sum of the fair value of the liability and equity components. The fair value of the new liability component as at 23 July 2014 was determined based on present value of all future coupon payments discounted by using the prevailing market rate of interest for similar instruments at the time when terms are revised. The fair value of the equity component as at 23 July 2014 was determined based on the quoted market price of the shares multiplied by the number of shares to be delivered. In subsequent periods, the liability component of the New Convertible Bonds (II) is carried at amortised cost using the effective interest rate of 34.8% per annum.

As at 23 July 2014, the equity component of approximately HK$175,611,000 has been recognised in equity under the heading of "convertible bonds equity reserve". The fair value of the consideration of the New Convertible Bonds (II) attributable to the extinguishment of the equity component of the Convertible Bonds (II) of approximately HK$37,219,000 has been charged to equity (i.e. accumulated losses). The gain of approximately HK$142,000 relating to the liability component of Convertible Bonds (II) was recognised in profit and loss and is included in other gains and losses during the year ended 31 March 2015.

The movement of debt component of the Consideration Bonds is set out as below:

	HK$'000
Consideration Bonds – debt component	
At 1 April 2013	773,174
Effective interest expense	128,429
Interest paid	(20,791)
Extinguishment of the liability	(880,812)
At 31 March 2014	–

The movements of the liability components of the Convertible Bonds (I) and (II) and the New Convertible Bonds (I) and (II) during the year are set out below:

	HK$'000
Convertible Bonds (I) and (II)	
At 1 April 2013	77,075
Recognition of the liability component of Convertible Bonds (II) upon alteration of terms on 13 December 2013	58,199
Effective interest expense	13,732
Interest paid	(56,746)
Converted into new ordinary shares *(note a)*	(26,181)
At 31 March 2014	66,079
Effective interest expense	**4,265**
Interest paid	**(48,130)**
Converted into new ordinary shares *(note b)*	**(17,193)**
Extinguishment of the liability component of Convertible Bonds (II)	**(5,021)**
At 31 March 2015	**–**
New Convertible Bonds (I)	
Recognition of the liability component upon alteration of terms on 23 July 2014	**40,311**
Effective interest expense	**7,768**
Interest paid	**(18,459)**
Converted into new ordinary shares *(note c)*	**(13,470)**
At 31 March 2015	**16,150**
New Convertible Bonds (II)	
Recognition of the liability component upon alteration of terms on 23 July 2014	**8,722**
Effective interest expense	**1,045**
Interest paid	**(3,267)**
Converted into new ordinary shares *(note d)*	**(6,500)**
At 31 March 2015	**–**

Notes:

(a) In January 2014 and June 2013, the bondholder of Convertible Bonds (I) exercised the conversion options with the principal amount of HK$100,000,000 and HK$270,000,000 respectively. In January 2014, the bondholder of Convertible Bonds (II) exercised the conversion options with the principal amounts of HK$70,000,000. As at 31 March 2014, the outstanding principal amounts of the Convertible Bonds (I) and Convertible Bonds (II) are HK$830,000,000 and HK$815,000,000 respectively.

(b) In May and June 2014, the bondholder of the Convertible Bonds (II) exercised the conversion options with the principal amounts of HK$30,000,000 and HK$640,000,000 respectively. In June 2014, the bondholder of the Convertible Bonds (I) exercised the conversion options with principal amounts of HK$130,000,000.

(c) In February 2015, the bondholders of New Convertible Bonds (I) exercised the conversion options with the principal amount of HK$350,000,000. The outstanding principal amount of New Convertible Bonds (I) as at 31 March 2015 is HK$350,000,000.

(d) In December 2014, the bondholders of New Convertible Bonds (II) exercised the conversion options with the principal amount of HK$145,000,000. As at 31 March 2015, the New Convertible Bonds (II) were fully converted.

31. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Revaluation of investment properties	Convertible bonds	Total
	HK$'000	*HK$'000*	*HK$'000*
At 31 March 2013	1,153	2,092	3,245
Release on conversion of Convertible Bonds (I) and Convertible Bonds (II)	–	(794)	(794)
Recognition of equity component of Convertible Bonds (II)	–	1,889	1,889
Charge (credit) to profit or loss *(Note 10)*	3,538	(719)	2,819
At 31 March 2014	4,691	2,468	7,159
Release on conversion of Convertible Bonds (I) and Convertible Bonds (II)	**–**	**(614)**	**(614)**
Release upon extinguishment of Convertible Bonds (II)	**–**	**(61)**	**(61)**
Recognition of equity components of New Convertible Bonds (I) and New Convertible Bonds (II)	**–**	**2,191**	**2,191**
Release on conversion of New Convertible Bonds (I) and New Convertible Bonds (II)	**–**	**(483)**	**(483)**
Credit to profit or loss *(Note 10)*	**(208)**	**(3,286)**	**(3,494)**
At 31 March 2015	**4,483**	**215**	**4,698**

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$4,310,025,000 (2014: approximately HK$4,272,619,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses and deductible temporary differences due to unpredictability of future profit streams of those subsidiaries. Included in tax loss of approximately HK$18,261,000 (2014: approximately HK$18,261,000) arising from the PRC subsidiaries will expire in various dates up to 2019 (2014: 2019). Other tax losses may be carried forward indefinitely.

32. SHARE CAPITAL

	Number of shares	Nominal value
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2013, 31 March 2014 and 31 March 2015	**200,000,000,000**	**2,000,000**
Issued and fully paid:		
At 1 April 2013	1,841,460,124	18,414
Issue of new shares under right issue *(Note a)*	7,365,840,496	73,658
Issue of new shares under placement *(Note b)*	1,250,000,000	12,500
Issue of new shares upon conversion of Convertible Bonds *(Note c)*	4,111,111,110	41,111
Issue of new shares upon conversion of Convertible Bonds (II) *(Note d)*	777,777,777	7,778
At 31 March 2014	15,346,189,507	153,461
Issue of new shares under placement *(Note e)*	**847,015,679**	**8,470**
Issue of new shares upon exercise of share options *(Note f)*	**200,000,000**	**2,000**
Issue of new shares upon conversion of Convertible Bonds (I) and Convertible Bonds (II) *(Note g)*	**8,888,888,888**	**88,890**
Issue of new shares upon conversion of New Convertible Bonds (I) and New Convertible Bonds (II) *(Note h)*	**5,986,111,111**	**59,861**
Issue of new shares upon exercise of bonus warrants *(Note i)*	**716,420**	**7**
At 31 March 2015	**31,268,921,605**	**312,689**

Notes:

(a) On 18 April 2013, the shareholders of the Company passed an ordinary resolution in a special general meeting to issue rights share on the basis of four rights shares for every existing share held at subscription price of HK$0.07 per rights share (the "Rights Issue") and 7,365,840,496 rights shares would be issued by the Company upon the completion of the Rights Issue. The Rights Issue was completed on 20 May 2013. The gross proceeds from the Rights Issue of approximately HK$515,609,000 and transaction costs attributable to the Rights Issue of approximately HK$20,656,000 were recognised in equity.

(b) As disclosed in the announcement of the Company dated 8 November 2013, 1,250,000,000 ordinary shares of HK$0.01 each were issued through placement to various placees at a price of HK$0.085 per placing share, who and whose ultimate beneficial owners are independent and not connected to the Group with gross proceeds of HK$106,250,000 and transaction costs of approximately HK$5,322,000 were recognised in equity.

(c) In June 2013 and January 2014, 3,000,000,000 and 1,111,111,110 ordinary shares of the Company of HK$0.01 each were issued upon conversion of the Convertible Bonds (I). Convertible Bonds (I) with aggregate principal amount of HK$270,000,000 and HK$100,000,000 respectively were converted into ordinary shares of the Company at a conversion price of HK$0.09 each.

(d) In January 2014, 777,777,777 ordinary shares of the Company of HK$0.01 each were issued upon conversion of the Convertible Bonds (II). Convertible Bonds (II) with aggregate principal amount of HK$70,000,000 were converted into ordinary shares of the Company at conversion price of HK$0.09 each.

(e) As disclosed in the announcement of the Company dated 16 September 2014, 847,015,679 ordinary shares of HK$0.01 each were issued through placement to various placees at a price of HK$0.09 per placing share, who and whose ultimate beneficial owners are independent and not connected to the Group with gross proceeds of approximately HK$76,231,000 and transaction costs of approximately HK$2,796,000 were recognised in equity.

(f) On 30 December 2014, 200,000,000 share options were exercised by the employees of the Company at the exercise price of HK$0.134 each with consideration of approximately HK$26,800,000.

(g) In May and June 2014, 333,333,333 and 7,111,111,111 ordinary shares of the Company of HK$0.01 each were issued respectively upon conversion of the Convertible Bonds (I) and Convertible Bonds (II) with aggregate principal amount of HK$670,000,000 into ordinary shares of the Company at a conversion price of HK$0.09 each. In June 2014, 1,444,444,444 ordinary shares of the Company of HK$0.01 each were issued upon conversion of the Convertible Bonds (I) with aggregate principal amount of HK$130,000,000 into ordinary shares of the Company at a conversion price of HK$0.09 each.

(h) In February 2015 and December 2014, 4,375,000,000 and 1,611,111,111 ordinary shares of the Company of HK$0.01 each were issued upon conversion of the New Convertible Bonds (I) and New Convertible Bonds (II) with aggregate principal amount of HK$350,000,000 and HK$145,000,000 respectively were converted into ordinary shares of the Company at a conversion price of HK$0.08 and HK$0.09 each respectively.

(i) As disclosed in the announcement of the Company dated 24 December 2014, the directors of the Company proposed issue of bonus warrants (the "Warrants") at nil consideration to existing shareholders of the Company on the basis of one Warrant for every five existing ordinary shares of the Company held on 11 February 2015. 5,378,641,037 Warrants were issued on 24 February 2015. Transaction costs of approximately HK$1,058,000 were recognised in equity.

Each Warrant entitles the holder to subscribe in cash for one new ordinary share of the Company at an initial subscription price of HK$0.1 per share, subject to anti-dilutive adjustments. It is exercisable at any time during a period of 24 months commencing from 24 February 2015 to 23 February 2017 (both days inclusive). During the year ended 31 March 2015, 716,420 Warrants had been exercised by the holders thereof and 716,420 ordinary shares were issued and allotted by the Company to them. The Group received gross proceeds of approximately HK$72,000 from such exercise of the Warrants. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. As at 31 March 2015, 5,377,924,617 Warrants remain outstanding.

33. EQUITY-SETTLED SHARE-BASED PAYMENTS

2003 Option Scheme

The Company's share option scheme (the "2003 Option Scheme"), was adopted pursuant to a resolution passed on 21 August 2003, for the primary purpose of providing incentive to directors and eligible employees and suppliers of goods or services of the Group and which will expire 10 years after the date of adoption. Under the 2003 Option Scheme, the board of directors of the Company may, at its discretion, grant options to consultants and eligible employees, including executive directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price of (i) the closing price of the shares of the Stock Exchange on the date of grant of the option, which must be a trading day or (ii) the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the options or (iii) the nominal value of the shares, whichever is the higher.

The maximum number of shares in respect of which share options may be granted (together with options exercised and options then outstanding) under the 2003 Option Scheme shall not, when aggregated with any shares subject to any other schemes, exceed 30% of the total number of the issued share of the Company from time to time. The shares which may be issued upon exercise of all share options to be granted under the 2003 Option Scheme and any other share option schemes of the Company shall not exceed 10% of the shares in issue on the day of approval by shareholders of the Company.

The maximum number of shares in respect of which options may be granted to each participant (including both exercised and outstanding options) in any 12-month period cannot exceed 1% of the total number of the issued share of the Company. Upon acceptance of option, the grantee shall pay HK$1 to the Company by way of consideration of the grant. An option may be exercised at any time during the validity period of the options.

Option Deed

The Company entered into option deeds on 29 August 2011 (the "Option Deed") with each of the grantees pursuant to which the Company conditionally agreed to grant share options to the grantees for up to 730,000,000 new shares in aggregate, for the purpose to incentivise and reward certain directors and employees of Sun Mass and a consultant of the Group. The Option Deed was approved in a special general meeting held on 4 January 2012.

The exercise price is HK$0.40 per share option. The consideration payable by each of the grantees for the grant of share option under the Option Deed is HK$1.

730,000,000 options granted on 11 January 2012 under the Option Deed shall vest upon the following dates, unless otherwise agreed between the Company and the grantee:

Timing of the vesting of the share options	Amount of share options to be vested
On the date which is 12 months after the grant of the share options to a grantee	25% of the share options granted to the grantee
On the date which is 24 months after the grant of the share options to a grantee	A further 35% of the share options granted to the grantee
On the date which is 36 months after the grant of the share options to a grantee	The remaining 40% of the share options granted to the grantee

The share options which have vested shall be exercisable until the expiry of the option period which is on 11 January 2016.

