
THE OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Offer Document, the accompanying Forms of Acceptance or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in KEE Holdings Company Limited (開易控股有限公司), you should at once hand this Offer Document with the accompanying Forms of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Offer Document and the accompanying Forms of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offer Document and the accompanying Forms of Acceptance.

This Offer Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers.

Glory Emperor Trading Limited 耀帝貿易有限公司

(Incorporated in the British Virgin Islands with limited liability)

**OFFER DOCUMENT RELATING TO
THE MANDATORY UNCONDITIONAL CASH OFFERS BY
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES
LIMITED
ON BEHALF OF
GLORY EMPEROR TRADING LIMITED
FOR ALL THE ISSUED SHARES IN
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
GLORY EMPEROR TRADING LIMITED
AND PARTIES ACTING IN CONCERT WITH IT) AND
TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
KEE HOLDINGS COMPANY LIMITED
(STOCK CODE: 2011)**

Financial Adviser to Glory Emperor Trading Limited



China International Capital Corporation Hong Kong Securities Limited

Capitalised terms used in this cover page have the same meanings as those defined in the section headed "Definitions" in this Offer Document.

A letter from CICC containing, among other things, details of the terms and conditions of the Offers is set out on pages 14 to 39 of this Offer Document.

The procedures for acceptance of the Offers and other related information are set out on pages I-1 to I-13 in Appendix I to this Offer Document and in the accompanying Forms of Acceptance. Acceptances of the Offers should be received by the Registrar (in the case of the share offer) or the Company Secretary (in the case of the Option Offer) by no later than 4:00 p.m. on Wednesday, 17 February, 2016 or such later time and/or date as the Offeror may decide and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Offer Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders and Optionholders" in the "Letter from CICC" of this Offer Document before taking any action. It is the responsibility of any persons who wish to accept the Offers to satisfy themselves as to the full observance of all applicable legal and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of all requisite governmental, exchange control or other consents and all registration or filing required in compliance with all necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes and duties payable by the accepting overseas Shareholders and/or overseas Optionholders in respect of such jurisdiction. Shareholders and Optionholders should consult their own respective professional adviser or legal adviser if in doubt.

20 January 2016

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be announced by the Offeror as and when appropriate.

2016

Despatch date of this Offer Document and the accompanying Forms of Acceptance and the commencement date of the Offers (<i>Note 1</i>)	Wednesday, 20 January
Latest date for the posting of the Response Document (<i>Note 2</i>)	Wednesday, 3 February
Latest time and date for acceptance of the Offers (<i>Notes 3</i>)	no later than 4:00 p.m. on Wednesday, 17 February
Closing Day (<i>Note 3</i>)	Wednesday, 17 February
Announcement of the results of the Offers, as at the Closing Day, on the website of the Stock Exchange (<i>Note 3</i>)	no later than 7:00 p.m. on Wednesday, 17 February
Latest date for posting of remittance for the amount due in respect of valid acceptances received under the Offers (<i>Note 4</i>)	Friday, 26 February

Notes:

1. The Offers, which are unconditional, are made on the date of posting of this Offer Document, and are capable of acceptance on and from that date until the Closing Day, or if the Offers are extended, any subsequent closing date of the Offers as extended and announced by the Offeror in accordance with the Takeovers Code.
2. In accordance with the Takeovers Code, the Company is required to post the Response Document to the Shareholders and Optionholders within 14 days from the posting of the Offer Document, unless the Executive consents to a later date and the Offeror agrees to extend the closing date by the number of days in respect of which the delay in the posting of the Response Document is agreed.
3. In accordance with the Takeovers Code, where the Response Document is posted after the date on which the Offer Document is posted, the Offers must remain open for acceptance for at least 28 days following the date on which the Offer Document is posted. The latest time for acceptance is at 4:00 p.m. on the Closing Day. The Offeror reserves its right, as permitted under the Takeovers Code, to revise or extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any revision or extension of the Offers, which will state the next closing date.
4. Remittances in respect of the cash consideration (after deducting the seller's *ad valorem* stamp duty, where applicable) payable for the Offer Shares and cash consideration for Share Options tendered under the Offers will be posted by ordinary post to the Independent Shareholders/the Optionholders accepting the Offers at their own risk as soon as possible, but in any event within 7 Business Days following the date of receipt by the Registrar (in respect of the Share Offer) or the Company Secretary (in respect of the Option Offer) from the Independent Shareholders and Optionholders, respectively, accepting the Offers of all documents to render the acceptance under the Offers complete and valid in accordance with the Takeovers Code.

Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed "Right of Withdrawal" in Appendix I to this Offer Document.

EXPECTED TIMETABLE

If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning in force in Hong Kong:

- (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
- (b) at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

All time and date references contained in this Offer Document and the Forms of Acceptance refer to Hong Kong time and dates.

DEFINITIONS

In this Offer Document, the following expressions have the meanings set out below unless the context otherwise requires:

“Account Bank”	a commercial bank licensed in Hong Kong with whom the bank accounts which are the subject of the Account Charge are opened and maintained, which is approved in writing by Keen Concept in its sole discretion
“Account Agreement”	any agreement between the Account Bank and Li Zhen governing the operation of the Accounts
“Accounts”	the general account and the Escrow Account held in the name of the Li Zhen stipulated in the Account Charge (including any account which is a successor to any Account on any re-numbering or re-designation of amounts and any account into which all or any part of a credit balance of any Account is transferred for administrative purpose)
“Account Charge”	the account charge dated 14 August 2015 entered into between Li Zhen and Keen Concept under which Li Zhen charged its two Accounts opened with the Account Bank in favor of Keen Concept
“Additional Rights”	in relation to the Share Charge, in relation to the any asset, (a) the proceeds of sale of that asset or any part of that asset; (b) any monies and proceeds paid or payable in relation to that asset; and (c) the benefit of all other rights, powers, claims, consents, contracts, warranties, security, guarantees, indemnities or covenants for title in respect of that asset, including the Dividends
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Amended and Restated Escrow Agreement”	the amended and restated agreement dated 24 September 2015 and entered into among Li Zhen, CICC, the Account Bank and Keen Concept pursuant to which the escrow agreement was amended and restated in its entirety
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors

DEFINITIONS

“Business Day(s)”	any day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Charged Account”	in relation to the Debenture: (a) all other current, savings, deposit or other accounts with any bank or financial institution in which the Offeror now or in the future has an interest and (to the extent of its interest) all balances now or in the future standing to the credit of those accounts, whether principal, interest or otherwise; (b) if there is a change of Account Bank, any account into which all or part of a credit balance from a Charged Account is transferred; and (c) any account which is a successor to a Charged Account on any re-numbering or re-designation of accounts and any account into which all or any part of a credit balance of a Charged Account is transferred for administrative purposes, except for the account(s) which have been charged by the Offeror under the Listco Share Charge, the Account Charge and any account to which monies are transferred as permitted under the terms of the Transaction Documents
“CICC”	China International Capital Corporation Hong Kong Securities Limited, a registered institution under the SFO, licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror in respect of the Offers
“COAMC”	中國東方資產管理公司 (China Orient Asset Management Corporation [#]), a company established in the PRC whose ultimate beneficial owner is the PRC Ministry of Finance
“COAMI”	China Orient Asset Management (International) Holding Limited (中國東方資產管理(國際)控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of COAMC

DEFINITIONS

“Closing Day”	17 February 2016, being the closing date of the Offers, which is 28 days after the date on which this Offer Document is posted, or if the Offers are revised or extended, any subsequent closing date of the Offers as extended and announced by the Offeror in accordance with the Takeovers Code
“Code IBC”	the independent committee of the Board, comprising all non-executive Directors, namely Mr. Yang Shaolin, Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy, which has been established pursuant to the Takeovers Code to advise as to whether the terms of the Offers are fair and reasonable and as to acceptance thereof the Independent Shareholders and the Optionholders
“Company”	KEE Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2011)
“Company Secretary”	the joint company secretaries of the Company, Ms. Li Yan Wing, Rita and Mr. Xu Haizhou
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlled Accounts”	certain of Li Zhen’s accounts and securities accounts to which, pursuant to the Investment Agreement, Li Zhen shall cause, and Zhonghong shall procure, a representative of Keen Concept to be appointed as a signatory
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Debenture”	the deed of debenture dated 14 August 2015 and entered into by the Offeror and Keen Concept as amended and restated pursuant to the Deed of Amendment Agreement on 5 November 2015, pursuant to which Glory Emperor charged all of its other remaining assets not subject to charge under any other Transaction Documents in favor of Keen Concept