Notwithstanding the above vesting schedule, the share options held by each of the grantees shall automatically vest in full and become exercisable immediately upon the occurrence of any of the following events:

(i) an initial public offering with respect to Sun Mass or Sun Materials Technology Co., Ltd. ("Sun Materials"), a wholly owned subsidiary of Sun Mass, on any stock exchange or in any place;

(ii) the Company ceasing to directly or indirectly control at least 50% of Sun Mass or Sun Materials;

(iii) the Company and the grantee agreeing that the grantee's share options shall vest in full; or

(iv) if at any time after the grant date a person or entity acquires the legal and beneficial ownership of 30% or more of the issued and outstanding ordinary shares of the Company.

Option life is contractual life of the share options. For assessing fair values of the three tranches of share options, considerations of respective vesting period are taking into account into the valuation.

The estimated fair value of the options granted under option deed on 11 January 2012 is approximately HK$51,941,000. The Group recognised expenses of approximately HK$1,225,000 for the year ended 31 March 2015 (2014: approximately HK$3,036,000) in relation to the option deed granted by the Group.

2013 Option Scheme

The Company's 2013 share option scheme (the "2013 Option Scheme"), was adopted pursuant to a resolution passed on 31 October 2013, for the primary purpose of providing incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity and which will expire 10 years after the date of adoption. Under the 2013 Option Scheme, the board of directors of the Company may, at its discretion, grant options to supplier, customer, person or entity that provides research, development or technological support or other services to the Group or any invested entity, shareholder or any member of the Group or any invested entity, holder of any securities issued by any member of the Group or invested entity and employee, including executive and non-executive directors of the Company or any of its subsidiaries or any invested entity to subscribe for shares in the Company at a price of (i) the closing price of the shares of the Stock Exchange on the date of grant of the option, which must be a trading day or (ii) the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the options or (iii) the nominal value of the shares, whichever is the higher.

The maximum number of shares in respect of which share options may be granted (together with options exercised and options then outstanding) under the 2013 Option Scheme shall not, when aggregated with any shares subject to any other schemes, exceed 30% of the total number of the issued share of the Company from time to time. The shares which may be issued upon exercise of all share options to be granted under the 2013 Option Scheme and any other share option schemes of the Company shall not exceed 10% of the shares in issue on the day of approval by shareholders of the Company.

The maximum number of shares in respect of which options may be granted to each participant (including both exercised and outstanding options) in any 12-month period cannot exceed 1% of the total number of the issued share of the Company. Upon acceptance of option, the grantee shall pay HK$1 to the Company by way of consideration of the grant. An option may be exercised at any time during the validity period of the options.

The following table discloses movements of the Company's share options held by directors, employees and consultants during the year:

2003 Option Scheme

		Number of share options						
Name of category of participant	Date of grant *(Note i)*	Outstanding as at 1 April 2013	Adjusted upon Rights Issue *(Note ii)*	Outstanding as at 31 March 2014	Lapsed in 2015 *(Note vi)*	Outstanding as at 31 March 2015	Exercise price *(Note ii)* *HK$*	Share price at the date of grant *HK$*
Consultants *(Note vi)*	3 March 2010	39,062	39,893	78,955	**(78,955)**	**–**	**3.134**	0.99
Exercisable at the end of the year		39,062		78,955		–		
Weighted average exercise price		6.336		3.134		–		

Option Deed

Name of category of participant	Date of grant (Note i)	Outstanding as at 1 April 2013	Lapsed in 2014 (Note vi)	Outstanding as at 31 March 2014	Cancelled in 2015 (Note viii)	Outstanding as at 31 March 2015	Exercise price (Note vii) HK$	Share price at the date of grant HK$
		Number of share options						
Executive directors								
Mr. Lo Yuen Wa Peter *(Note iv)*	11 January 2012	625,000	(625,000)	–	**–**	**–**	**6.400**	0.220
Mr. Eddie Woo *(Note v)*	11 January 2012	7,187,500	–	7,187,500	**(7,187,500)**	**–**	**6.400**	0.220
Consultant *(Note iii)*	11 January 2012	3,125,000	–	3,125,000	**(3,125,000)**	**–**	**6.400**	0.220
Staff	11 January 2012	30,000,000	(30,000,000)	–	**–**	**–**	**6.400**	0.220
		40,937,500	(30,625,000)	10,312,500	**(10,312,500)**	**–**		
Exercisable at the end of the year		10,234,375		6,187,500		**–**		
Weighted average exercise price		6.400		6.400		**–**		

2013 Option Scheme

Name of category of participant	Date of grant (Note i)	Outstanding as at 1 April 2013 and 31 March 2014	Granted in 2015	Exercised in 2015	Outstanding as at 31 March 2015	Exercise price HK$	Share price at the date of grant HK$
		Number of share options					
Staff (Note ix)	29 December 2014	–	**200,000,000**	**(200,000,000)**	**–**	**0.134**	0.134
Exercisable at the end of the year		–			**–**		
Weighted average exercise price		–	**0.134**		**–**		

Notes:

(i) The share options granted on 3 March 2010 are fully vested upon the date of grant and may be exercised in whole or in part by the respective grantees at any time not later than 2 March 2020.

For the options granted on 11 January 2012, 25%, 35% and 40% shall vest upon 12 months, 24 months and 36 months after the date of grant respectively and may be exercised in whole or in part by the respective grantees from the date the options are vested up to 10 January 2016.

The share options granted on 29 December 2014 are fully vested upon the date of grant and may be exercised in whole or in part by the respective grantees at any time not later than 28 December 2024.

(ii) Following the Rights Issue passed in a special general meeting held on 18 April 2013, the exercise price of the share option under the 2003 Option Scheme are adjusted from HK$6.336 per share to HK$3.134 per share, while the number of shares of the Company to be allotted and issued upon exercise of the outstanding share options are adjusted from 39,062 to 78,955.

(iii) The consultant of the Company is responsible for development of the Group's solar grade polycrystalline silicon business with respect to structuring and legal matters, including diligent maintenance of documentation, structuring, future fund raising and other related matters. The Group granted share options to them for recognising their services similar to those rendered by other employees. In the opinion of the directors, the consultancy services rendered by the consultants are similar to those rendered by the employees. Therefore, the fair value of the share options granted to the consultants was measured by the same accounting policies as that of the employees in accordance with HKFRS 2.

(iv) Mr. Lo Yuen Wa Peter resigned as an executive director of the Company with effect from 27 March 2014. The unvested share options are lapsed on the same date.

(v) Mr. Eddie Woo was re-designated from an executive director to non-executive director on 4 December 2014 and resigned as non-executive director on 21 January 2015.

(vi) The options lapsed during the year upon resignation of certain eligible consultants/staff.

(vii) Following the capital reorganisation passed in a special general meeting held on 25 April 2012, the exercise price of the share option under the Option Deed would be adjusted from HK$0.4 per share to HK$6.4 per share, while the total number of outstanding share options would be adjusted from 730,000,000 to 45,625,000.

(viii) On 16 June 2014, all grantees agreed with the Company to cancel all share options granted to them under Option Deeds. The Group accounted for the cancellation as an acceleration of vesting, and recognised immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. The amount recognised in profit or loss due to the cancellation was immaterial.

(ix) The share options granted under 2013 Option Scheme during the year ended 31 March 2015 were entirely to staff of the Group which did not include directors of the Company nor consultants.

The estimated fair value of the options granted on 29 December 2014 is approximately HK$19,507,000.

The fair value was calculated using the Binomial Model of the options granted during the year. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model were as follows:

	29 December 2014
	HK$
Closing share price at the grant date	**0.134**
Exercise price	**0.134**
Option life	**7.5 years**
Expected volatility	**77.21%**
Expected dividend yield	**Nil**
Risk-free interest rate	**1.78%**

Expected volatility was determined by using the historical volatility of the Company's share price over the past five years.

The Group recognised the total expense of approximately HK$19,507,000 for the year ended 31 March 2015 (2014: Nil) in relation to share options granted under 2013 Option Scheme by the Company.

34. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include borrowings disclosed in note 28, obligations under finance leases disclosed in note 29, convertible bonds disclosed in note 30, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Categories of financial instruments

	2015	2014
	HK$'000	*HK$'000*
Financial assets		
At FVTPL		
– Held-for-trading investments	**–**	3
– Unlisted convertible bonds designated at FVTPL	**24,510**	15,100
Loans and receivables (including cash and cash equivalents)	**67,495**	96,220
Financial liabilities		
Amortised costs	**104,392**	214,952

Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade and other receivables, loan and interest receivables, restricted bank deposits, bank balances and cash, trade and other payables, convertible bonds and borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. In addition, certain trade and other receivables, bank balances, trade and other payables of the Group are denominated in HK$, United States dollars ("USD"), Euro ("EUR") and Renminbi ("RMB"), currencies other than functional currency of respective group entities. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are approximately as follows:

	2015				2014			
	HK$ against RMB	**EUR against HK$**	**RMB against HK$**	**Total**	HK$ against RMB	EUR against HK$	RMB against HK$	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets								
Trade and other receivables	**–**	**585**	**3**	**588**	–	428	26	454
Bank balances and cash	**1,289**	**958**	**16**	**2,263**	168	954	6	1,128
Liabilities								
Trade and other payables	**(3)**	**–**	**(209)**	**(212)**	(3)	–	(256)	(259)
	1,286	**1,543**	**(190)**	**2,639**	165	1,382	(224)	1,323

As at 31 March 2015, there are assets and liabilities of approximately HK$19,062,000 (2014: approximately HK$13,565,000) and approximately HK$1,176,000 (2014: approximately HK$5,146,000) denominated in USD, a foreign currency other than functional currency of respective group entities (HK$). The directors of the Company expect the currency risk exposure arising from these assets and liabilities are insignificant and such exposure is excluded from the sensitivity analysis below as HK$ is pegged against USD.

The Group's intra-group balances do not form part of the net investment in foreign operations. The carrying amounts of the foreign currency denominated intra-group balances which have been eliminated in the consolidated financial statements of certain subsidiaries of which the functional currency is HK$, RMB and New Taiwan Dollars ("NTD") at the end of the reporting period are as follows:

Amounts due from group companies denominated in HK$ against RMB		**Amounts due to group companies denominated in HK$ against NTD**	
2015	2014	**2015**	2014
HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
105,825	**75,878**	**–**	56,666

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity analysis for increase and decrease in the functional currency of the group entity against relevant foreign currencies and all other variables were held constant. The sensitivity rates used for both years, 1% on HK$ against NTD, 4% on HK$ against RMB, 5% on EUR against HK$ and 4% on RMB against HK$, represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and intra-group foreign currency balances and adjusts their translation at the end of the reporting period for a change of sensitivity rates in foreign currency rates. A positive number below indicates a decrease in post-tax loss for the year where the foreign currency of the respective group entity strengthen against functional currency. For a weakening of the foreign currency against functional currency, there would be an equal and opposite impact on the result for the year.

	Impact of HK$ against NTD	Impact of HK$ against RMB	Impact of EUR against HK$	Impact of RMB against HK$
2015				
Decrease (increase) in post-tax loss for the year	**–**	**4,284**	**77**	**(8)**
2014				
Decrease (increase) in post-tax loss for the year	(567)	3,042	69	(9)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to obligation under finance lease (see note 29 for details), Convertible Bonds (I) (see note 30 for details), and fixed-rate borrowings (see note 28 for details) (2013: fixed-rate restricted bank deposits (see note 21 for details), fixed-rate loan receivable (see note 25 for details), obligation under finance lease, Convertible bonds (I) and (II) (see note 30 for details) and fixed-rate borrowings). The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group is exposed to cash flow interest rate risk in relation to bank balances (2014: variable-rate borrowings (see note 28 for details) and bank balances). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of bank's prime rate in Hong Kong arising from the Group's borrowings denominated in HK$.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2014: 50 basis point) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

The directors of the Company consider the Group's exposure to interest rate risk of bank balances is not significant as interest bearing bank balances are within short maturity periods and no material fluctuation on saving interest rate is expected. Therefore, no sensitivity analysis is presented for bank balances for both years.

For the year ended 31 March 2014, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year would increase/decrease by approximately HK$182,000.

Other price risk

The Group was exposed to other price risk through its unlisted convertible bonds designated at FVTPL set out in note 22, at the end of the reporting period with changes in fair value to be recognised in the profit or loss. The fair value adjustment of the unlisted convertible bonds designated at FVTPL would be affected positively or negatively, amongst others, by the changes in the market interest rate and the credit spread of the Company respectively.