DEFINITIONS

“Deed of Amendment Agreement”	the deed of amendment agreement dated 5 November 2015 and entered into among Li Zhen, Keen Concept, Zhonghong and the Offeror pursuant to which the Investment Agreement and the Notes were amended and the Debenture was amended and restated
“Deposit”	the deposit of HK\$71,000,000 payable by the Offeror to Nicco under the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Dividends”	<p>in respect of the Offeror under the Debenture, all present and future:</p> <ul style="list-style-type: none">(a) dividends and distributions of any kind including cash dividends, stock dividends, liquidating dividends, noncash dividends and any other sum received or receivable in respect of any of the shares in the Offeror;(b) rights, shares, money or other assets accruing or offered by way of stock splits or reclassifications redemption, bonus, option or otherwise in respect of any of the shares in the Offeror;(c) allotments, offers, warrants and rights accruing or offered in respect of any of the shares in the Offeror; and(d) other rights and assets attaching to, deriving from or exercisable by virtue of the ownership of, any of the shares in the Offeror
“Encumbrances”	any charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing
“Escrow Account”	an escrow account opened and maintained under the name of Li Zhen with the Account Bank
“Event of Default”	has the meaning ascribed to it in the section headed “Investment Agreement and Related Security Documents – (ii) The Notes” of this Offer Document

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of its delegates
“Excluded Investment”	has the meaning as described in the “Letter from CICC – Debenture” section of this Offer Document
“Excluded Proceeds”	has the meaning as described in the “Letter from CICC – Debenture” section of this Offer Document
“Fee Letter”	the fee letter agreement dated 14 August 2015 between Li Zhen and Keen Concept with respect to the fee payable to Keen Concept in relation to the Investment Agreement
“Forms of Acceptance”	collectively, the Form of Acceptance and Transfer and the Form of Acceptance and Cancellation
“Form of Acceptance and Transfer”	the form of acceptance and transfer of the Offer Shares in respect of the Share Offer accompanying this Offer Document
“Form of Acceptance and Cancellation”	the form of acceptance and cancellation of the Share Options in respect of the Option Offer accompanying this Offer Document
“Group” or “Group Companies”	the Company and its subsidiaries
“Guarantee Documents”	the Investment Agreement, the Notes, the Share Charge, the Listco Share Charge, the Account Charge and the Debenture
“Guarantors”	Mr. Xu Xipeng and Mr. Xu Xinan and “Guarantor” means any of them
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Financial Adviser” or “BOSC International”	BOSC International Company Limited, a corporation licensed to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Code IBC in relation to the fairness and reasonableness of the terms of the Offers

DEFINITIONS

“Independent Shareholders”	Shareholders who are not involved in nor interested in the disposal agreements, the lease agreements and the shareholders’ agreement as further described in the Joint Announcement posted on 9 November 2015
“Investment Agreement”	the investment agreement dated 14 August 2015 and entered into between Li Zhen as the issuer, Keen Concept as investor, Zhonghong as warrantor and the Offeror as obligor in relation to the issue of the Notes, which was subsequently amended by the Deed of Amendment Agreement
“Issue Date”	17 August 2015, being the date on which the investment under the Investment Agreement was made and the Notes were issued
“Joint Announcement”	the joint announcement made by the Company and the Offeror dated 9 November 2015 in respect of, among other things, the Sale and Purchase Agreement and the Offers
“Keen Concept”	Keen Concept Enterprise Corp., a company incorporated under the laws of the British Virgin Islands with limited liability (company number: 1880387) with its registered office at ARIAS, FABREGA & FABREGA TRUST CO. BVI LIMITED, Level 1, Palm Grove House, Wickham’s Cay 1, Road Town, Tortola, British Virgin Islands, being a wholly-owned subsidiary of COAMI
“Last Trading Day”	29 June 2015, being the day on which trading in the Shares was suspended with effect from 1 p.m. pending release of the Joint Announcement
“Latest Practicable Date”	15 January 2016, being the latest practicable date prior to the printing of this Offer Document for ascertaining certain information contained herein
“Li Zhen”	Li Zhen Hong Kong Trading Co., Limited, a company incorporated in Hong Kong with limited liability (company number: 2255733) and is an indirect wholly-owned subsidiary of Zhonghong, with its registered office at Rm 1903, 19/F, Podium Plaza, 5 Hanoi Road, Tsim Sha Tsui, Kowloon, Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Listco Share Charge”	the share charge dated 14 August 2015 entered into between the Offeror and Keen Concept relating to all of the Sale Shares and Offer Shares of the Company to be acquired by the Offeror
“Loan”	the amount of HK\$1,005,000,000 which would be lent to the Offeror by Li Zhen pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 27 August 2015 and entered into between the Offeror as borrower and Li Zhen as lender in relation to the provision of the Loan to the Offeror for the purpose of funding the Offers
“Long Stop Date”	20 January 2015 or such other date as may be agreed between the parties to the relevant documents in writing under the Sale and Purchase Agreement
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange
“Major Default”	has the meaning ascribed to it in the section headed “Investment Agreement and Related Security Documents – (ii) The Notes” of this Offer Document
“Maturity Date”	the date of maturity of the Notes, being 17 August 2017, or such later date as the issuer and the majority Noteholders may agree in writing, but in any event no later than the third anniversary of the issue of the Notes
“MOU”	the memorandum of understanding dated 29 June 2015 (as amended and supplemented by the supplemental memorandum of understanding dated 8 August 2015 and the extension letters dated 28 July 2015 and 17 August 2015) and entered into between Nicco as vendor and Li Zhen which is the holding company of the Offeror as purchaser in relation to the sale and purchase of the Sale Shares
“Nicco”	Nicco Worldwide Inc., a company incorporated in BVI with limited liability and is owned as to 49.75%, 49.75% and 0.5% by Mr. Xu Xipeng, Mr. Xu Xinan and Mr. Chow Hoi Kwang, Albert, respectively
“Notes”	The exchangeable notes in the aggregate principle amount of HK\$680,000,000 issued under the Investment Agreement by Li Zhen to Keen Concept

DEFINITIONS

“Noteholder(s)”	holder(s) of the Notes
“Obligors”	any party to the Transaction Documents (other than Keen Concept)
“Offer Document”	this offer document issued by the Offeror, which sets out, among others, details of the Offers in accordance with the Takeovers Code
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period from 10 July 2015, i.e., the date of the announcement in relation to the MOU, to the Closing Day, or such other time or date to which the Offeror may decide to extend or revise the Offers in accordance with the Takeovers Code
“Offer Price”	the price of HK\$2.2789 per Offer Share payable in cash by the Offeror on the terms of the Share Offer
“Offer Share(s)”	all the Shares in issue and to be issued (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it)
“Offeror”	Glory Emperor Trading Limited (耀帝貿易有限公司), a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of Zhonghong
“Offers”	collectively, the Share Offer and the Option Offer
“Optionholder(s)”	the holder(s) of the Share Options
“Option Offer”	the mandatory unconditional cash offer made by CICC on behalf of the Offeror to cancel the outstanding Share Options on the terms and conditions set out in this Offer Document in compliance with the Takeovers Code
“Option Offer Price”	the price for each Option Offer payable by the Offeror to the Optionholders accepting the Option Offer
“Overseas Shareholders”	Independent Shareholders, whose addresses, as shown on the register of members of the Company, are outside of Hong Kong

DEFINITIONS

“Parent Guarantee”	a corporate guarantee agreement dated 14 August 2015 entered into between Zhonghong and Keen Concept in which Zhonghong guarantees the performance of the obligations of Li Zhen and/or the Offeror under the Investment Agreement, the Notes, the Share Charge, the Listco Share Charge, the Account Charge and the Debenture
“PRC”	the People’s Republic of China which, for the purpose of this Offer Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, which is Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Response Document”	means the offeree board circular to be issued by the Company to the Shareholders and the Optionholders containing, among other things, the letter from the board, the respective advice of the Code IBC and the Independent Financial Adviser in accordance with the Takeovers Code
“Relevant Period”	the period commencing on 10 January 2015 (being the date falling six months preceding 10 July 2015 which is the commencement date of the Offer Period) and ending on and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency in the PRC
“RQFII”	RMB Qualified Foreign Institutional Investors
“SAFE”	the State Administration of Foreign Exchange of the PRC (or any successor entity)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 August 2015 and entered into amongst Nicco as vendor, the Offeror as purchaser, and Mr. Xu Xipeng and Mr. Xu Xinan as guarantors in relation to the sale and purchase of 310,490,000 Shares

DEFINITIONS

“Sale Shares”	a total of 310,490,000 Shares agreed to be acquired by the Offeror from Nicco pursuant to the terms of the Sale and Purchase Agreement, representing approximately 72.745% of the existing issued share capital of the Company as at the Latest Practicable Date
“Security Documents”	collectively, the Account Charge, the Share Charge, the Listco Share Charge, the Debenture and the Parent Guarantee and each other document required to be executed by any party under or in connection with the above documents in connection with the Investment Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Charge”	the share charge dated 14 August 2015 entered into between Li Zhen and Keen Concept under which Li Zhen charged all of its shares in the Offeror representing 100% of the issued share capital of the Offeror in favor of Keen Concept
“Share Offer”	the mandatory unconditional cash offer made by CICC on behalf of the Offeror to acquire the Offer Shares on the terms and conditions set out in this Offer Document and in compliance with the Takeovers Code
“Share Offer Price”	HK\$2.2789 for each Offer Share payable by the Offeror to the Shareholders accepting the Share Offer
“Share Options”	the outstanding share option(s) granted by the Company under its share option scheme adopted on 14 December 2010
“Share Transfer”	the transfer of the Sale Shares by Nicco to the Offeror pursuant to the terms and conditions of the Sale and Purchase Agreement
“Share Transfer Completion”	the completion of the Share Transfer in accordance with the terms and conditions of the Sale and Purchase Agreement

DEFINITIONS

“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs as in force in Hong Kong from time to time
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Transaction Documents”	collectively, the Debenture, the Investment Agreement, the Notes, the Security Documents, the Fee Letter and any other documents designated by Keen Concept and Li Zhen
“U.S.”	the United States of America
“US\$”	United States dollars, the lawful currency of the U.S.
“Zhonghong Zhuoye”	中弘卓業集團有限公司 (Zhonghong Zhuoye Group Company Limited [#]), a company established under the laws of the PRC with limited liability. As of the Latest Practicable Date, Mr. Wang Yonghong is the 100% ultimate beneficial owner of Zhonghong Zhuoye
“Zhonghong”	中弘控股股份有限公司 (Zhonghong Holding Co., Limited [#]), a joint stock company established under the laws of the PRC with limited liability (PRC business licence registration number: 340000000018072), the shares of which are quoted on the Shenzhen Stock Exchange (Stock code: 000979.SZ). As of the Latest Practicable Date, Mr. Wang Yonghong, through his wholly owned company Zhonghong Zhuoye, is the controlling shareholder of Zhonghong and holds 34.51% of its issued shares
“%”	per cent.

[#] *The English translation or transliteration of the Chinese names in this Offer Document, where indicated, is included for information purposes only, and should not be regarded as the official English names of such Chinese names.*

LETTER FROM CICC



**CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED**

20 January 2016

To the Independent Shareholders and Optionholders,

Dear Sir or Madam,

**THE MANDATORY UNCONDITIONAL CASH OFFERS BY
CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED
ON BEHALF OF
GLORY EMPEROR TRADING LIMITED
FOR THE SHARES IN
KEE HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
GLORY EMPEROR TRADING LIMITED
AND PARTIES ACTING IN CONCERT WITH IT) AND
FOR THE CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS**

INTRODUCTION

Reference is made to the Joint Announcement which announced, amongst other things, that on 19 August 2015, the Offeror as purchaser, Nicco as vendor and Mr. Xu Xipeng and Mr. Xu Xinan as vendor's guarantors entered into the Sale and Purchase Agreement, pursuant to which Nicco conditionally agreed to sell and the Offeror conditionally agreed to purchase, the Sale Shares (being 310,490,000 Shares) for an aggregate consideration of HK\$707,575,661 (equivalent to HK\$2.2789 per Sale Share). Through an extension letter dated 27 November 2015 by the parties, the long stop date of the Sale and Purchase Agreement was extended to 20 January 2016 or another date as agreed by the parties. Immediately upon the Share Transfer Completion which took place on 13 January 2016, the Offeror and parties acting in concert with it owned 310,490,000 Shares, representing approximately 72.745% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Offeror is required to make the Share Offer, which will be a mandatory unconditional cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it), and the Option Offer for cancellation of all outstanding Share Options pursuant to Rules 13 and 26.1 of the Takeovers Code.

This letter sets out, among other things, the details of the terms of the Offers, information on the Offeror and the intention of the Offeror regarding the Group. Further details of the terms of the Offers and the procedures for acceptance of the Offers are set out in Appendix I to this Offer Document and in the Forms of Acceptance.

LETTER FROM CICC

The Company is required to despatch the Response Document within 14 days after the posting of the Offer Document. Shareholders and Optionholders are advised to read the Offer Document and the Response Document before taking any action in respect of the Offers.

THE OFFERS

Principal terms of the Offers

CICC is making, on behalf of the Offeror and pursuant to the Takeovers Code, the Offers to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all outstanding Share Options on the following terms:

The Share Offer

For each Share held HK\$2.2789 in cash

The Share Offer Price of HK\$2.2789 per Offer Share under the Share Offer is the same as the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Offer Document.

The Option Offer

- 1) For cancellation of each
Share Option with exercise price of HK\$1.39 HK\$0.8889 in cash

- 2) For cancellation of each
Share Option with exercise price of HK\$0.60 HK\$1.6789 in cash

The consideration for cancellation of each outstanding vested Share Option has been determined by deducting the exercise price payable on exercise of each Share Option from the Share Offer Price payable for each Offer Share under the Share Offer pursuant to Rule 13 of the Takeovers Code. Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will be cancelled and renounced in their entirety.

As at the Latest Practicable Date, the Company had 426,820,000 Shares in issue and, save for the 9,274,000 vested Share Options which entitle the holders thereof to subscribe for 9,274,000 Shares, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

LETTER FROM CICC

Conditions of the Offers

The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Shares or Share Options or any other conditions.

Comparisons of value

The Share Offer price of HK\$2.2789 per Offer Share, which is equal to the price paid by the Offeror for each of the Sale Shares under the Sale and Purchase Agreement, represents:

- (a) a discount of approximately 0.5% to the closing price of HK\$2.29 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 23.2% over the closing price of HK\$1.85 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (c) a premium of approximately 36.5% over the average closing price of approximately HK\$1.6690 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date;
- (d) a premium of approximately 29.0% over the average closing price of approximately HK\$1.7667 per Share as quoted on the Stock Exchange for the last consecutive 30 trading days up to and including the Last Trading Date; and
- (e) a premium of approximately 193.9% over the net asset value per Share of approximately HK\$0.7754 (based on the unaudited consolidated net assets of the Group of approximately HK\$338,157,000 as at 30 June 2015 and the total number of issued and outstanding shares of the Company on a fully diluted basis of 436,094,000 Shares assuming all the vested Share Options as of 30 June 2015 have been exercised).

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$2.43 per Share on 28 December 2015 and HK\$0.56 per Share on 13 February 2015 respectively.

Total consideration

Based on the Share Offer Price of HK\$2.2789 per Offer Share and 426,820,000 Shares in issue as at the Latest Practicable Date (including the Sale Shares), the entire issued share capital of the Company is valued at HK\$972,680,098. In the event that the Share Offer is accepted in full, the maximum amount payable by the Offeror under the Share Offer will be HK\$265,104,437 (assuming no Share Option is exercised prior to the Share Offer).

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Based on (i) the Option Offer Price of HK\$0.8889 per Share Option with exercise price of HK\$1.39 for each Offer Share in respect of outstanding vested Share Options involving 6,216,000 Offer Shares and (ii) the Option Offer Price of HK\$1.6789 with exercise price of HK\$0.60 for each Offer Share in respect of outstanding vested Share Options involving 3,058,000 Offer Shares, as at the Latest Practicable Date, the maximum amount payable under the Option Offer (assuming no Share Option is exercised prior to the date of closing of the Offers and the Option Offer is accepted in full) is HK\$10,659,479.

In the event all the outstanding vested Share Options are exercised in full by the Optionholders prior to the date of closing of the Offers and the Share Offer is accepted in full (including all Offer Shares issued and allotted as a result of the exercise of the vested Share Options), the maximum amount payable by the Offeror pursuant to the Share Offer will be increased to approximately HK\$286,238,956 and no amount will then be payable under the Option Offer. In such case the Company should have received a subscription price of HK\$10,475,040 from the exercise of the vested Share Options.

Financial resources available to the Offeror

The maximum amount of cash payable by the Offeror in respect of acceptances of the Offers is approximately HK\$286,238,956. The Offeror intends to finance and satisfy the consideration payable under the Offers by using funds from the Loan Agreement as further described below in “Financing Arrangements – Overview of Financing Arrangements”.

CICC, the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the consideration payable upon full acceptances of the Offers.

No payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.

Effect of accepting the Offers

By accepting the Share Offer, the Shareholders will sell their Shares to the Offeror free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Offer Document.

By accepting the Option Offer, the Optionholders will agree to the cancellation of their tendered vested Share Options and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of the despatch of this Offer Document.

The Offers will open for acceptance from the date of this Offer Document until 4:00pm on the Closing Day.

Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

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Shareholders and Optionholders are reminded to read the recommendations of the Code IBC and the advice of the Independent Financial Adviser appointed by the Code IBC in respect of the Offers which will be included in the Response Document.

Overseas Shareholders and Optionholders

It is the intention of the Offeror to make the Offers available to all Shareholders and Optionholders, including the Shareholders and Optionholders whose registered addresses are outside Hong Kong.

The availability of the Offers to any Overseas Shareholders and Optionholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Optionholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders and Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Optionholders in respect of such jurisdictions).

Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror and/or CICC that the local laws and requirements have been fully complied with and such acceptance shall be valid and binding in accordance with applicable laws. Shareholders and Optionholders should consult their own respective professional adviser or legal adviser if in doubt.