Sensitivity analysis

During the year ended 31 March 2015, if the discount rate of the unlisted convertible bonds designated at FVTPL had been 15% (2014: 15%) higher/lower and all other variables were held constant, the fair value of the unlisted convertible bonds designated at FVTPL will decrease/increase and the Group's post-tax loss would increase/decrease by approximately HK$1,293,000/HK$1,482,000 (2014: approximately HK$58,000/HK$65,000) as a result of changes in fair value of the unlisted convertible bonds designated at FVTPL.

Credit risk

As at 31 March 2015 and 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has significant concentration of credit risk on trade receivables (2014: trade receivables and loans and interest receivables). At the end of the reporting period, 58% (2014: 46%) of the total trade receivables was due from the Group's five largest customers which are sizable and reputable electronics corporations. As at 31 March 2014, 100% of the total trade receivables was due from one independent borrower which is an individual. The directors of the Company consider these counterparties with good credit worthiness based on their past repayment history. The directors closely monitor the subsequent settlement of the customers. The Group does not grant long credit period to the counterparties.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables (2014: trade receivable and loan and interest receivables) at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's liquid funds (mainly bank balances) are placed in various banks. The credit risk on these liquid funds is limited because the counterparties are banks with good reputation.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

In the preparation of the consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group by continuous monitoring forecast and actual cash flows in light of the Group's recorded net liabilities of approximately HK$27,684,000 and its incurred loss of approximately HK$129,101,000 for the year then ended. In the opinion of the directors of the Company, the consolidated financial statements have been prepared on a going concern basis as the Group obtained cash of approximately HK$44,666,000 from the exercise of bonus warrants by certain warrantholders subsequent to the end of the reporting period. The directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements and financial obligations in the next twelve months from the end of the reporting period.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment dates. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay.

The table includes both interest and principal cash flows. To the extent that interest are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity risk tables

	Weighted average interest rate %	Within 1 year or repayable on demand *HK$'000*	Between 1 to 2 years *HK$'000*	Between 2 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at 31.3.2015 *HK$'000*
2015							
Non-derivative financial liabilities							
Trade payables	**N/A**	**8,610**	**–**	**–**	**–**	**8,610**	**8,610**
Other payables	**N/A**	**19,632**	**–**	**–**	**–**	**19,632**	**19,632**
Borrowings	**5**	**3,000**	**3,000**	**8,962**	**60,375**	**75,337**	**60,000**
New Convertible Bonds (I) *(Note b)*	**34.8**	**17,500**	**–**	**–**	**–**	**17,500**	**16,150**
Obligations under finance leases	**4.78**	**345**	**172**	**294**	**–**	**811**	**745**
		49,087	**3,172**	**9,256**	**60,375**	**121,890**	**105,137**
2014							
Non-derivative financial liabilities							
Trade payables	N/A	5,647	–	–	–	5,647	5,647
Other payables	N/A	46,889	–	–	–	46,889	46,889
Borrowings	*(Note a)*	7,628	7,562	22,293	80,055	117,538	96,337
Convertible Bonds (I) *(Note b)*	22	20,750	–	–	–	20,750	11,570
Convertible Bonds (II) *(Note c)*	33	60,455	–	–	–	60,455	54,509
Obligations under finance leases	4.37	232	289	–	–	521	495
		141,601	7,851	22,293	80,055	251,800	215,447

Notes:

(a) Variable-rate borrowings carried interest at the prime rate in Hong Kong plus a spread or local bank interest rate in Taiwan plus a spread of 1.8% per annum as set out in note 28. The respective market rate at the end of the reporting period is used in the maturity analysis.

(b) The amount of undiscounted cash flow represents the interest payment of the New Convertible Bonds (I) before its maturity on the assumption that the outstanding principal amount will be settled by delivering shares of the Company and no conversion and early redemptions would take place before its maturity.

(c) The amount of undiscounted cash flow represents the interest payment of the Convertible Bonds (II) before its maturity on the assumption that the outstanding principal amount will be settled by delivering shares of the Company and no conversion and early redemptions would take place before its maturity.

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets at FVTPL that are measured at fair value on a recurring basis

The Group's financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

There were no transfers between Level 1, 2 and 3 during both years.

Financial assets/ financial liabilities	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s)**	**Key input(s)**	**Range of unobservable input(s)**	**Relationship of unobservable inputs to fair value**
	31.3.2015	31.3.2014					
	HK$'000	*HK$'000*					
(1) Investment in unlisted convertible bonds designated at FVTPL (acquired in year 2014)	**–**	15,100	Level 3	Discounted cash flow based on convertible bond agreement and discounted rate Stock price of the Issuer 1 multiplied by the number of shares to be converted	Discount rate	46.23%	The higher the discount rate, the lower the fair value
(2) Investment in unlisted convertible bonds designated at FVTPL (acquired in year 2015)	**24,510**	–	Level 3	Discounted cash flow based on convertible bond agreement and discounted rate Stock price of the Issuer 2 multiplied by the number of shares to be converted	Discount rate	25.03%	The higher the discount rate, the lower the fair value
(3) Investment in listed equity securities classified as held-for-trading investment	**–**	3	Level 1	Quoted bid prices in an active market	N/A	N/A	N/A
(4) Investment in unlisted unit trusts classified as available-for-sale investment	**910**	–	Level 2	Quoted from financial institutions	N/A	N/A	N/A

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties for financial assets and own credit risk for financial liabilities.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values, which is included in level 3 category of fair value hierarchy.

Reconciliation of Level 3 for fair value measurements of financial assets

	Derivative financial instrument	**Unlisted convertible bonds**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2013	266,790	–	266,790
Purchase	–	25,000	25,000
Net change in fair value recognised in profit or loss	25,032	(9,900)	15,132
Derecognition the alteration of terms of the Consideration Bonds on 13 December 2013	(291,822)	–	(291,822)
At 31 March 2014	–	15,100	15,100
Disposal	**–**	**(25,000)**	**(25,000)**
Purchase	**–**	**30,000**	**30,000**
Net change in fair value recognised in profit or loss	**–**	**4,410**	**4,410**
At 31 March 2015	**–**	**24,510**	**24,510**

Of the fair value change of financial assets at FVTPL included in profit or loss for the year ended 31 March 2015, fair value loss of approximately HK$5,490,000 relates to unlisted convertible bonds held at the end of the current reporting period.

Valuation processes

The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports to the board of directors of the Company semi-annually to explain the cause of fluctuations in the fair value of the assets.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Information about the valuation techniques and inputs used in the determination of the fair value of various assets are disclosed in this note of above.

35. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2015, the Group disposed of its entire interest in Sun Mass Group (see note 12 for details) for a total consideration of HK$1. The net loss on disposal of Sun Mass Group is as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Restricted bank deposits	**5,379**
Rental deposits	**25**
Other receivables, deposits and prepayments	**1,781**
Bank balances and cash	**561**
Other payables and accrued charges	**(10,336)**
Borrowings	**(35,658)**
Net liabilities disposed of	**(38,248)**
Loss on disposal of subsidiaries:	
Net liabilities disposed of	**38,248**
Reclassification adjustment – transfer translation reserve to profit or loss upon disposal of subsidiaries	**(89,460)**
Loss on disposal	**(51,212)**

Net loss on disposal of approximately HK$51,212,000 is included in profit or loss from discontinued operation in the consolidated statement of profit or loss and other comprehensive income (see note 12 for details).

An analysis of the net outflow of cash and cash equivalent in respect of the disposal of subsidiaries is as follows:

	HK$'000
Bank balances and cash disposed of	**561**

36. COMMITMENTS

Operating Lease Commitment

The Group as lessee

Minimum lease payments paid under operating leases during the year:

Continuing operations

	2015	2014
	HK$'000	*HK$'000*
		(Re-presented)
Office equipment	**37**	37
Office premises	**3,411**	2,721
Car park	**960**	960
	4,408	3,718

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**1,521**	4,096
In the second to fifth year	**1,948**	5,111
Over five year	**–**	11
	3,469	9,218

Operating lease payments represent rentals payable by the Group for certain of its office premises, office equipment and car park (2014: office premises, office equipment, leasehold land, car park and motor vehicles). Leases are negotiated for one to five years (2014: one to eight years) with fixed monthly rentals over the lease term. A total commitment of HK$1,027,000, with HK$698,000 within one year and with HK$329,000 in the second to fifth year, as at 31 March 2014 was related to Sun Mass operating in Taiwan in which a lease commitment of HK$668,000 was secured by a bank deposit as disclosed in note 21.

The Group as lessor

All of the properties held have a committed tenant for five years from the commencement of the lease term.

At the end of the reporting period, the Group had contracted with a tenant for the following future minimum lease payments:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**1,122**	1,122
In the second to fifth year inclusive	**561**	1,683
	1,683	2,805

Capital Commitment

	2015	2014
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**–**	7,368

37. RETIREMENT BENEFITS SCHEMES

The Group participates in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000 for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of the trustees.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by the employee. The Group follows the minimum contribution requirement of 5% of eligible employees' relevant aggregated income with a cap of HK$1,500 per employee per month since 1 June 2014 (previously HK$1,250 per employee per month before 1 June 2014).

The employees of the subsidiaries in the PRC are members of a state-managed retirement benefits schemes operated by the PRC government. The relevant PRC subsidiaries are required to make contributions to the state retirement schemes in the PRC based on certain percentage of the monthly salaries of their current employees to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specific contributions.

The employees employed in the Taiwan are members of the state-managed retirement benefit scheme operated by the Taiwan government. The Group is required to contribute certain percentage of the employees' payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

The employer's contribution to the MPF Schemes and various benefits schemes in the PRC and Taiwan is disclosed in notes 11, 12 and 13.

The contributions made by the Group to the MPF Scheme and retirement benefits schemes in the PRC and Taiwan are charged to the consolidated statement of profit or loss and other comprehensive income when employees have rendered service to the Group.

38. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties:

	2015	2014
	HK$'000	*HK$'000*
Rental expenses paid to the following related parties		
Companies in which a key management personnel of the Group has controlling interest *(Note)*		
(i) Techford Development Limited	**–**	40
(ii) Mascotte Investments Limited	**626**	456
	626	496

Note: The key management personnel is a director of the Group's entities.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2015	2014
	HK$'000	*HK$'000*
Short-term benefits	**12,828**	12,136
Post-employment benefits	**72**	97
Share based payments	**854**	2,403
	13,754	14,636

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

39. PLEDGE OF ASSET

In addition to those set out in note 28 and note 29, the following assets of the Group were pledged to banks and securities brokers house to secure credit facilities:

	2015	2014
	HK$'000	*HK$'000*
Financial assets at FVTPL	**–**	3

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered and contributed capital	Attributable equity interest held by the Group as at 31 March 2015		Attributable equity interest held by the Group as at 31 March 2014		Principal activities
			Direct	Indirect	Direct	Indirect	
Flamm Investment Holdings Limited	Hong Kong	HK$1	**100%**	**–**	100%	–	Provision of management services to group entities (2014: Inactive)
Sun Mass Corporation#	British Virgin Islands	–	**100%**	**–**	100%	–	Investment holding
Sun Mass Funding Corporation#	British Virgin Islands	–	**100%**	**–**	100%	–	Investment holding
Crown Emerald Investments Limited#	British Virgin Islands/ Hong Kong	HK$85,076,371	**–**	**100%**	–	100%	Trading of investments
Dongguan Tak Ya Leather Goods Manufactory Limited^ *(Note a) and (Note b)*	The PRC	HK$10,400,000	**–**	**100%**	–	100%	Manufacture of accessories for photographic, electrical and multimedia products
Lution International Holdings Co. Ltd. *(Note c)*	Taiwan	NT$500,000,000	**–**	**–**	–	100%	Investment holding
Mascotte Industrial Associates Group Limited#	British Virgin Islands/ Hong Kong	US$4	**–**	**100%**	–	100%	Investment holding
Mascotte Industrial Associates (Hong Kong) Limited	Hong Kong	HK$2	**–**	**100%**	–	100%	Trading of accessories for photographic, electrical and multimedia products

Name	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered and contributed capital	Attributable equity interest held by the Group as at 31 March 2015		Attributable equity interest held by the Group as at 31 March 2014		Principal activities
			Direct	Indirect	Direct	Indirect	
Mascotte Zhi Hao Photographic Equipment (Hui Zhou) Co. Ltd.^ *(Note a)*	The PRC	US$4,180,000	**–**	**90%**	–	90%	Property holding and manufacture of accessories for photographic, electrical and multimedia products
Sun Mass Energy Limited# *(Note c)*	British Virgin Islands	NT$1,554,709,165	**–**	**–**	–	100%	Investment holding
Sun Materials Technology Co., Ltd. *(Note c)*	Taiwan	NT$1,000,000,000	**–**	**–**	–	100%	Manufacture of solar grade polycrystalline silicon
Time Beyond Limited	Hong Kong	HK$11,547,930	**–**	**100%**	–	100%	Loan financing

No registered Chinese name.
^ For identification only.