Stamp duty

In Hong Kong, seller's *ad valorem* stamp duty on acceptance of the Share Offer at a rate of 0.1% of the consideration payable in respect of the acceptance by the Shareholders or if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amount payable to those relevant Shareholders who accept the Share Offer. The Offeror will arrange for payment of the seller's *ad valorem* stamp duty on behalf of the relevant Shareholders who accept the Share Offer and pay the buyer's Hong Kong *ad valorem* stamp duty in connection with the acceptance of the Share Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong). No stamp duty will be payable in connection with the Option Offer.

Acceptance and settlement

Payment (after deducting the accepting Shareholders' share of stamp duty) in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days (as defined under the Takeovers Code) following the date of the receipt by the Registrar (in respect of the Share Offer) or the Company Secretary (in respect of the Option Offer) of duly completed acceptances. Relevant documents of title must be received to render each acceptance of the Offers complete and valid. Settlement of the amounts due to the accepting Shareholders/Optionholders will be implemented in full

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without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders/Optionholders.

Appendix I to this Offer Document and the Forms of Acceptance contain, amongst others, further details regarding the procedures for acceptance and settlement of the Offers.

FINANCING ARRANGEMENTS

OVERVIEW OF FINANCING ARRANGEMENTS

The purchase of the Sale Shares and the Offers by the Offeror are financed by Li Zhen, the immediate holding company of the Offeror. Specifically, the Offeror entered into the Loan Agreement dated on or around 27 August 2015 with Li Zhen pursuant to which Li Zhen will lend to the Offeror such amounts as it may require, in the approximate amount of HK\$1,005,000,000.

To obtain the funds which are the subject of the Loan Agreement, the Offeror, Li Zhen, and Zhonghong entered into the following financing arrangements.

Firstly, Li Zhen (as the issuer, a covenantor and an obligor), the Offeror (as an obligor) and Zhonghong (as a warrantor, a covenantor and an obligor) entered into the Investment Agreement dated 14 August 2015 with Keen Concept, under which Li Zhen is to issue the Notes in the aggregate principal amount of HK\$680,000,000 to Keen Concept. In connection with the Investment Agreement, Li Zhen has charged all of its shares in the Offeror representing 100% of the issued share capital of the Offeror in favor of Keen Concept pursuant to the Share Charge, and has also charged two of its general bank accounts opened with the Account Bank (one of which is the Escrow Account as further described below) in favor of Keen Concept pursuant to the Account Charge. In addition, the Offeror has entered into a share charge relating to all of the Sale Shares and Offer Shares to be acquired by the Offeror pursuant to the Listco Share Charge and created charges over all of the Offeror's assets other than the excluded assets for the benefit of Keen Concept pursuant to the Debenture. Further, Zhonghong has provided a corporate guarantee to Keen Concept with respect to the obligations of Li Zhen and the Offeror under the Investment Agreement, the Share Charge, the Account Charge, the Listco Share Charge and the Debenture, pursuant to the Parent Guarantee. On 5 November 2015, Li Zhen, Keen Concept, Zhonghong and the Offeror entered into a Deed of Amendment Agreement to amend certain terms of the Investment Agreement, the Notes and the Debenture.

Details of the Investment Agreement are set out in the sections headed "Investment Agreement and Related Security Documents" below.

Secondly, Zhonghong has provided a capital contribution to Li Zhen.

In addition, Li Zhen has entered into an escrow agreement dated 27 July 2015 with CICC and the Account Bank pursuant to which Li Zhen had placed the net proceeds of the subscription of the Notes amounting to HK\$680,000,000, and part of the capital contribution amounting to HK\$325,000,000 into the Escrow Account which is opened and maintained

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under the name of Li Zhen with the Account Bank. The escrow agreement was amended and restated in its entirety through the execution of the Amended and Restated Escrow Agreement on 24 September 2015 among Li Zhen, CICC, the Account Bank and Keen Concept. Pursuant to the Amended and Restated Escrow Agreement, Keen Concept was made a party to the agreement and a signatory to the Escrow Account, and the escrow property was revised to reflect the total funds in the amount of HK\$1,005,000,000 (i.e., the aggregate of the net proceeds of the Notes amounting to HK\$680,000,000 and part of the capital contribution amounting to HK\$325,000,000). In addition, the term of the escrow arrangement was extended by the Amended and Restated Escrow Agreement to the earlier of (i) the escrow funds are fully released by the Account Bank pursuant to the agreement and (ii) upon the expiration of one calendar month from 28 February 2016. Prior to 28 February 2016 (inclusive), the Offeror may only withdraw the funds held in the Escrow Account to satisfy its obligations under the Sale and Purchase Agreement and the Offers with the written instructions from both the Offeror and CICC; after 28 February 2016, the Offeror may only withdraw any remaining funds held in the Escrow Account with the written instructions of both the Offeror and Keen Concept. The other internal funds of Li Zhen will be deposited into an ordinary account opened and maintained under the name of Li Zhen with the Account Bank subject to the Account Charge and another ordinary account under the name of Li Zhen.

INFORMATION ON KEEN CONCEPT

Keen Concept, a special purpose vehicle incorporated in British Virgin Islands, is a direct wholly owned subsidiary of COAMI. Keen Concept and COAMI are presumed to be parties acting in concert with the Offeror.

COAMI is a financial services provider. COAMI is licensed as a money lender in Hong Kong. The main businesses of COAMI, and through its subsidiaries, include investments, investment banking advisory services and asset management services.

China Orient International Asset Management Limited, a wholly-owned subsidiary of COAMI incorporated in Hong Kong, is licensed for Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the SFC. In addition, China Orient International Asset Management Limited has been granted the RMB qualified foreign institutional investor (RQFII) license by the CSRC with a quota of RMB1 billion granted in October 2013 and RMB1.5 billion granted in July 2014 by SAFE.

China Orient International Capital Limited, a wholly-owned subsidiary of COAMI incorporated in Hong Kong, is licensed for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities by the SFC.

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INVESTMENT AGREEMENT AND RELATED SECURITY DOCUMENTS

(i) Investment Agreement

Date: 14 August 2015

Parties

- (i) Li Zhen as issuer and obligor;
- (ii) Keen Concept as investor;
- (iii) Zhonghong as warrantor, covenantor and obligor; and
- (iv) the Offeror as obligor

Closing

The investment under the Investment Agreement was made and the Notes were issued on the Issue Date being 17 August 2015.

Amendment and Amendment Fees

After the investment was made, the parties have entered into the Deed of Amendment Agreement on 5 November 2015 to amend certain terms of the Investment Agreement. In consideration of the Investor entering into the Deed of Amendment Agreement, the issuer agrees and covenants to pay Keen Concept:

- (a) a first tranche fee in the amount of HK\$25,000,000 on the first tranche fee payment date, being the date that falls twelve (12) months plus fifteen (15) Business Days from the closing date of the Investments Agreement; and
- (b) a second tranche fee in the amount of HK\$25,000,000 on the second tranche fee payment date, being the date that falls twenty-four (24) months plus fifteen (15) Business Days from the closing date of the Investment Agreement provided that the said second tranche fee shall not be payable by the issuer if all outstanding amount of the Notes has been redeemed in full on or before the said second tranche fee payment date.

Set forth below are the key terms of the Investment Agreement:

Controlled Accounts

Under the Investment Agreement, Li Zhen shall cause, and Zhonghong shall procure, a representative of Keen Concept to be appointed as a signatory to the Controlled Accounts, being certain of Li Zhen's accounts and securities accounts.

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Under the provisions, Keen Concept's signatory can only be removed and replaced upon its request. In addition, the Controlled Accounts are subject to, inter alia, the following restrictions:

- (a) the mandate of the Controlled Accounts shall provide that no withdrawal of cash/securities may be made without the signature of Keen Concept's signatory;
- (b) the Controlled Accounts shall not be overdrawn at any time; and
- (c) the entire amount of the Notes Subscription Price (as defined below) be paid into the Escrow Account.

(ii) The Notes

In connection with the entering into of the Deed of Amendment Agreement by the parties, certain terms and conditions of the Notes issued on 17 August 2015 to Keen Concept under the Investment Agreement were also amended. Set forth below are the key terms of the Notes as amended:

Issuer:	Li Zhen
Principal Amount:	HK\$680,000,000 (the "Notes Subscription Price")
Term & Maturity Date:	24 months, i.e., due on the Maturity date, being 17 August 2017, or such later date as the issuer and the majority Noteholders may agree in writing, but in any event no later than the third anniversary of the Issue.
Interest Rate:	12% per annum
Exchange Right:	The Notes may be converted into the issued shares of the Offeror in accordance with the terms and conditions of the Note.
Redemption at Maturity:	Li Zhen shall redeem the Notes on the Maturity Date.
Early Redemption:	At the option of Li Zhen, the Notes may be redeemed in whole, but not in part, after the expiry of 12 months from the Issue Date, being 17 August 2016, by giving not less than 15 Business Days' notice to the Noteholders at the redemption amount as specified under the Investment Agreement.