Notes:

(a) These companies are sino-foreign equity joint ventures.

(b) Dongguan Tak Ya Leather Goods Manufactory Limited was established by the Group with an independent third party in the PRC. Under various agreements entered into with the PRC party, the Group is entitled to all of the profits derived from its operations up to 31 December 2016. The remaining 23.1% equity interest in the subsidiary was acquired during the year 31 March 2014 at nil consideration as set out in note (d) of the consolidated statement of changes in equity.

(c) As disclosed in note 35 to the consolidated financial statements, the entire equity interest in Sun Mass Group was disposed of to an independent third party at a total consideration of HK$1 during the year ended 31 March 2015.

None of the subsidiaries had any debt securities in issue at any time during the years ended 31 March 2015 and 2014.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit attributable to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015**	2014	**2015**	2014
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mascotte Zhi Hao Photographic Equipment (Hui Zhou) Co. Ltd.	The PRC	**10%**	10%	**(670)**	791	**5,028**	5,698
Sun Mass Funding Corporation *(Note)*	British Virgin Islands	**–**	–	**–**	(1,906)	**–**	–
				(670)	(1,115)	**5,028**	5,698

Note: Amount represents the loss attributable to the non-controlling interest during the year ended 31 March 2014, details set out in note (c) of the consolidated statement of changes in equity.

Summarised financial information in respect of the Group's subsidiary, namely Mascotte Zhi Hao Photographic Equipment (Huizhou) Co. Ltd., that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2015	2014
	HK$'000	*HK$'000*
Current assets	**65,915**	55,946
Non-current assets	**24,307**	25,563
Current liabilities	**(35,453)**	(24,526)
Non-current liabilities	**(4,483)**	–
Equity attributable to owners of the Company	**45,258**	51,285
Non-controlling interests	**5,028**	5,698
(Loss) profit for the year	**(6,698)**	7,907

	2015	2014
	HK$'000	*HK$'000*
(Loss) profit attributable to owners of the Company	**(6,028)**	7,116
(Loss) profit attributable to the non-controlling interests	**(670)**	791
(Loss) profit for the year	**(6,698)**	7,907
Other comprehensive income attributable to owners of the Company	**–**	876
Other comprehensive income attributable to non-controlling interests	**–**	97
Other comprehensive income for the year	**–**	973
Total comprehensive (expense) income attributable to owners of the Company	**(6,028)**	7,992
Total comprehensive (expense) income attributable to the non-controlling interests	**(670)**	888
Total comprehensive (expense) income for the year	**(6,698)**	8,880
Net cash outflow from operating activities	**(7,658)**	(587)
Cash inflow from investing activities	**514**	12,049
Net cash (outflow) inflow	**(7,144)**	11,462

42. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2015, the Group entered into finance lease arrangement in respect of asset with a total capital value at the inception of the lease of HK$485,000 (2014: HK$659,000).

43. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 22 April 2015, the Company granted share options (the "Share Options") to the directors of the Company and employees of the Group (collectively, the "Grantees") pursuant to the Company's 2013 Option Scheme. The Share Options entitle the Grantees to subscribe for a total of 2,223,507,839 new shares at an exercise price of HK$0.275 per share with nominal value of HK$0.01 each in the capital of the Company if the exercise of the Share Options in full. The Share Options granted are vested immediately and exercisable from 22 April 2015 to 21 April 2025. All these 2,223,507,839 Share Options were surrendered by the Grantees and cancelled on 22 May 2015. As at the date of this report, the directors of the Company are in the process of assessing the effect of this transaction.

Subsequent to the end of the reporting period, 446,663,901 warrants had been exercised by the warrantholders and 446,663,901 ordinary shares were issued and allotted by the Company. The Group received gross proceeds of approximately HK$44,666,000. As at the date of this report, there are 4,931,260,716 warrants remain outstanding.

3. AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2013 AND 31 MARCH 2014

Financial information of the Group for the years ended 31 March 2013 and 2014 are disclosed in the annual results announcement of the Company ended with the same periods respectively, which are published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company's website (http://www.irasia.com/listco/hk/mascotte/index.htm).

4. BUSINESS TREND AND FINANCIAL AND TRADING PROSPECT

Business trend

As disclosed in the annual report 2015 of the Company, for the year ended 31 March 2015, the Company had undergone a consolidation of its businesses as described below:

– One of the core businesses of the Group, namely manufacturing and sales of photographic accessories, had recorded a segment loss of approximately HK$1.08 million. The underperformance of this business segment was mainly due to the global photographic market continued to decline, because of the demise of the compact camera in favour of the mobile phone as well as stagnant in the single-lens reflex and mid-size camera, coupled with keen market competition.

– The Group's rental income from property investment remained the same as the year ended 31 March 2014 at approximately HK$1.1 million. However, the loan financing business did not record any transaction activity during the year as no suitable business opportunity was identified by the Group.

– During the year ended 31 March 2015, the Group's business segment in securities trading and investment recorded a gain of approximately HK$4.7 million which was mainly derived from net gain from fair value change in investment in securities.

– The Group had ceased its solar grade polycrystalline silicon business which was sold to an independent third party in June 2014. Such disposal released the Group from further funding requirements on this business, which could be made available for any other business opportunity identified by the Group.

Major customers and suppliers

For the year ended 31 March 2015, the percentages of the Group's turnover attributable to its largest customer and five largest customers were 9.8% and 36.8% respectively. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 67.3% of the Group's total purchases and the amount of purchases attributable to the Group's largest supplier was approximately 36.2% of the Group's total purchases. None of the Directors, their associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest customers or suppliers.

Prospects

The Group expects that its manufacture and sales of photographic accessories will encounter sluggish market demand attributable to weakening Euro dollars which may reduce the demand of European markets, the biggest markets accounted for approximately 50% of the Group's turnover in this business segment, and keen competition from the Group's competitors. In this regard, the Group will continuously control its costs, strengthen customer relationship, broaden customer base, develop products to suit customer needs in action camera, monitor its level of indebtedness and funding requirements. Overall speaking, the Group expects that the performance of this business will remain stable in the year ahead. Moreover, the Group will closely monitor and capture any opportunity to improve the Group's position, both financially and operationally.

Upon Completion, Evergrande and Tencent will become substantial Shareholders and obtain the control of the Company. They will not only provide additional funding to the Company and improve its financial position but also introduce new business opportunities and provide long-term shareholder support to the Company, which is beneficial to Shareholders and the Company as a whole. Please refer to the section headed "Use of Proceeds from the Subscription" in the "Letter from the Board" contained in this circular for further details.

5. INDEBTEDNESS

At the close of business on 31 July 2015 being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group’s indebtedness are as follows:

Debt instruments

As at the close of business on 31 July 2015, the Group had outstanding indebtedness of approximately HK$96,504,000, a breakdown of which is as follows:

- the Group had securities margin financing of approximately HK$35,813,000 from security brokerage house, which was secured by financial assets of the Group at fair value through profit or loss of approximately HK$92,156,000;
- the Group had obligations under finance leases with carrying amount of HK$691,000 and lease terms ranging from two to five years, which were secured by the lessor's charge over the leased motor vehicles of the Group; and
- the Group had unsecured and unguaranteed borrowings of approximately HK$60,000,000 from independent third parties, with HK$50,000,000 repayable within five years and HK$10,000,000 repayable over five years.

Save as disclosed above, as at the close of business on 31 July 2015, the Group had no other borrowings or outstanding convertible notes.

Pledge of Assets

As at the close of business on 31 July 2015, save as the financial assets of the Group secured for margin financing and the leased motor vehicles of the Group secured for finance leases as disclosed in the paragraph "Debt instruments" above, the Group had no other pledge of assets.

Contingent Liabilities

As at the close of business on 31 July 2015, the Group had no material contingent liabilities.

Disclaimer

Save as disclosed above, apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, mortgages, charges or debentures, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills and payables), acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 July 2015.

6. WORKING CAPITAL SUFFICIENCY STATEMENT

The Directors are of the opinion that, after taking into account the financial resources available to the Group and the expected net proceeds from the Subscription, the Group will have sufficient working capital to satisfy its requirements for the next twelve months (including the capital requirements for the First Stage Development Plan as detailed in the section headed "Use of Proceeds for the Subscription" in the "Letter from the Board" contained in this circular) from the date of this circular in the absence of unforeseen circumstances.

7. COMMITMENTS

As at the close of business on 31 July 2015, the Group had no material capital commitment other than an aggregate of approximately HK$117 million for the purchase of technology equipment under the Purchase Agreements, the effectiveness of each of which is subject to certain conditions precedent set out in the sub-section headed “Conditions Precedent” under the section headed “Major Transaction in relation to Purchase of Technology Equipment” in the “Letter from the Board” contained in this circular.

8. MATERIAL CHANGE

The Directors confirm that, there has been no material change in the financial or trading position or outlook of the Group since 31 March 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

The following is the text of a summary report prepared for the purpose of incorporation in this circular received from Asset Appraisal Ltd., an independent valuer, in connection with its valuation as at 5 July 2015 of the New Warrants.

Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901, 9/F., On Hong Commercial Building
145 Hennessy Road, Wanchai, Hong Kong
香港灣仔軒尼詩道145號
安康商業大廈9字樓901室
Tel : (852) 2529 9448 Fax : (852) 3521 9591

21 September 2015

The Board of Directors
Mascotte Holdings Limited
1/F Po Chai Industrial Bldg
28 Wong Chuk Hang Road
Aberdeen
Hong Kong

Dear Sirs,

Valuation of New Warrants

INSTRUCTIONS

In accordance with the instructions from **Mascotte Holdings Limited** (referred to as the "**Company**") for us to value the warrants (referred to as the "**New Warrants**") to be granted by the Company, we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the fair value of the New Warrants as at **7 July 2015** (referred to as the "**Valuation Date**").

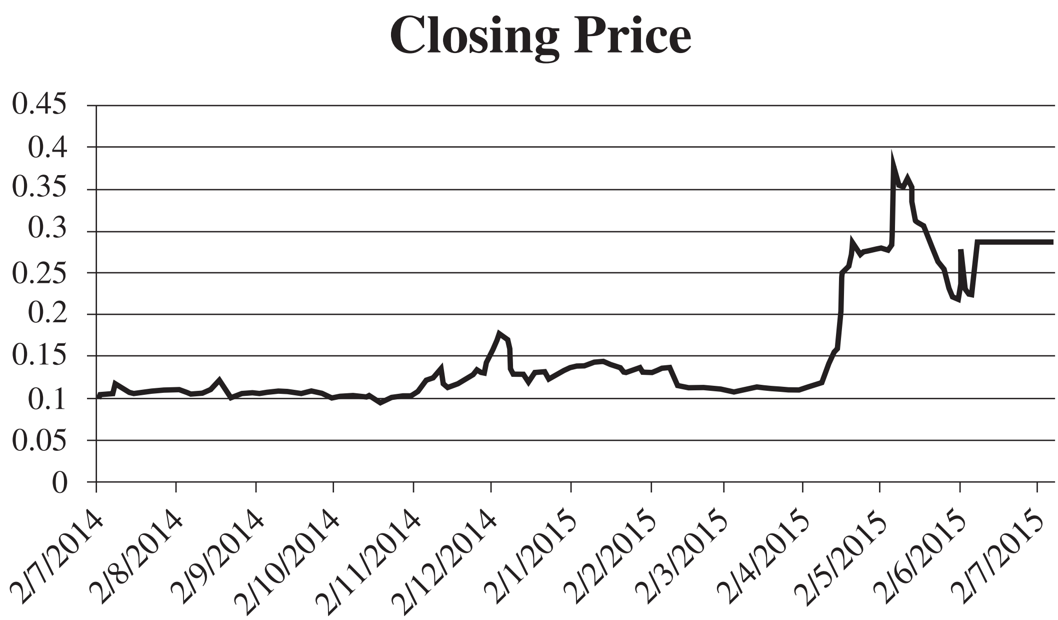
This letter which forms parts of our valuation report explains the basis and methodology of valuation, clarifying assumption and limiting conditions of this valuation.

THE FINANCIAL INSTRUMENT

The Company has proposed to grant one batch of warrants (the New Warrants) and for the purpose of this valuation, we assume that the Warrants have been issued on the Valuation Date. Each of the New Warrants shall confer the rights to the holder to subscribe one share of the Company at a price of HK$0.0061 over a period of 5 years from the date of issue of the New Warrants.

COMPANY'S SHARE PRICE MOVEMENT

The adjusted daily closing prices of the Company's share over the period from July 2014 to July 2015 are shown below:



No dividend has been declared and distributed by the Company in the recent years.