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**Redemption for
Relevant Event:**

If an event as defined under the definition of “Relevant Event” (as defined below) occurs, the issuer or the Noteholder may issue a notice to the other party stating that such a Relevant Event has occurred and, at the discretion of the party issuing the notice, require all of the Notes be redeemed at a redemption amount equal to the sum of (i) the outstanding principal amount of the Notes (which is being redeemed), (ii) all accrued interests and other payments payable in connection therewith and (iii) the Additional Interest (as defined below).

“Relevant Event” means (a) the Share Purchase Agreement is terminated for any reason prior to its completion or (b) the conditions to the Share Transfer are not fulfilled or waived on or before 31 December 2015 (or such other date as agreed by the parties to the Sale and Purchase Agreement and approved by the majority Noteholders).

“Additional Interest” means:

- (i) if the Notes are properly redeemed on a date upon or before expiry of 4 months from the Issue Date, such additional interest equal to interest payable at the Interest Rate for 2 months (i.e. 60 days) for the outstanding principal amount of the Notes (which is being redeemed);
- (ii) if the Notes are properly redeemed on a date after expiry of 4 months from the Issue Date but before the expiry of 6 months from the Issue Date, such additional interest amount which would give the Noteholder interest payment for 6 months (including interest payment already received by the Noteholder) at the Interest Rate for the outstanding principal amount of the Notes (which is being redeemed); or

if the Notes are properly redeemed on a date upon or after expiry of 6 months from the Issue Date, the amount of additional interest payable shall be nil.

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Event of Default:

Any of the following shall constitute an “Event of Default”:

- (a) the issuer fails to pay any principal in respect of the Notes on the due date for payment thereof or on the due date for redemption thereof unless its failure to pay is caused by (i) an administrative or technical error and payment is made within three Business Days after its due date; or (ii) a disruption to those payment or communication systems or to those financial markets that are, in each case, required to operate in order for payments to be made in connection with the Notes and payment is made within three Business Days of its due date;
- (b) the issuer fails to pay any interest on any of the Notes or any Obligor fails to pay any amount under the Transaction Documents on the due date for payment thereof unless its failure to pay is caused by (i) an administrative or technical error and payment is made within three Business Days after its due date; or (ii) a disruption to those payment or communication systems or to those financial markets that are, in each case, required to operate in order for payments to be made in connection with the Notes and payment is made within three Business Days of its due date;
- (c) a default (except for the events specified in (a) to (t)) is made by any Obligor in the performance or observance of any covenant, condition or provision contained in any of the Transaction Documents to which it is a party and on its part to be performed or observed which default is incapable of remedy or, if it is capable of remedy, is not remedied within five (5) Business Days following the service by any Investor on any Obligor of notice requiring such default to be remedied;

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- (d) (i) any other present or future indebtedness of any Group Company or any Obligor for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) any Obligor or any Group Company fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the principal amount of the relevant indebtedness, guarantees and indemnities in respect of any single event mentioned above in (c) have occurred shall be no less than HK\$20,000,000, or (iv) any security given by any Obligor under any of the Security Documents has become enforceable;
- (e) a resolution is passed or an order of a court of competent jurisdiction is made for the bankruptcy, winding up or dissolution of any Obligor or any Group Company except (i) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Offeror or any other Group Company, (ii) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction (other than as described in (i) above) the terms of which shall have previously been approved by the majority Noteholder or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in such subsidiary and such surplus assets attributable to the Offeror and/or any other subsidiary are distributed to the Offeror and/or any such other subsidiary;
- (f) an encumbrancer takes possession or a receiver is appointed over the whole or a material part of the assets or undertaking of any Obligor or any Group Company;
- (g) a distress, execution or seizure order before judgment is levied or enforced upon or issued out against the whole or a material part of the property of any Obligor or any Group Company (as the case may be);

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- (h) any Obligor or any Group Company is unable to pay its debts as and when they fall due or any Obligor or any Group Company shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make an assignment for the benefit of, or enter into any composition with, its creditors, provided that the principal amount of the relevant debts mentioned above in (g) shall be no less than HK\$20,000,000;
- (i) proceedings shall have been initiated against any Obligor or any Group Company under any applicable bankruptcy, reorganisation or insolvency law which is not discharged, stayed or dismissed within thirty (30) Business Days;
- (j) any step is taken by any person for the appointment of a liquidator (including provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of any Obligor or any Group Company or over all or a material part of the assets of any Obligor or any Group Company;
- (k) (i) any step is taken by any judicial, governmental or administrative authority with a view to the seizure, compulsory acquisition, expropriation or nationalization of all or a material part of the assets of any Obligor or any Group Company or (ii) any Obligor or any Group Company is prevented from exercising normal control over all or a material part of its property, assets and revenue;
- (l) it is or becomes unlawful for an Obligor to perform or the Obligor is or may otherwise become unable to perform any of its obligations under the Transaction Documents to which it is a party;
- (m) any Transaction Document is not effective in accordance with its terms or is alleged by an Obligor to be ineffective in accordance with its terms or any Transaction Document is or may otherwise become unenforceable;
- (n) an Obligor repudiates or rescinds a Transaction Document or expresses an intention to repudiate or rescind a Transaction Document;

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- (o) occurrence of any material adverse effect on the business, results, operations, property or condition (financial or otherwise) of the Issuer and the Group taken as a whole;
- (p) any final judgment or order is made against any Obligor or any Group Company, unless:
 - (i) the amount payable by the relevant Obligor or Group Company in connection with such judgment or order is paid or discharged within ten (10) Business Days; or
 - (ii) the aggregate amount of loss and liability of all Obligor and members of the Group incurred in connection with all such judgments and orders (excluding any judgement or order referred to in paragraph (i) above) is less than HK\$20,000,000 (or its equivalent in other currencies);
- (q) a representation, warranty or statement made or repeated in or in connection with any Transaction Document or in any document delivered by or on behalf of an Obligor under or in connection with any Transaction Document is incorrect in any material respect when made or deemed to be made or repeated unless the facts and circumstances giving rise to such breach of representation are capable of remedy and are remedied within ten (10) Business Days of the earlier of (i) the Noteholder giving notice to the relevant Obligor; and (ii) the relevant Obligor becoming aware of the breach;
- (r) Zhonghong ceasing to have direct or indirect interest in 100% of the issued shareholding of the issuer or ceasing to have control over the Offeror;
- (s) the listing status of the Company on the Stock Exchange is at any time terminated, or trading in the shares of the Company is suspended for a period of more than ten (10) consecutive trading days for reasons other than due to clearance of the announcement relating to bona fide transactions entered into by the Company or its subsidiaries pursuant to the requirements under the Listing Rules;
- (t) any event occurs which has an analogous effect to any of the events referred to in paragraphs (a) to (r) above.

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The issuer shall notify promptly the Noteholder in writing as soon as possible upon becoming aware of any Event of Default or any matter, event or circumstance (including any omission to act) which shall in all likelihood give rise to an Event of Default.

If an Event of Default occurs, the Noteholder may issue a notice of default to the issuer and, at the discretion of the Noteholder, require all or any part of the Notes be redeemed at a redemption amount equal to (i) the outstanding principal amount of the Notes (which is being redeemed), (ii) all interests and other payments payable in connection therewith and (iii) an additional amount equal to the Default Interest Rate from the date of notice of default until the date the Notes are properly redeemed hereunder.

Major Defaults:

During the Offer Period, the Noteholder may not exercise any remedy or make any claim under or in respect of the Notes (other than under the Parent Guarantee), including with respect to any Event of Default, except upon the occurrence and continuation of the following Events of Default in so far as they relate to an Obligor: (h) (insolvency), excluding any inability of any Obligor to pay its debts as they fall due; (i) (insolvency proceedings); (j) (creditors' process), only where such liquidator (including provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer is actually appointed; (k(i)) (expropriation); and (l) (unlawfulness and invalidity), but only in so far as it relates to unlawfulness and then only to unlawfulness under the laws of Hong Kong or the British Virgin Islands. The above Events of Default are considered Major Defaults for the purposes of the Investment Agreement, and therefore the occurrence of an Event of Default that is not a Major Default shall not affect the availability of financial resources for the Offers and the Sale and Purchase Agreement in general.

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(iii) Related Security Documents

In connection with the Investment Agreement, Li Zhen, the Offeror and Zhonghong entered into the following charges, debenture and guarantee in favour of Keen Concept on 14 August 2015:

(1) *the Share Charge*

Li Zhen entered into a deed of share charge relating to the following shares in favour of Keen Concept:

- (a) all its rights, title and interest present and future in the shares in the Offeror representing 100% of the issued share capital of the Offeror,
- (b) Dividends and,
- (c) other Additional Rights as specified under the Share Charge.