BASIS OF VALUATION

Our valuation was carried out on a fair value basis which is defined in the Hong Kong Financial Reporting Standards (HKFRS) 13 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the Valuation Date".

VALUATION APPROACH AND METHODOLOGY

There are generally three common models for valuation of share options namely Black-Scholes Model, Monte Carlo Model and Binomial Option Pricing Model. Amongst the three common models, the Black-Scholes Model is used for determining the theoretical price of European options (options that can only be exercised at maturity), the Monte Carlo Model involves a lot of assumptions and the Binomial Option Pricing Model can be used for determining the theoretical price of both European options and American options (options that can be exercised at any time between inception and maturity).

As the New Warrants are in the nature of American options, the Binomial Option Pricing Model is considered to be the optimal model for valuing the New Warrants. The Binomial Model has been adopted for this valuation. This valuation model involves the construction of a binomial lattice which represents different possible paths that might be followed by the stock price over the life of the warrant. In developing the binomial lattice, the life of the warrant is divided into various time steps. In each time step there is a binomial stock price movement. For instance, if there is a total of 20 time steps, the lattice would be made up of 220 possible stock price paths and 220 +1 terminal stock price.

In our valuation, the following parameters and assumptions were employed in the valuation model:

Date of Grant	:	7 July 2015 (i.e. the Valuation Date)
Maturity Date	:	7 July 2020
Risk Free Rate	:	1.157%[1]
Share Price	:	HK$0.285/share as at the Valuation Date
Exercise Price	:	HK$0.0061/share
Dividend Yield	:	0%[2]
Volatility	:	76.086%[3]
No. of Time Step	:	500
Probability of Each Up-movement	:	48.17%[4]
Probability of Each Down-movement	:	51.83%[5]
Share Price Rise for Each Up-movement	:	107.90%[6]
Share Price Slip for Each Down-movement	:	92.67%[7]

Notes:

1. *risk free rate represents the yields to maturity of Hong Kong Sovereign Curve with respective terms to maturity as at the valuation date.*

2. *According to the dividend policy of the Company, no dividend is expected to be distributed by the Company in the foreseeable future. Therefore, a dividend yield of 0% is adopted in the valuation model.*

3. *Volatility is the annualized standard deviation of the continuously compounded rates of return on the daily adjusted share prices of the Company over the past 1300 trading days, which is computed by multiplying an annualized factor of 260 trading days per year by the time to maturity as at the Valuation Date of 5 years.*

4 *Probability of each up-movement represents the risk neutral probability of an increase in the stock price for binomial model in order to achieve arbitrary free pricing and is deduced by the following formula:*

$$p = \frac{e^{(r-\delta)t} - d}{u - d}$$

where:
p is risk-neutral probability
e is exponential function
r is risk free rate
δ is dividend yield
t is period of a time step in terms of year
u is share price rise for each up-movement
d is share price slip for each down-movement

5 *Probability of each down-movement represents the risk neutral probability of a decrease in the stock price for binomial model. Due to the assumption of binomial model that the stock price goes either upward or downward, the sum of both probabilities are equal to 100%, i.e.*

probability of each down-movement = 1 – probability of each down-movement

6 *Share price rise for each up-movement is based on the Cox-Ross-Rubinstein binomial model as follows:*

7 *Share price rise for each down-movement is based on the Cox-Ross-Rubinstein binomial model as follows:*

$$d = e^{-\sigma\sqrt{t}}$$

LIMITING CONDITIONS AND ASSUMPTIONS

During the course of our valuation, we have reviewed the financial information, management representations and other pertinent data concerning the Company and the New Warrants made available to us. We have assumed the accuracy of, and have relied on the information and management representations provided in arriving at our opinion of value.

We shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation and with reference to the project described herein unless prior arrangements have been made.

No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond that customarily employed by valuers.

Our conclusions assume continuation of prudent management policies over whatever period of time considered necessary in order to maintain the character and integrity of the assets valued. We assume that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect their market value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

No allowance has been made in our valuation for any charges, debts or amounts owing on the assets valued nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the assets valued are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our prior written approval. This report is confidential to the client for the specific purpose to which it refers. In accordance with our standard practice, we must state that this report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

OPINION ON FAIR VALUE

Based on the results of our investigations and analyses outlined in this report, we are of the opinion that fair value of each of the New Warrants as at the Valuation Date, free from any encumbrances, is **HK$0.2795**.

We have not investigated the title to or any liabilities against the New Warrants.

We hereby certify that we have neither present nor prospective interest in the New Warrants or the value reported.

Yours faithfully,
For and on behalf of
Asset Appraisal Limited

Tse Wai Leung
CFA
Director

The following is the text of a report prepared for the purpose of incorporation in this circular received from Akron Corporate Finance Limited, an independent adviser, in connection with the valuation report on the New Warrants produced by Asset Appraisal Limited.

21 September 2015

Mascotte Holdings Ltd.
Unit 1, 9th Floor
Island Place Tower
510 King's Road
North Point, Hong Kong

Attention: The Board of Directors

Dear Sirs,

We refer to the valuation report dated 21 September 2015 setting out an independent valuation of the fair value of the New Warrants to be granted by the Company (the "**Valuation Report**") prepared by Asset Appraisal Limited ("**AAL**"). The Valuation Report has been included in circular of the Company dated as of the date of this letter (the "**Circular**").

This letter constitutes our report under Rule 11.1(b) of the Takeovers Code for which the Valuation Report is to be reported on by the financial adviser.

Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We have reviewed the Valuation Report and discussed with the management of the Group, AAL and Mr. Tse Wai Leung from AAL ("**Mr. Tse**") regarding the Valuation Report, including the qualifications, bases and assumptions set out therein. With regard to the qualification and experience of AAL and Mr. Tse, we have conducted reasonable check to assess the relevant qualification, experience and expertise of AAL and Mr. Tse, including reviewing the supporting documents on the qualifications of AAL and Mr. Tse and discussed with AAL and Mr. Tse on their qualifications and experience.

In arriving at our views, we have relied on information and materials supplied to us by the Group, AAL and Mr. Tse, and the opinions expressed by, and the representations of, the employees and/or the management of the Group and AAL, which we have assumed to be true, accurate, complete and not misleading and remain so as of the date hereof, and that no material fact or information has been omitted therefrom. Circumstances could have developed or could develop in the future that, if known to us at the time of the issue of this letter, may alter our assessment and review.

Our work does not constitute any valuation of the New Warrants to be granted by the Company. We are acting only as the financial adviser to the Company for the sole purpose of compliance with Rule 11.1(b) of the Takeovers Code and for no other purpose. We and our respective director and affiliates will not, whether jointly or severally, be responsible to anyone other than the Company for providing advice in connection with the foregoing, nor will we, our respective director and affiliates, whether jointly or severally, owe any responsibility to anyone other than the Company.

Nothing in this letter should be construed as an opinion or recommendation to any person as to how to vote on the Subscription proposal and the transactions contemplated thereunder. Shareholders of the Company are recommended to read all information as set out in the Circular.

On the basis of the foregoing, we are of the opinion that the bases and assumptions set out in the Valuation Report, for which the directors of the Company are solely responsible, have been made by AAL after due care, consideration and objectivity, and on a reasonable basis. We are also satisfied that AAL and Mr. Tse have the qualifications and experience to prepare the Valuation Report.

Yours faithfully,
For and on behalf of
Akron Corporate Finance Limited

Ross Cheung
Managing Director

The biographical details of the candidates proposed to be appointed as Directors at the SGM are provided by the Subscribers and set out as follows:

EXECUTIVE DIRECTORS

Mr. Peng Jianjun, aged 45, has over 20 years of experience in management of large enterprises. Mr. Peng has been serving Evergrande Real Estate Group Limited and its subsidiaries ("**Evergrande Group**") since 2007 and has served as a vice president of Evergrande Group and the general manager of the Evergrande hotel group and the chairman of the board of directors of the Evergrande grain and oil group.

Mr. Peng graduated from Jinan University with a PhD degree in management, master's degree in business administration and obtained a bachelor's degree in economics from Xiangtan University. Mr. Peng is also a senior economist, an adjunct professor at Jinan University, a doctoral tutor at the City University of Macau and the executive president of the Guangdong Hotel Industry Association. He has published books such as "Managing Customers' Complaints" (《顧客抱怨管理》).

Mr. Liu Yongzhuo, aged 35, has over 13 years of experience in human resource management, investment and operation of real estate projects and management and operation of multi-industry companies. Mr. Liu has been serving Evergrande Group since 2003 and has served as the chairman of the board of directors of Evergrande culture industry group and the Evergrande spring water group. He is now serving as a vice president of Evergrande Group and the chairman of the board of directors of Guangzhou Evergrande Taobao Football Club.

Mr. Liu graduated from East China Normal University and Wuhan University of Technology and obtained a bachelor's degree in business management and a master's degree in engineering.

Mr. Huang Xiangui, Andrew, aged 44, has over 18 years of experience in marketing, human resource management and operation, management of foreign-funded enterprises, capital market and investors relation management. Mr. Huang has been serving Evergrande Group since 2004 and now serves as an executive director of Evergrande Real Estate Group Limited (Stock Code: 3333), the assistant to president and the general manager of the Hong Kong office. Evergrande Real Estate Group Limited is a company listed on the Stock Exchange.

Mr. Huang graduated from Harbin Engineering University and University of Stirling in the United Kingdom and obtained a bachelor's degree in chemical engineering and a master of science degree in banking and finance.

Mr. Zhuo Yueqiang, aged 40, has over 9 years of experience in management in the mobile internet business. Mr. Zhuo has been serving Tencent since 2004 and has served as the manager of South China area of the mobile internet group and the general manager of the business operations department of the mobile internet group of Tencent. Since 2015, Mr. Zhuo has been serving as the manager and the primary person in charge of the business co-operation department of the Weixin group of Tencent.

Mr. Zhuo graduated from the Beijing Institute of Technology and obtained a bachelor's degree in communications engineering.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Shing Yim, David, aged 52, has over 22 years of experience in initial public offerings, restructuring of PRC enterprises and cross-border and domestic takeovers. Mr. Chau is currently an independent non-executive director of Evergrande Real Estate Group Limited (Stock Code: 3333), Evergrande Health Industry Group Limited (Stock Code: 708), Up Energy Development Group Limited (Stock Code: 307), Lee & Man Paper Manufacturing Limited (Stock Code: 2314), Man Wah Holdings Limited (Stock code: 1999), Richly Field China Development Limited (Stock code: 313), and Varitronix International Limited (Stock Code: 710). Mr. Chau was also an independent non-executive director of China Solar Energy Holdings Limited (Stock Code: 155). The shares of all the aforementioned companies are listed on the Stock Exchange.

Mr. Chau was formerly a partner of one of the big four accounting firm in Hong Kong, heading the merger and acquisition and corporate advisory services department. He is a member of the Hong Kong Securities Institute, the Institute of Chartered Accountants of England and Wales ("**ICAEW**"), holding the Corporate Finance Qualification granted by ICAEW and by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Mr. Chau was an ex-committee member of the Disciplinary Panel of HKICPA.

Mr. Nie Zhixin, aged 53, is the standing vice president of the Henan Chamber of Commerce in the Guangdong province, vice president of the Tianhe Road Chamber of Commerce in Guangzhou, vice president of the Chain-operations Management Association in Guangzhou and general manager of Gladith Fashion Co., Ltd. in Guangzhou. In 1990, Mr. Nie established the "GLADITH•葛來娣" fashion brand in Guangzhou which has now become one of the well known women's fashion brands in the PRC.

Mr. Chen Haiquan, aged 45, is a doctorate holder from the Chuo University, Japan, a professor at the Jinan University. He also serves as the representative of the Guangdong Institute of Asia-pacific E-commerce, dean of the Guangdong Research Institute of Modern Logistics, vice president and secretary-general of the Association of Logistics and Supply Chain in the Guangdong province and vice president of the Association of Business and Economics in the Guangdong province. Mr. Chen also serves as an independent director of Guangzhou Friendship Group Co., Ltd. (listed on the Shenzhen Main Board with Stock Code: 00987).

Mr. Chen graduated from the graduate school of Daito Bunka University, Japan and the graduate school of Chuo University, Japan and obtained a master's degree in economics and a doctorate in comprehensive policy, respectively.

As at the Latest Practicable Date, none of the candidates has entered into a service contract with the Company. Each of the candidates will enter into a service contract with the Company, for a term of three years. The remuneration (which may include Director's fee, additional service compensation and discretionary bonus) of each of the candidates will be determined by the Board with reference to the prevailing market conditions and the prospective roles and responsibilities of such candidate in the Company. Each of the candidates will be subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company.