(2) *the Account Charge*

Li Zhen entered into a deed of charge relating to the following accounts in favour of Keen Concept:

- (a) a general bank account and an escrow account opened under the name of Li Zhen with the Account Bank, and all of Li Zhen's right, title and interest in and to each of the Accounts and all credit balance, rights, benefits and proceeds therein;
- (b) assigns, and agrees to assign absolutely to Keen Concept all its rights, present and future against the Account Bank in respect of (i) each of the Account Agreements relating to each of (ii) the Accounts and its interest in the Accounts, including any monies payable to the Li Zhen and any claims, awards or judgments and other rights to receive monies due or to become due for any reason whatsoever in respect of any of the Account Agreements relating to any of the Accounts or its interest in the Accounts;
- (c) in general, save with Keen Concept's prior written consent, the Offeror shall not be entitled to receive, withdraw or otherwise transfer any of the Deposit from any of the Accounts except for any withdrawal from the Escrow Account during the Offer Period in order to satisfy the obligations of the Offeror in respect of the Sale and Purchase Agreement and the Offers. Keen Concept has given an undertaking in the Account Charge that it shall procure that its signatory give such written consents as necessary for the Offeror to make withdrawals to satisfy Offeror's obligations in respect of the Sale and Purchase Agreement and the Offers; and

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- (d) the Account Charge shall not be enforceable during the Offer Period (other than under the Parent Guarantee), except in the circumstances where a Major Default (whose definition in the Account Charge is the same as in the Investment Agreement) has occurred and is continuing. Therefore, the occurrence of all Event of Default that is not a Major Default shall not affect the availability of financial resources for the Offers and the Sale and Purchase Agreement in general.

(3) *the Listco Share Charge*

The Offeror entered into a deed of share charge relating to the following shares in favour of Keen Concept:

- (a) the Shares and related rights and interests which, as at the date of the deed of share charge, are legally and/or beneficially owned by the Offeror and which are held from time to time in a custodian account or in certificated form by the Offeror;
- (b) all the Shares to be acquired by the Offeror in accordance with the Sale and Purchase Agreement comprising 310,490,000 Shares representing approximately 72.789% (prior to exercise of any outstanding Share Options at the time the Listco Share Charge was entered into) of the issued share capital of the Company at the time the Listco Share Charge was entered into and pursuant to the Offers, and the related rights and interests which are to be legally and/ or beneficially owned by the Offeror.

(4) *the Debenture*

The Offeror entered into a deed of debenture over all of the Offeror's assets other than those excluded in favour of Keen Concept. The Debenture was amended and restated on 5 November 2015 pursuant to the Deed of Amendment Agreement.

The following assets that are excluded from the Debenture:

- (a) the subject matter of the security and encumbrances constituted by the Listco Share Charge and the Account Charge;
- (b) all other Shares and related rights and interests which are or will be legally and/or beneficially owned or to be owned by the Offeror (whether in a securities account (other than any of the Charged Accounts) or in certificated form) by the Offeror from time to time and the related Additional Rights (in each case) which is not subject to the Listco Share Charge and/or the Account Charge;

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- (c) all rights, title and interests of the Offeror in and to all present and future shares, stocks, equity interests, debentures, bonds or other securities and investments in respect of or in connection with the Company or otherwise (other than those subject to the security and encumbrances constituted by the Listco Share Charge) (collectively, the “**Excluded Investment**”);
- (d) (in respect of paragraph (c) above) all allotments, accretions, offers, rights, benefits and advantages (including all voting rights) whatsoever at any time accruing, offered or arising in respect of or incidental to any Excluded Investment by way of conversion, redemption, bonus, preference, purchase, substitution, exchange or as a result of any exercise of any option, warrant, conversion right or any other right, power or privilege in respect of dividend, distribution, interest or otherwise in respect of the Excluded Investments;
- (e) (in respect of paragraph (c) above) the following items (collectively the “**Excluded Proceeds**”):
 - (i) all allotments, rights, money or property arising at any time in relation to any of the Excluded Investments by way of indemnification or compensation for loss, conversion, exchange, sale, redemption, bonus, preference, option, conversion, consolidation, subdivision or otherwise;
 - (ii) all Dividends paid or payable in relation to any of the Excluded Investments or other excluded proceeds thereof;
 - (iii) all stock, shares, loan capital, bonds, investments, money or other securities (whether or not marketable), rights or other property accruing, offered, issued or offered as a substitution for any of the Excluded Investments; and
 - (iv) any other identifiable or traceable personal property in any form derived directly or indirectly from any dealing with the Excluded Investments or other Excluded Proceeds therefrom.

(5) *the Parent Guarantee*

Zhonghong entered into a corporate guarantee agreement with Keen Concept to guarantee the performance of the obligations of Li Zhen and/or the Offeror under the Guarantee Documents, which are the Investment Agreement, the Notes, the Share Charge, the Listco Share Charge, the Account Charge and the Debenture.

In the event of a breach by either Li Zhen and/or the Offeror (as the case may be) under any Guarantee Document, Keen Concept may directly enforce its rights under the Guarantee Document through the Parent Guarantee by requesting Zhonghong to perform the obligations of Li Zhen and/or the Offeror (as the case may be), including

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during the offer period, without the need to have separately enforced against Li Zhen and/or the Offeror and without the need to provide evidence of the relevant breach by Li Zhen and/or the Offeror.

The term of the Parent Guarantee is the longer of (i) two years after the expiration of the performance period for the primary obligations of Li Zhen and/or the Offeror under all the Guarantee Documents; and (ii) after all obligations of Li Zhen and/or the Offeror under all the Guarantee Documents have been fully performed.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in BVI with limited liability. Save for entering into the MOU, the Sale and Purchase Agreement with Nicco and other agreements in relation to the Sale and Purchase Agreement, the Investment Agreement and the related Security Documents and the Offers, the Offeror did not engage in any business activities. Prior to the completion of the Sale and Purchase Agreement, the Offeror did not have any assets other than the inter-company loan facility provided by Li Zhen under the Loan Agreement. As at the Latest Practicable Date, Mr. Liu Chang was the sole director of the Offeror.

The Offeror is directly wholly-owned by Li Zhen, which is a company incorporated in Hong Kong and is principally engaged in investment holding activities. The Offeror, through Li Zhen and other intermediate holding companies, is indirectly wholly-owned by Zhonghong. Zhonghong is established in the PRC with its headquarters in Beijing and is primarily engaged in the business of real estate development in various cities and provinces in the PRC including Beijing, Jilin, Shandong and Hainan. As an integrated leader in the PRC property industry, Zhonghong has a diverse portfolio of property related businesses which primarily focuses on the development, sale and management of commercial properties including offices, residential properties, hotels and shopping complexes. In addition, its long term strategy includes the development and operation of travel destinations and it currently operates and manages several cultural and leisure resort destinations in Beijing, Jilin, Shandong and Hainan. In pursuit of this long term strategy, Zhonghong has entered into strategic cooperation agreements in various regions rich in tourism resources allowing it first entry into such markets to exploit the potential of such regions for developing holiday resort businesses. As such, it has already accumulated over 6 million square metres of land for further development. Zhonghong was listed on the Stock Exchange of Shenzhen with the Stock Code 000979 in 2010. As of 30 September 2015, Zhonghong's total asset value was RMB19 billion and as of 14 January 2016, its total market capitalisation was RMB13.5 billion. As at the Latest Practicable Date, the board of directors of Zhonghong comprised seven directors, namely Mr. Wang Yonghong, Mr. Cui Wei, Mr. Jin Jie, Mr. Liu Zuming, Mr. Lin Yingshi, Ms. Li Yaping and Mr. Lan Qingxin.

As at the Latest Practicable Date, Mr. Wang Yonghong, through one of his wholly owned companies called Zhonghong Zhuoye, was the controlling shareholder of Zhonghong and holds 34.51% of the issued shares of Zhonghong.

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INTENTION OF THE OFFEROR REGARDING THE GROUP

Regarding the business assets and employees of the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 6 July 2010 and its Shares have been listed on the Main Board since January 2011 under the Stock Code 2011.

The Group is principally engaged in the manufacturing finished zipper in China. The Group's customers for zippers are primarily OEMs who manufacture apparel products for (i) apparel brands in China; and (ii) some well known international apparel labels. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied on the apparel products. The apparel brand owners usually decide on the zipper supplier for their OEMs and place orders with such OEMs who in turn source zippers from the Group. In addition, the Group also supplies flat knit ribs to customers to gradually satisfy the one-stop procurement demand for apparel components and accessories. The Group also supplies sliders, components of zippers (including continuous zipper chains and stops) and moulds and designs and supplies premium items exclusively to apparel brand owners to meet the promotional needs for their products. Following the Share Transfer Completion, the Offeror intends to continue to operate the existing businesses of the Company with the present management of the Company. The Offeror has no plans to (i) dispose of, terminate or downsize the existing business of the Company; (ii) redeploy the fixed assets of the Company; or (iii) terminate any employees or make significant changes to any existing employment of the Company (except for the proposed change of Board composition as detailed in the section headed "Proposed change to the Board composition of the Company" below).

The Offeror has also confirmed that it does not have any plans and has not engaged in any discussion or negotiation on injection of assets or businesses into the existing business.

Expansion plan of the Group

Following the Share Transfer Completion, apart from the existing business of zipper manufacture and sale, the Group is looking for new investments and business opportunities in order to diversify its existing zipper manufacture and sale business with a view to formulating a suitable business strategy to expand its business scope and broaden its income stream, achieving better growth potential and enhancing Shareholders' return. In this regard, expansion into the e-commerce and online finance industries will hold great potential and will provide good future development opportunities for the Company.