Save as disclosed above, as at the Latest Practicable Date, each of the candidates:

(a) has not held any other directorships in any other listed public companies in the last three years and does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company;

(b) does not have any interests in shares of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

(c) does not hold any other position in the Company or any of its subsidiaries; and

(d) has no other information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, nor is there any matter that needs to be brought to the attention of the Shareholders of the Company in relation to his appointment as a Director.

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 is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

This circular includes particulars given in compliance with the Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions 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 herein or this circular misleading.

2. SHARE CAPITAL

a. Share Capital

The authorized and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) assuming (a) none of the exercise rights attaching to the Existing Warrants are exercised before Completion; (b) the Capital Reorganization and the Completion have taken place; and (c) immediately following the exercise in full of the exercise rights attaching to the Existing Warrants and the New Warrants; and (iii) following the scenario (ii), assuming the Share Consolidation has become effective, was/will be as follows:

i. as at the Latest Practicable Date:

Authorised		*HK$*
200,000,000,000	Shares of HK$0.01 each	2,000,000,000.00
Issued and fully paid		
36,740,094,282	Shares of HK$0.01 each	367,400,942.82

ii. assuming (a) none of the exercise rights attaching to the Existing Warrants is exercised before Completion; (b) the Capital Reorganization and the Completion have taken place; and (c) immediately following the exercise in full of the exercise rights attaching to the Existing Warrants and the New Warrants:

Authorised		*HK$*
2,000,000,000,000	Shares of HK$0.001 each	2,000,000,000.00
Issued and fully paid		
36,740,094,282	Shares of HK$0.001 each	36,740,094.28
110,220,282,846	Subscription Shares to be allotted and issued pursuant to the Subscription Agreement	110,220,282.85
17,127,007,760	New Shares and New Warrant Shares to be issued upon full exercise of the exercise rights attaching to the Existing Warrants and the New Warrants respectively	17,127,007.76
164,087,384,888	Total	164,087,384.89

iii. following scenario (ii) above, assuming the Share Consolidation has become effective:

Authorised		*HK$*
1,000,000,000,000	Consolidated Shares of HK$0.002 each	2,000,000,000.00
Issued and fully paid		
82,043,692,444	Consolidated Shares of HK$0.002 each	164,087,384.89

All the existing Shares in issue are listed on the Stock Exchange and rank *pari passu* in all respect with each other including rights to dividends, voting and return of capital.

When issued and fully paid, the Subscription Shares and the New Warrant Shares will rank *pari passu* in all respect with each other including rights to dividends, voting and return of capital. Holders of the fully-paid Subscription Shares or the New Warrant Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Subscription Shares or the New Warrant Shares in their fully-paid form.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respect with each other including rights to dividends, voting and return of capital.

Since 31 March 2015 (the date to which the latest published audited financial statements of the Company were made up) to the Latest Practicable Date, the Company had issued 5,471,172,677 Shares as fully paid. Save as disclosed, the Company has not issued nor agreed to issue any new Shares (other than under the Subscription Agreement).

b. Options, warrants and convertible securities

As at the Latest Practicable Date, save as the Existing Warrants with a face value of HK$428,175,194 under which 4,281,751,940 Shares are issuable upon full exercise, the Company did not have any derivatives, options, warrants and conversion rights or similar rights which are convertible or exchangeable into Shares.

3. MARKET PRICE

The table below shows the closing price per Share as quoted by the Stock Exchange (i) on the last day on which trading took place in each of the six calendar months during the period commencing six months preceding the Last Trading Day and ending on the Latest Practicable Date; (ii) 8 June 2015, being the Last Trading Day; and (iii) as at the Latest Practicable Date:

Date	Closing price per Share *HK$*
31 December 2014	0.1300
30 January 2015	0.1320
27 February 2015	0.1100
31 March 2015	0.1070
30 April 2015	0.2850
29 May 2015	0.2230
8 June 2015 (the Last Trading Day)	0.2850
30 June 2015 (note: trading suspended)	N/A
31 July 2015 (note: trading suspended)	N/A
31 August 2015	0.3100
Latest Practicable Date	0.3550

The highest and lowest closing prices per Share recorded on the Stock Exchange during the period between 23 December 2014 (being the date falling six months prior to 23 June 2015, the date of the Holding Announcement) and ending on the Latest Practicable Date (both dates inclusive) are HK$0.1060 on 5 March 2015 and 1 April 2015 respectively, and HK$0.5000 on 4 August 2015.

4. DISCLOSURE OF INTERESTS

a. Interest in the Company

i. Directors' interests in the Company

As at the Latest Practicable Date, the interests and short positions of the directors, proposed directors and chief executives 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 (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO including interest and short positions which were taken or deemed to have been taken under such provisions of the SFO; (ii) recorded in the register maintained by the Company pursuant to Section 352 of the SFO; (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as adopted by the Company or (iv) disclosed in this circular pursuant to the requirements of the Takeovers Code, were as follows:

Name of Director	Capacity	Number of Shares	Deemed interests in number of Shares	Total	Approximate % of issued share capital of the Company
Mr. Frank H. Miu	Beneficial Owner	872,000	174,400	1,046,000	0.00%
Dr. Kwong Kai Sing, Benny	Beneficial Owner	8,560,000	4,480,000	13,040,000	0.02%

Save as disclosed above, as at the Latest Practicable Date, none of the directors, proposed directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations which were required to be (i) 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 were taken or deemed to have been taken under such provisions of the SFO) or the Model Code adopted by the Company; (ii) entered in the register required to be kept under Section 352 of the SFO; or (iii) disclosed in this circular pursuant to the requirements of the Takeovers Code.

ii. Substantial shareholders' and other persons' interests in the shares and underlying shares of the Company

As at the Latest Practicable Date, other than the interests of the directors, proposed directors and chief executives of the Company as disclosed above, shareholders who had interests or short positions in the shares or underlying shares of the Company of 5% or more which need to be disclosed to the Company under part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

Name of shareholder	Capacity	Long Position/ Short Position	Number of Shares	Deemed interests in number of shares	Total	Approximate% of issued share capital of the Company
Evergrande Real Estate Group Limited	Beneficial Owner	Long Position	–	90,248,061,688	90,248,061,688	245.64%
Tencent Holdings Limited *(Note 1)*	Interest of a controlled corporation	Long Position	–	32,817,476,978	32,817,476,978	89.32%
Mount Yandang Investment Limited *(Note 1)*	Beneficial Owner	Long Position	–	32,817,476,978	32,817,476,978	89.32%
Ms. Mak Siu Hang Viola	Interest of a controlled corporation	Long Position	4,375,000,000	–	4,375,000,000	11.91%
VMS Investment Group Limited *(Note 2)*	Beneficial owner	Long Position	4,375,000,000	–	4,375,000,000	11.91%
HEC Capital Limited	Interest of a controlled corporation	Long Position	4,334,680,426	7	4,334,680,433	11.80%
Murtsa Capital Management Limited *(Note 3)*	Beneficial owner	Long Position	4,334,680,422	–	4,334,680,422	11.80%
HEC Securities Limited *(Note 3)*	Beneficial owner	Long Position	4	7	11	0.000%
Mr. Ou Yaping	Interest of a controlled corporation	Long Position	2,556,220,000	200,000,000	2,756,220,000	7.50%
Kenson Investment Limited *(Note 4)*	Beneficial owner	Long Position	2,556,220,000	200,000,000	2,756,220,000	7.50%

Name of shareholder	Capacity	Long Position/ Short Position	Number of Shares	Deemed interests in number of shares	Total	Approximate% of issued share capital of the Company
Freeman Financial Corporation Limited	Interest of a controlled corporation	Long Position	2,358,656,694	–	2,358,656,694	6.42%
Smart Jump Corporation *(Note 5)*	Beneficial owner	Long Position	2,358,656,694	–	2,358,656,694	6.42%

Notes:

1. Mount Yandang is a wholly-owned subsidiary of Tencent. As of 30 July 2015, Naspers Limited held 33.52% of the issued share capital of Tencent.

2. VMS Investment Group Limited is indirect wholly-owned by Ms Mak Siu Hang Viola.

3. Murtsa Capital Management Limited and HEC Securities Limited are an indirect wholly-owned subsidiaries of HEC Capital Limited. Freewill Holdings Limited directly holds approximately 25.6%, and indirectly holds approximately 7.38%, of HEC Capital Limited. Freewill Holdings Limited is beneficially owned as to approximately 32.44% by Freeman Financial Corporation Limited, approximately 21.57% by HEC Development Limited, approximately 21.33% by Mason Financial Holdings Limited, approximately 14.88% by Skyway Securities Group Limited (formerly known as Mission Capital Holdings Limited), approximately 7.07% by Enerchina Holdings Limited and approximately 2.71% by China Optoelectronics Holding Group Co., Limited. Freeman Financial Corporation Limited, Mason Financial Holdings Limited, Skyway Securities Group Limited, Enerchina Holdings Limited and China Optoelectronics Holding Group Co., Limited are companies listed on the Main Board of the Stock Exchange.

4. Kenson Investment Limited is indirect wholly-owned by Enerchina Holdings Limited, a company listed on the Main Board of the Stock Exchange. Enerchina Holdings Limited is held as to 36.40% by Mr. Ou Yaping.

5. Smart Jump Corporation is an indirect wholly-owned subsidiary of Freeman Financial Corporation Limited, a company listed on the Main Board of the Stock Exchange.

Saved as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than the directors and chief executives of the Company) who had interests or short position in the shares and underlying shares of the Company which fell to be disclosed to the Company under 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.

iii. The Subscribers and parties acting in concert with them

The Subscribers have informed the Company that, save for the entering into of the Subscription Agreement, the Subscribers and parties acting in concert with them have not dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period. The Subscribers have informed the Company that, as at the Latest Practicable Date, the Subscribers and parties acting in concert with any of them did not own or control any Shares or other securities of the Company.

iv. Others

As at the Latest Practicable Date:

i. None of the subsidiaries of the Company, nor any pension funds of the Company or of any of its subsidiaries, nor the Independent Financial Adviser nor any other advisers to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code owned or controlled any Shares, convertible securities, warranties, options or derivatives of the Company.

ii. No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of clauses (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and with the Subscribers or any party acting in concert with it.

iii. No shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company.

b. Dealing in securities

i. Directors

None of the Directors or parties acting in concert with any of them had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period. As at the Latest Practicable Date, save as disclosed in the section headed "Disclosure of Interests – (a) Interest in the Company – i. Directors' interests in the Company" in this Appendix III, none of the Directors was interested in any Shares, convertible securities, warrants, options or derivatives of the Shares. Mr. Frank H. Miu (who held 872,000 Shares, representing approximately 0.002% of the Company's total issued share capital as at the Latest Practicable Date) intends to vote in favour of the resolutions approving the Subscription and the transactions contemplated thereunder and the Whitewash Waiver at the SGM. As Dr. Kwong Kai Sing, Benny is one of the guarantors of the Company's obligations under the Subscription Agreement, Dr. Kwong Kai Sing, Benny (who held 8,560,000 Shares, representing approximately 0.02% of the Company's total issued share capital as at the Latest Practicable Date). will abstain from voting at the SGM on the resolutions related to the Subscription and the Whitewash Waiver.

ii. Others

During the Relevant Period:

i. None of the subsidiaries of the Company, nor any pension fund of the Company or any of its subsidiaries, nor the Independent Financial Adviser nor any other advisers to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code had dealt for value in any existing Shares, convertible securities, warrants, options or derivatives of the Company.

ii. During the Relevant Period, no fund managers who managed funds on a discretionary basis connected with the Company had dealt for value in any Shares, convertible securities, warrants, options and derivatives of the Company.

iii. During the Relevant Period, none of the Company or the Directors has borrowed or lent any existing Shares.

iv. None of the directors of the Subscribers were interested in any Shares, convertible securities, options, warrants or derivatives of the Shares nor had any such directors dealt for value in any Shares, convertible securities, options, warrants or derivatives of the Shares during the Relevant Period.

c. Interests and dealings in the Subscribers

None of the Directors or the Company had any interest in the shares, convertible securities, options, warrants or derivatives of any of the Subscribers and none of them had dealt for value in any shares, convertible securities, options, warrants or derivatives of any of the Subscribers during the Relevant Period.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had entered into any service contracts with the Company or any member of the Group or any associated company of the Company which (a) (including continuous and fixed term contracts) have been entered into or amended within six months before the date of the Holding Announcement; (b) are continuous contracts with a notice period of 12 months or more; (c) are fixed term contracts with more than 12 months to run irrespective of the notice period; or (d) are not determinable by any member of the Group within one year without payment of compensation (other than statutory compensation).

6. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

a. none of the Directors or proposed Directors had any direct or indirect interest in any assets which have, since 31 March 2015, being the date of the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to any member of the Group;

b. none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement is subsisting as at the date of this circular and which is significant in relation to the business of the Group as a whole; and

c. there were no material contracts entered into by any of the Subscribers in which any Director had a material personal interest.

7. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors, proposed Directors or their respective close associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

8. LITIGATION

As at the Latest Practicable Date, the Company (as plaintiff) was involved in a litigation (the "**Claim**") against Deutsche Bank Aktiengesellschate (the "**Defendant**") in the High Court of Hong Kong (Action no. HCA 1767 of 2013) claiming for damages in the region of HK$127 million. The Company alleged that the Defendant made oral misrepresentations causing the Company to lend money to a third party and suffered loss as a result of the third party's non-payment. After the filing of the writ of summons, defence and reply to defence, the Defendant took out a summons (the "**Summons**") for striking out the Claim on 23 December 2014. The substantive hearing of the Summons was fixed to be heard on 29 October 2015. The Court ordered the case to be stayed until the determination of the Summons. The Company attempted to take out an application or appealing the decision of staying the case but was rejected by the Court. The Company had instructed counsel to appear at the hearing of the Summons on 29 October 2015.

Save as disclosed above, as at the Latest Practicable Date and so far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. MATERIAL CONTRACTS

The following contracts, not being contracts entered in the ordinary course of business of the Group, have been entered into by the members of the Group within two years preceding the date of the Holding Announcement and the date of this circular and which are, or may be, material:

a. an agreement dated 8 November 2013 entered into between the Company and Freeman Securities Limited in relation to the placing of 1,250,000,000 new Shares on a fully underwritten basis, to not less than six independent placees, at a price of HK$0.085 per placing share. Further details are contained in the Company's announcement dated 11 November 2013;

b. a deed of amendment dated 11 November 2013 entered into among the Company, Murtsa Capital Management Limited, Quinella International Incorporated, and various individual bondholders in relation to the amendment of certain terms and conditions of the consideration bonds of HK$1,750 million issued by the Company on 4 January 2012 (the "**Consideration Bonds**"), which in substance, constituted a conversion of the existing Consideration Bonds into 7.5% unsecured convertible bonds in the aggregate principal amount of HK$1,750 million due 2014 (the "**Convertible Bonds II**"). Further details are contained in the Company's announcement dated 11 November 2013;

c. a letter of intent dated 4 June 2014 entered into among Sun Mass Corporation and Sun Mass Funding Corporation, the then wholly-owned subsidiaries of the Company, with Mr. Zhao Zhong Fan (趙 中 凡), in relation to the disposal of the entire share capital of Sun Mass Energy Limited. Further details are contained in the Company's announcement dated 6 June 2014;

d. a deed of amendment dated 16 June 2014 entered into among the Company, Nexus Emerging Opportunities Fund SPC, and VMS Investment Group Limited in relation to the amendment of the terms and conditions of the 5% unsecured convertible bond(s) in the aggregate principal amount of HK$1,450 million due 2014 issued by the Company on 14 July 2011 (the "**Convertible Bonds I**"), including the amendment of the interest payment dates and the maturity date of the Convertible Bonds I (from 14 July 2014 to 31 December 2015). Further information is contained in the Company's announcement dated 16 June 2014;

e. a deed of amendment dated 16 June 2014 entered into among the Company, Murtsa Capital Management Limited, Quinella International Incorporated, and various individual bondholders in relation to the amendment of the terms and conditions of the Convertible Bonds II, including the amendment of the interest payment dates, the maturity date (from 31 December 2014 to 31 December 2015), and the interest rate (from 7.5% per annum to 5% per annum) of Convertible Bonds II. Further information is contained in the Company's announcement dated 16 June 2014;

f. a sale and purchase shares agreement dated 16 June 2014 entered into among Sun Mass Corporation and Sun Mass Funding Corporation with Mr. Zhao Zhong Fan (趙中凡) in relation to the disposal of the entire issued share capital of Sun Mass Energy Limited. Further information is contained in the Company's announcement dated 16 June 2014;

g. a placing agreement dated 11 September 2014 entered into between the Company and Enerchine Securities Limited, pursuant to which the Company had conditionally agreed to place, through Enerchine Securities Limited on a best effort basis, a maximum of 847,015,679 new Shares at a price of HK$0.09 per new Share. Further information is contained in the Company's announcement dated 11 September 2014;

h. an instrument dated 24 February 2015 relating to the issuance of the Existing Warrants, which conferred rights on certain Shareholders to subscribe up to HK$537,864,103.70 for an aggregate of up to 5,378,641,037 Shares, exercisable from 24 February 2015 to 23 February 2017. Further information is contained in the Company's announcement dated 24 December 2014;

i. a deed of surrender dated 22 May 2015 entered into between the Company and Au Yeung Kai Wah relating to the surrender of 220,000,000 share options granted to Au Yeung Kai Wah under the share option scheme adopted by the Company on 31 October 2013;

j. a deed of surrender dated 22 May 2015 entered into between the Company and Chow Chi Wah, Vincent relating to the surrender of 312,000,000 share options granted to Chow Chi Wah, Vincent under the share option scheme adopted by the Company on 31 October 2013;

k. a deed of surrender dated 22 May 2015 entered into between the Company and Chow Kam Wah relating to the surrender of 223,507,839 share options granted to Chow Kam Wah under the share option scheme adopted by the Company on 31 October 2013;

l. a deed of surrender dated 22 May 2015 entered into between the Company and Chui Kark Ming relating to the surrender of 312,000,000 share options granted to Chui Kark Ming under the share option scheme adopted by the Company on 31 October 2013;

m. a deed of surrender dated 22 May 2015 entered into between the Company and Chung Yuk Lun relating to the surrender of 312,000,000 share options granted to Chung Yuk Lun under the share option scheme adopted by the Company on 31 October 2013;

n. a deed of surrender dated 22 May 2015 entered into between the Company and He Qian Yi relating to the surrender of 312,000,000 share options granted to He Qian Yi under the share option scheme adopted by the Company on 31 October 2013;

o. a deed of surrender dated 22 May 2015 entered into between the Company and Ip Cheuk Ho relating to the surrender of 220,000,000 share options granted to Ip Cheuk Ho under the share option scheme adopted by the Company on 31 October 2013;

p. a deed of surrender dated 22 May 2015 entered into between the Company and Lam Tang relating to the surrender of 312,000,000 share options granted to Lam Tang under the share option scheme adopted by the Company on 31 October 2013;

q. the MOU;

r. the Subscription Agreement;

s. a letter of intent dated 9 July 2015 entered into between the Purchaser and Guangdong Anjubao in connection with a possible purchase of a carpark intelligence navigation system from Guangdong Aujubao for an estimated cash consideration of approximately HK$77 million (or approximately RMB60.4 million);

t a letter of intent dated 9 July 2015 entered into between the Purchaser and Zhuhai Bilinke E-Commerce Co., Ltd.* (珠海比鄰客電子商務有限公司), an independent third party, in connection with a possible purchase of software for the development and implementation of the ICS Online Platform, for an estimated cash consideration of approximately HK$3 million (or approximately RMB2.0 million);

u. a letter of intent dated 9 July 2015 entered into between the Purchaser and an independent third party, namely Hetian Investment Group Co., Ltd.* (禾田投資集團有限公司), in connection with a possible purchase of certain units in a science technology park for the purpose of setting up a cloud computing center, for an estimated purchase price of approximately HK$70 million (or approximately RMB55.4 million);

v. a letter of intent dated 9 July 2015 entered into between the Purchaser and an independent third party, namely Guangdong Planning and Designing Institute of Telecommunications Co., Ltd.* (廣東省電信規劃設計院有限公司), in connection with the design and installation of a cloud computing center of the Group, for an estimated cash consideration of approximately HK$38 million (or approximately RMB30.0 million);

w. a letter of intent dated 9 July 2015 entered into between the Purchaser and an independent third party, namely Guangdong Jinnaohui Information Technology Co., Ltd.* (廣東金腦惠信息科技有限公司), in connection with a possible purchase of certain computer equipment for the cloud computing center to be set up by the Group, with an estimated purchase price of approximately HK$7 million (or approximately RMB5.8 million);

x. the Carpark Management Systems Agreement;

y. the HP Server Systems Agreement;

z. the NetApp Storage Systems Agreement;

aa. the Data Backup Systems Agreement; and

bb. the Network Systems Agreement.

10. EXPERT'S QUALIFICATIONS AND CONSENT

The following are the qualifications of the expert who has given its opinions and advice which are included in this circular:

Name	Qualification
Vinco Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with regard to the Subscription and the Whitewash Waiver to be considered and approved at the SGM
Asset Appraisal Limited	independent qualified valuer of the New Warrants
Akron Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and appointed by the Company to report on the valuation report of the New Warrants produced by Asset Appraisal Limited in accordance with Rule 11.1(b) of the Takeovers Code

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or opinion (as the case may be) and all references to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group nor did it 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 nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited consolidated financial statements of the Group were made up (that is, 31 March 2015), acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

11. CORPORATE AND OTHER INFORMATION

a. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

b. The head office and principal place of business of the Company in Hong Kong is located at 1st Floor, Po Chai Industrial Building, 28 Wong Chuk Hang Road, Aberdeen, Hong Kong.

c. The company secretary of the Company is Mr. Chung Yuk Lun. Mr. Chung Yuk Lun is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and Associate Chartered Accountant (England and Wales).

d. The Company's branch share registrar and transfer office in Hong Kong is Tricor Secretaries Limited, whose address is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

e. The auditor of the Company, Deloitte Touche Tohmatsu, as Certified Public Accountants, is located at 35/F, One Pacific Place, 88 Queensway, Hong Kong.

f. The registered office of Vinco Capital is at Units 4909-4910, 49/F, The Center, 99 Queen's Road Central, Hong Kong.

g. The registered office of the valuer of the New Warrants, Asset Appraisal Limited, is at Room 901, 9/F., On Hong Commercial Building, 145 Hennessy Road, Wanchai, Hong Kong.

h. The registered office of the financial adviser appointed to report on the valuation report of the New Warrants produced by Asset Appraisal Limited, Akron Corporate Finance Limited, is at Room 3808, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

i. As at the Latest Practicable Date, the Board was composed of three executive Directors, who are Mr. Chung Yuk Lun (Chairman), Dr. Kwong Kai Sing, Benny (Managing Director) and Mr. Chow Chi Wah, Vincent and four independent non-executive Directors who are Mr. Frank H. Miu, Mr. Robert James Iaia II, Mr. Hung Cho Sing and Mr. Chung Kong Fei, Stephen.

j. As at the Latest Practicable Date, the board of directors of Evergrande was composed of six executive directors who are Mr. Hui Ka Yan, Mr. Xia Haijun, Ms. He Miaoling, Mr. Tse Wai Wah, Mr. Xu Wen and Mr. Huang Xiangui and three independent non-executive directors who are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.

k. The registered office of Evergrande is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

l. As at the Latest Practicable Date, the directors of Mount Yandang were Ma Huateng and Charles St Leger Searle.

m. The registered office of Mount Yandang is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

n. As at the Latest Practicable Date, the board of directors of Tencent was composed of two executive directors who are Ma Huateng and Lau Chi Ping Martin, two non-executive directors who are Jacobus Petrus (Koos) Bekker and Charles St Leger Searle and three independent non-executive directors who are Li Dong Sheng, Iain Ferguson Bruce and Ian Charles Stone.

o. The financial adviser of Evergrande in respect of the Subscription, namely, Somerley Capital Limited, is a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, whose registered office is at 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.

p. As at the Latest Practicable Date, none of the Independent Shareholders had irrevocably committed themselves to vote for or against the Subscription and/or the Whitewash Waiver.

q. As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between any of the Subscribers or any person acting in concert with any of the Subscribers and any of the Directors, recent Directors, Shareholders and recent Shareholders having any connection with or dependence upon the outcome of the Subscription and/or the Whitewash Waiver.

r. There are no benefits to be given to any Directors as compensation for loss of office or otherwise in connection with the Subscription and/or the Whitewash Waiver.

s. As at the Latest Practicable Date, there was no agreement or arrangement between any Directors and any other person which is conditional on or dependent upon the outcome of the Subscription and/or the Whitewash Waiver or otherwise connected therewith.

t. The Subscribers, the Directors and the Company and any parties acting in concert with any of them have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

u. None of the Directors has any interest, direct or indirect, in any assets which had been, since 31 March 2015, being the date of the latest published audited consolidated financial statements of the Company 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 by or leased to any member of the Group.

v. As at the Latest Practicable Date, the Subscribers and parties acting in concert with any of them did not hold any Shares or other securities in the Company and accordingly were not entitled to vote on any of the resolutions to be proposed at the SGM.

w. There is no agreement, arrangement or understanding to transfer, charge or pledge any voting rights over the Subscription Shares or the New Warrant Shares.

x. The English text of this circular shall prevail over the Chinese text in case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the principal place of business of the Company in Hong Kong at 1st Floor, Po Chai Industrial Building, 28 Wong Chuk Hang Road, Aberdeen, Hong Kong from the date of this circular up to and including the date of the SGM:

a. this circular;

b. the memorandum of association and bye-laws of the Company;

c. the memorandum and articles of association of Evergrande;

d. the memorandum and articles of association of Mount Yandang;

e. the annual reports of the Company for the year ended 31 March 2013, 2014 and 2015;

f. the material contracts as referred to in the section headed "Material Contracts" in this appendix;

g. the letter from the Board, the text of which is set out on pages 10 to 66 of this circular;

h. the letter from the Independent Board Committee, the texts of which are set out on page 67 to 68 of this circular;

i. the letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders, the texts of which are set out on pages 69 to 102 of this circular;

j. the valuation report on the New Warrants produced by Asset Appraisal Limited;

k. letter to report on the valuation report referred to in (j) above in accordance with Rule 11.1(b) of the Takeovers Code from Akron Corporate Finance Limited;

l. the written consent referred to in the section headed "Expert's Qualifications and Consent" in this Appendix IV or required under paragraph 1(d) of Notes to Rule 8 of the Takeovers Code.