Recent industry reports show that within the PRC real estate industry, there are currently an excessive number of information sources, which vary in both quality and reliability, particularly amongst online sources. The ability to sort through large quantities of data and efficiently provide data that is relevant to the user are of vital importance to both developers and property investors. An e-commerce platform can provide such ability and can effectively identify property investment demand and match it with appropriate property supply. At the same time, an e-commerce platform can identify users' demand for financing and match such demand with other users who possess the relevant capital and investment

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intentions, thus facilitating both sides to realize their investment needs. Further, the recent promulgation of the “2015 Guiding Opinions on Promoting the Healthy Development of Internet Finance” demonstrates the PRC government’s support for internet finance association with the online marketing and e-commerce industry.

The continually improving regulatory environment and rapid expansion of online services create a favourable climate. It is expected that consumer demand for online services will grow every day. The development of e-commerce capabilities can bring about further opportunities, drive future growth and provide excellent potential returns.

In view of the significant growth potentials in PRC’s e-commerce industry, the online marketing business will hold great potential for investment and create additional value for the Company and its Shareholders. As such, following the Share Transfer Completion, the Company plans to develop an internet platform through which to conduct online marketing and e-commerce businesses involving major real estate and tourist destination projects. Specifically, following the Share Transfer Completion, the Company plans to develop an internet platform that is available to the general public which identifies individuals, including third parties, who have property purchase intentions and demands for loans required in connection with such property purchases, and refer these individual borrowers to individuals who have appropriate funds and investment plans. Through the online platform, the borrowers can be matched with the investors in an efficient manner and thus satisfying their respective needs and the Company can charge a commission fee based on the transactions conducted. This internet business model is believed to have significant demand and development potential.

In terms of the business model of the Company’s new Internet business, the Company shall make use of its ability to consolidate data and resources and provide Internet users with online marketing information service (i.e. the online-to-offline model) and financial information service in relation to loans for the purchase of real property.

The online platform will gather demand from consumers requiring, for example, purchase of real property or tourism investments, and transfer such demand to our platform participants (e.g. property developer) who can meet such demand. The income to be realized from the online platform includes the fees received through online marketing information services, earnings from an increase in the value of the real property, etc. In the online-to-offline matching process, the online platform will offer financial information services to those consumers who are in need of loans in order to purchase real property. The online platform will match appropriate lenders who have investment plans (or other well-known online financial platforms). The online platform will charge a commission for each successful transaction.

It is expected that the main income will be from fees received through offering online marketing information services, earnings from an increase in the value of the real property. In respect of the financial information services, it is expected that the income will include the commissions charged for each successful transaction.

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The online platform will form an experienced team of staff to select projects and manage risks. In relation to the prospective financial information service in relation to lending, the online platform shall evaluate the risks of each and every single project with comprehensive assessments of the transaction. In addition, the online platform will expressly warn the lender (or online financial platforms in partnership with the Company) that in the event where the borrower defaults on his loan, the lender (or the online financial platforms in partnership with the Company) shall bear the credit risks. However, due to the structure of the products and the design of related contracts, a property purchaser is required to pledge the purchased property as security after obtaining a loan through the online financial platform. Where the borrower defaults on his loan, the online platform party will have the right to dispose of the pledged property. This arrangement will significantly lower the credit risk of borrowers and ensure that the proceeds from the sale of the pledged property will be sufficient to cover the principal amount of the loan.

It is expected that the target customers will consist of property developers and property buyers. Offline property developers will engage the Company to publish information on property developments on its online platform, the online platform will become both a sales channel and provide promotional services. Potential property buyers will be able to browse information on properties through the online platform to identify suitable properties and, if the potential buyer so demands, the online platform can arrange a physical visit of the properties. At the same time, if the potential buyer requires financing when making the property purchase, the online platform can also connect him with a corresponding lender, thus providing a complete online to offline service.

Following the Share Transfer Completion, the Company will look for appropriate candidates for directors and senior management who have experience and expertise in real estate, e-commerce and/or internet-financing industry to develop and monitor the new business. Besides the new hiring, the Company will also leverage the existing management team of Zhonghong, which is equipped with insight of the real estate industry and clear vision of the latest industry trends, including online marketing. It is expected that the newly appointed directors and senior level management, together with the existing management of Zhonghong, will form a strong and efficient management team to develop and monitor the new business.

Through the Share Transfer under the Sale and Purchase Agreement, the Company will be able to leverage the experience, network and resources of Zhonghong in the real estate industry to expand into such new business stream while still maintaining its existing zipper products business stream in parallel. In connection with the Sale and Purchase Agreement, the Company has disposed of certain of its assets, including certain shares of its BVI subsidiary, its Hong Kong real property and certain of its PRC real properties to Nicco or its affiliates. Funds raised through completion of such disposal are approximately HK\$200,000,000, which will primarily be used to finance the Company's efforts in implementing this new business strategy, in addition to settling the bank loan secured by the Company's Hong Kong property.

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More specifically, these funds will primarily be used over the next two years to construct an open, collaborative online real estate information and marketing platform, build up operational and management teams, improve the marketing of the Company's business and customer service levels, consolidate working capital and explore new business opportunities. Details are set out below:

1. approximately 20% will be used to build up professional business teams, including (i) professional management staff; (ii) professional technical staff charged with constructing the online platform, including establishing the webpage, necessary applications and electronic databases; and (iii) business development professionals charged with promoting the online platform and its products within the market and conducting market research;
2. approximately 40% will be used to market the product offering and establish brand recognition. The Group plans to engage an independent marketing company to assist in establishing the brand and image of the products, and significantly invest in promotional activities through both traditional media and online media. Specific methods will include engaging a brand spokesperson, collaborating with media outlets, engaging in corporate sponsorship and other promotional and advertising activities. The goal will be to improve brand recognition and increase market share amongst online investors; and
3. approximately 40% will be used to purchase equipment and services necessary for the business, including cloud services equipment and networking channels, outsourced web and application hosting, third party payment platforms, messaging platforms, third party user identification and security systems and other systems as well as being used for working capital, including the settling of the bank loan secured by the Hong Kong property.

The implementation of any new investment or business expansion will be done in compliance with the Listing Rules.

Based on the current business scale and plan, the Offeror has not identified specific funding needs for the new business in the future or after the next two years. However, the Offeror plans to review the development progress of the new business periodically in the future. Should the development of the new business progress faster than currently anticipated and the Company decides that it is in the interest of the Company to expand the scale of the new business thereby requiring further funding needs (in addition to the financial resources generated by the new business), the Company may consider a range of options that are available at the relevant time for raising additional funds. Any future fund raising will be in full compliance with the regulatory requirements, including not to cause the Company to become a cash company, and obtaining independent Shareholders' approval (if required).

No binding agreement for the use of the proceeds has been entered into by the Group as at Latest Practicable Date.

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The proposed internet platform business may involve three categories of business: (1) utilising the internet platform to promote and sale of the real estate and tourist destination projects of the Group (the “**1st Category Business**”); (2) utilising the internet platform for promotion and sales of real estate and tourist destination projects for other property developers (the “**2nd Category Business**”); and (3) utilising the internet platform for conducting individual internet financing (the “**3rd Category Business**”).

The 1st Category Business is not a restricted or prohibited business for foreign investment under the Catalogue of Industries for Guiding Foreign Investment (2015 Revision). According to “Notice of the General Office of the Ministry of Commerce on the Relevant Issues concerning the Examination, Approval and Administration of Projects of Foreign Investment in Internet and Vending Machine Sales”, only recordation with the telecommunication authority is required. For the 2nd Category Business and the 3rd Category Business, they are restricted businesses for foreign investment under the Catalogue of Industries for Guiding Foreign Investment (2015 Revision) and a foreign investor cannot own more than 50% of the registered capital. In any event, the qualification of the internet platform business is subject to the approval of the relevant authority.

The Group may conduct the new internet platform business through contractual arrangements, direct investment in equity interest subject to the restriction on foreign investment, cooperation with other qualified entities and/or other arrangements permitted under the applicable laws and regulations.

If any contractual arrangements have been entered into by the Group for the new internet platform business, the Company will comply with the guidance letter GL77-14, provide the necessary legal opinion to the Stock Exchange and make an announcement to update the Shareholders and potential investors.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of seven Directors, comprising (i) Mr. Xu Xipeng, Mr. Xu Xinan and Mr. Chow Hoi Kwang as executive Directors; (ii) Mr. Yang Shaolin as non-executive Director; and (iii) Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy as independent non-executive Directors. All the existing Directors will resign as Directors, and their resignations from the Board will take effect on the Closing Day. The Offeror will nominate new Directors to the Board on or after the date of the despatch of this Offer Document and any changes to the Board will be in full compliance with relevant regulations and Rule 26.4 of the Takeovers Code, as well as the Listing Rules. Further announcement regarding changes to the Board will be made as and when appropriate.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares after the close of the Offers.