The above documents (except this circular) will be uploaded to the website of the SFC at www.sfc.hk and the Company's website at http://www.irasia.com/listco/hk/mascotte/index.htm from the date of this circular up to (and including) the date of the SGM in accordance with Notes 1 and 2 to rule 8 of the Takeovers Code.

MASCOTTE HOLDINGS LIMITED
馬斯葛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 136)

(Stock Code of Warrants: 1493)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of Mascotte Holdings Limited (the "**Company**") will be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 15 October 2015 at 9:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions:

SPECIAL RESOLUTIONS

Words and expressions that are not expressly defined in this notice shall bear the same meaning as those defined in the circular dated 21 September 2015 issued by the Company (the "**Circular**").

1. "**THAT** subject to and conditional upon: (i) the passing of ordinary resolution numbered 3 below; (ii) the compliance by the Company with the relevant legal procedures and requirements under the Companies Act 1981 of Bermuda (as amended) (the "**Act**") and the bye-laws of the Company to effect the Capital Reorganization (as defined below), the Share Consolidation (as defined below) and the Capital Reduction (as defined below); and (iii) The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Adjusted Shares (as defined below) arising from the Capital Reorganization (as defined below) and the Consolidated Shares (as defined below) arising from the Share Consolidation (as defined below):

   (a) with effect from the first business day immediately following the date on which this resolution is passed: (i) the par value of each of the then issued existing shares of HK$0.01 of the Company (the "**Existing Shares**") be and is hereby reduced from HK$0.01 each to HK$0.001 each (the "**Adjusted Shares**") by cancelling the capital paid up thereon to the extent of HK$0.009 on each of the then issued Existing Shares (the "**Par Value Capital Reduction**"); and (ii) each of the then authorised but unissued Existing Shares of HK$0.01 each (which shall include the authorised but unissued share capital arising from the Par Value Capital Reduction) be and is hereby sub-divided into ten (10) Adjusted Shares of HK$0.001 each (the "**Share Subdivision**", together with the Par Value Capital Reduction, the "**Capital Reorganization**");

* *For identification purpose only*

(b) subject to the Capital Reorganization and the Completion have become effective and with effect from the first business day immediately following the date of Completion: (i) every two (2) issued and unissued Adjusted Shares of HK$0.001 each in the then share capital of the Company be consolidated (the "**Share Consolidation**") into one (1) share of HK$0.002 each (the "**Consolidated Shares**"); and (ii) where applicable, the total number of Consolidated Shares in the then 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 then issued share capital of the Company arising from the Share Consolidation (the "**Share Consolidation Capital Reduction**", together with the Par Value Capital Reduction, the "**Capital Reduction**");

(c) the credits arising from the Capital Reduction be transferred to the contributed surplus account of the Company within the meaning of the Act (the "**Contributed Surplus Account**") 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 in effect from time to time and all applicable laws including, without limitation, eliminating or setting off the accumulated losses of the Company which may arise from time to time and/or paying dividend and/or making any other distribution out of the Contributed Surplus Account from time to time without further authorisation from the shareholders of the Company and all such actions in relation thereto be approved, ratified and confirmed; and

(d) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Capital Reorganization, the Share Consolidation and the Capital Reduction and (where applicable) to aggregate all fractional Adjusted Shares and/or Consolidated Shares and sell them for the benefits of the Company."

2. "**THAT** subject to and conditional upon: (i) Completion; (ii) the enter of "HengTen Networks Group Limited" as the new English name and the enter of "恒騰網絡集團有限公司" as the new secondary name in Chinese of the Company on the register maintained by the Registrar of Companies in Bermuda; and (iii) the issue of a certificate of incorporation on change of name and a certificate of secondary name by the Registrar of Companies in Bermuda, the English name of the Company be and is hereby changed from "Mascotte Holdings Limited" to "HengTen Networks Group Limited" and a new secondary name in Chinese "恒騰網絡集團有限公司" be adopted as the new secondary name of the Company with effect from the date of registration as set out in the certificate of incorporation on change of name and the certificate of secondary name issued by the Registrar of Companies in Bermuda, and that the Directors be and are hereby authorized to do all such acts and things and to execute all documents (whether by hand, under seal or as a deed) as they consider necessary or expedient in connection with the implementation of or to give effect to the aforesaid change of the English name and adoption of the new secondary name in Chinese of the Company."

ORDINARY RESOLUTIONS

3. "**THAT** subject to and conditional upon the passing of resolution numbered 1 above,

   (a) the Subscription Agreement entered into by the Company, the Guarantors and each of the Subscribers, a copy of which has been produced to the SGM and marked "A" and initialed by the chairman of the SGM for the purpose of identification, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers agreed to subscribe for, at Completion, (i) such number of Subscription Shares representing 75.0% of the enlarged total issued share capital of the Company immediately after Completion at HK$0.0061 per Share; and (ii) the New Warrants at an aggregate nominal consideration of HK$2.00 with an initial exercise price equal to HK$0.0061 per New Warrant Share (subject to adjustments) and all transactions contemplated thereunder be hereby approved, confirmed and ratified;

   (b) the grant of the Specific Mandate to the Directors to exercise the powers of the Company to allot and issue the Subscription Shares at HK$0.0061 per Share be and is hereby approved, and such Subscription Shares (upon issue) shall rank pari passu in all respects with the then existing issued Shares;

   (c) the grant of the Specific Mandate to the Directors to issue (i) the New Warrants at an aggregate nominal consideration of HK$2.00, carrying rights to subscribe for such number of New Warrant Shares which would bring the shareholding of the Subscribers back to 75.0% assuming the Existing Warrants are fully exercised immediately following Completion, at the initial exercise price of HK$0.0061 per New Warrant Share (subject to adjustments) and shall be exercisable by the Subscribers at their discretion at any time during a period of five years commencing from the date of the issue of the New Warrants on terms and conditions set out in the New Warrant Instrument, a copy of which has been produced to the SGM and marked "B" and initialed by the chairman of the SGM for the purpose of identification; and (ii) the New Warrant Shares upon exercise of the rights attaching to the New Warrants, and such New Warrant Shares (upon issue) shall rank pari passu in all respects with the then existing issued Shares be and are hereby approved;

   (d) the Carpark Management Systems Agreement, a copy of which has been produced to the SGM and marked "C" and initialed by the chairman of the SGM for the purpose of identification, entered into between the Purchaser and Guangdong Anjubao in relation to the purchase of certain carpark management systems and all transactions contemplated thereunder be hereby approved, confirmed and ratified;

(e) the HP Server Systems Agreement, a copy of which has been produced to the SGM and marked "D" and initialed by the chairman of the SGM for the purpose of identification, entered into between the Purchaser and Guangzhou Kangkui in relation to the purchase of certain computer servers and all transactions contemplated thereunder be hereby approved, confirmed and ratified;

(f) the NetApp Storage Systems Agreement, a copy of which has been produced to the SGM and marked "E" and initialed by the chairman of the SGM for the purpose of identification, entered into between the Purchaser and Guangzhou Gengheima in relation to the purchase of certain network storage systems and components and all transactions contemplated thereunder be hereby approved, confirmed and ratified;

(g) the Data Backup Systems Agreement, a copy of which has been produced to the SGM and marked "F" and initialed by the chairman of the SGM for the purpose of identification, entered into between the Purchaser and Guangzhou Gengheima in relation to the purchase of certain network backup equipment and all transactions contemplated thereunder be hereby approved, confirmed and ratified;

(h) the Network Systems Agreement, a copy of which has been produced to the SGM and marked "G" and initialed by the chairman of the SGM for the purpose of identification, entered into between the Purchaser and Gaowei Telecommunication in relation to the purchase of certain network components and all transactions contemplated thereunder be hereby approved, confirmed and ratified; and

(i) any one Director be and is hereby authorized to do all such further acts and things and to sign and execute all such documents (whether by hand, under common seal or as a deed) and to take all such steps which in his opinion may be necessary, appropriate, desirable or expedient to implement and/or give effect to the Subscription Agreement, the Specific Mandate, the New Warrant Instrument, the Carpark Management Systems Agreement, the HP Server Systems Agreement, the NetApp Storage Systems Agreement, the Data Backup Systems Agreement, the Network Systems Agreement and the transactions contemplated thereunder.

4. "**THAT** subject to and conditional upon the passing of resolutions numbered 1 and 3 above, the Whitewash Waiver granted or to be granted by the Executive be and is hereby approved and any one Director be and is hereby authorized to do all such further acts and things to sign and execute all such documents and to take all such steps which in his opinion may be necessary, appropriate, desirable or expedient to implement and/or give effects to any matters relating to or incidental to the Whitewash Waiver.

5. "**THAT** subject to and conditional upon (i) Completion and (ii) compliance with the Takeovers Code, Mr. Peng Jianjun be appointed as an executive Director.

6. "**THAT** subject to and conditional upon (i) Completion and (ii) compliance with the Takeovers Code, Mr. Liu Yongzhuo be appointed as an executive Director.

7. "**THAT** subject to and conditional upon (i) Completion and (ii) compliance with the Takeovers Code, Mr. Huang Xiangui be appointed as an executive Director.

8. "**THAT** subject to and conditional upon (i) Completion and (ii) compliance with the Takeovers Code, Mr. Zhuo Yueqiang be appointed as an executive Director.

9. "**THAT** subject to and conditional upon (i) Completion and (ii) compliance with the Takeovers Code, Mr. Chau Shing Yim, David be appointed as an independent non-executive Director.

10. "**THAT** subject to and conditional upon (i) Completion and (ii) compliance with the Takeovers Code, Mr. Nie Zhixin be appointed as an independent non-executive Director.

11. "**THAT** subject to and conditional upon (i) Completion and (ii) compliance with the Takeovers Code, Mr. Chen Haiquan be appointed as an independent non-executive Director.

By order of the Board
MASCOTTE HOLDINGS LIMITED
Chung Yuk Lun
Chairman

Hong Kong, 21 September 2015

Notes:

(1) As the Capital Reorganization, the Share Consolidation, the Subscription Agreement, the New Warrant Instrument, the Specific Mandate in relation to the Subscription, the Purchase Agreements and the respective transactions contemplated thereunder are all transactions related to each other forming one significant proposal (i.e. these transactions must take effect altogether or not at all), resolutions numbered 1 and 3 are inter-conditional on each other.

(2) A member entitled to attend and vote at the Meeting is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and vote instead of him/her/it. A proxy need not be a member.

(3) A form of proxy for use at the Meeting is enclosed herewith.

(4) In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

(5) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.

(6) In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto. If more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

(7) For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from 13 October 2015 to 15 October 2015 (both days inclusive), during which period no transfer of Shares will be registered. In order for a shareholder of the Company to he eligible to attend and vote at the Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Tricor Secretaries Limited, at Level 22. Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 12 October 2015,

In order for holders of Existing Warrants to be eligible to attend and vote at the Meeting in the capacity as shareholder of the Company, all subscription forms accompanied by the relevant warrant certificate and remittance for the relevant subscription monies must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of the above address for subscription not later than 4:30 p.m. on 30 September 2015.

(8) As at the date hereof, the executive directors of the Company are Mr. Chung Yuk Lun, Dr. Kwong Kai Sing, Benny and Mr. Chow Chi Wah, Vincent. The independent non-executive directors of the Company are Mr. Frank H. Miu. Mr. Robert James Iaia II, Mr. Hung Cho Sing and Mr. Chung Kong Fei, Stephen.