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MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends that the Company will remain listed on the Main Board of the Stock Exchange after the close of the Offers. **The director of the Offeror and the new Directors (if any) to be appointed will jointly and severally undertake to the Stock Exchange to take appropriate steps as soon as possible following the closing of the Offers to ensure that the minimum public float requirement under the Listing Rules is complied with by the Company.**

The Stock Exchange has stated that if, upon closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

TAX IMPLICATIONS

None of the Offeror, CICC, the Independent Financial Adviser, the Registrar, the Company Secretary or any of their respective directors or professional advisers or any other parties involved in the Offers is in a position to advise the Independent Shareholders and the Optionholders on their individual tax implications. The Independent Shareholders and the Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting or rejecting the Offers. None of the Offeror, the professional advisers to the Offeror or any of their respective directors or any other parties involved in the Offers accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders and the Optionholders.

GENERAL

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

All documents and remittances sent to the Shareholders and the Optionholders by ordinary post will be sent to them at their own risk. Unless otherwise requested, such documents and remittances will be sent to the Shareholders and the Optionholders at their respective addresses as they appear in the register of members and the registrar of Optionholders of the Company or in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of the Company. None of the Offeror, CICC, the Independent Financial Adviser, the Registrar, the Company Secretary or any of their respective directors or professional advisers or any other parties involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

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ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Offer Document and the Forms of Acceptance.

Yours faithfully,
For and on behalf of
China International Capital Corporation
Hong Kong Securities Limited
Yongren Chen
Executive Director

1. ACCEPTANCE OF THE OFFERS**1.1 The Share Offer**

- (a) To accept the Share Offer, you should complete and sign the accompanying Form of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and duly signed Form of Acceptance and Transfer together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, with "**KEE Holdings Company Limited – Share Offer**" marked on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Day or such later time and/date as the Offeror may decide and announce with the consent of the Executive, in accordance with the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer (whether in full or in part of your Offer Shares), you must either:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the completed and signed Form of Acceptance and Transfer together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/ or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer to the Registrar in an envelope marked "**KEE Holdings Company Limited – Share Offer**";
or
 - (ii) arrange for the Offer Shares to be registered in your name by the Company through the Registrar, and send the completed and signed Form of Acceptance and Transfer together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of

title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar in an envelope marked “**KEE Holdings Company Limited – Share Offer**”; or

- (iii) if your Offer Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Offer Shares have been lodged with your investor participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the last date on which acceptances of the Share Offer must be received by the Registrar).
- (d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Share(s) is/are not readily available and/or is/are lost as the case may be and you wish to accept the Share Offer, the Form of Acceptance and Transfer should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) If you have lodged transfer(s) of any of your Offer Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Offer Shares, you should nevertheless complete and sign the Form of Acceptance and Transfer and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to CICC and/or the Offeror and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share

certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf, and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance and Transfer.

- (f) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed Form of Acceptance and Transfer is received by the Registrar by no later than 4:00 p.m. on the Closing Day (or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code) and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and the Registrar has recorded that the Form of Acceptance and Transfer and any relevant documents required under paragraph (g) below have been so received.
- (g) Pursuant to Note 1 to Rule 30.2 of the Takeovers Code, acceptance of the Share Offer may not be counted as valid unless the Form of Acceptance and Transfer is duly completed and signed and is:
 - (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (for example a duly stamped transfer of the relevant Share(s) in blank or in favour of you, the person accepting the Offer, executed by the registered holder) in order to establish your right to become the registered holder of the relevant Offer Shares; or
 - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (g)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance and Transfer is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (for example grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (h) The seller's *ad valorem* stamp duty for Shares registered on the register of members of the Company in Hong Kong arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance, or if higher, the market value of the tendered Shares, will be deducted from the amount payable to the

Shareholders who accept the Share Offer. The Offeror will arrange for payment of the seller's Hong Kong *ad valorem* stamp duty on behalf of the accepting Shareholders and will pay its own portion of the buyer's Hong Kong *ad valorem* stamp duty in connection with the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

- (i) No acknowledgement of receipt of any Form of Acceptance and Transfer, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.2 The Option Offer

- (a) If you accept the Option Offer, you should complete and sign the accompanying Form of Acceptance and Cancellation in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer.
- (b) The completed and signed Form of Acceptance and Cancellation should be forwarded, together with the relevant certificate(s) of the Share Options (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) you intend to tender, stating the number of Share Options in respect of the Share Options granted which you intend to accept the Option Offer, by post or by hand to the Company Secretary of the Company at KEE Holdings Company Limited, Unit B, 16/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Hong Kong, with “**KEE Holdings Company Limited – Option Offer**” marked on the envelope, as soon as possible and in any event so as to reach the Company Secretary at the aforesaid address no later than 4:00 p.m. on the Closing Day (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code). However, no option shall be capable of acceptance if at the time of acceptance such Option has lapsed. Optionholders are recommended to consult their own professional advisers as to the exercise of the Share Options pursuant to the rules of the share option scheme adopted by the Company on 14 December 2010, and the implications as to accepting or rejecting the Option Offer.
- (c) If the relevant letter(s) or other document(s) evidencing the grant of the relevant Share Options is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the Form of Acceptance and Cancellation should nevertheless be completed and delivered in an envelope marked “**KEE Holdings Company Limited – Option Offer**” to the Company Secretary at KEE Holdings Company Limited, Unit B, 16/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Hong Kong, as soon as possible and in any event so as to reach the Company Secretary at the aforesaid address no later than 4:00 p.m. on the Closing Day (or such later time and/or date as the Offeror may determine and announce in accordance

with the Takeovers Code). In addition, a letter stating that you have lost one or more of your relevant letter(s) or other document(s) evidencing the grant of the relevant Share Options (if applicable) or that it/they is/are not readily available should be attached to the Form of Acceptance and Cancellation. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company Secretary as soon as possible thereafter. If you have lost your relevant letter(s) or other document(s) evidencing the grant of the relevant Share Options (if applicable), you should also write to the Company Secretary requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company Secretary.

- (d) No stamp duty will be deducted from the amount paid to the Optionholders who accept the Option Offer.
- (e) No acknowledgement of receipt of any Form of Acceptance and Cancellation and/or certificate(s) of the Share Options will be given.

2. SETTLEMENT OF THE OFFERS

2.1 The Share Offer

Provided that a valid Form of Acceptance and Transfer and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. on the Closing Day (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code), a cheque for the amount due to each Shareholder less the seller's *ad valorem* stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to the Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt of the Form of Acceptance and Transfer and all the relevant documents by the Registrar to render such acceptance complete and valid from the Shareholder accepting the Share Offer.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

2.2 The Option Offer

Provided that a valid Form of Acceptance and Cancellation and the relevant letter(s) or other document(s) evidencing the grant of the relevant Share Options are complete and in good order in all respects and have been received by the Company Secretary no later than 4:00 p.m. on the Closing Day (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code), a cheque for the amount due to each Optionholder in respect of the Share Options

surrendered by him/her under the Option Offer will be despatched to the Optionholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt of the duly completed Form of Acceptance and Cancellation and all relevant documents by the Company Secretary from the Optionholders accepting the Option Offer.

No fractions of a cent will be payable and the amount of cash consideration payable to a Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

2.3 Consideration

Settlement of the consideration to which any Shareholder or Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save in respect of the payment of seller's *ad valorem* stamp duty) without regard to any lien, right of setoff, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder or Optionholder, as the case may be.

3. ACCEPTANCE PERIOD AND REVISIONS

The Offeror has the right, subject to the Takeovers Code, to extend the Offers after the despatch of this Offer Document or to revise the terms of the Offers. Any decision to extend the latest time and/or date for acceptances may be made at any time up to, and will be announced no later than, the time on the relevant date stipulated in the section headed "4. Announcements" in this Appendix, or any such later time and date as the Executive may agree.

Unless the Offers have previously been revised or extended with the consent of the Executive, all Forms of Acceptance must be received by the Registrar (in the case of Forms of Acceptance and Transfer) or the Company Secretary (in the case of Forms of Acceptance and Cancellation) by 4:00 p.m. on the Closing Day in accordance with the instructions printed thereon.

If the Offers are extended or revised, an announcement of such extension or revision will be published which will state either the next closing day or that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Shareholders and the Optionholders before the Offers are closed. If, during the course of the Offers, the Offeror revises the terms of the Offers, all the Shareholders and the Optionholders, whether or not they have already accepted the Offers, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Day. If the Closing Day is extended, any reference in this Offer Document and in the Forms of Acceptance to the Closing Day shall, except where the context otherwise requires, be deemed to refer to the Closing Day of the Offers as so extended.

The acceptance by or on behalf of a Shareholder of the Share Offer or an Optionholder of the Option Offer in its original and/or any previously revised form shall be treated as an acceptance of the relevant Offer(s) as so revised. Any acceptance of the relevant revised Offer(s) and/or any election pursuant thereto shall be irrevocable unless and until the accepting Shareholder/Optionholder becomes entitled to withdraw his/her/its acceptance under the paragraph headed "Right of Withdrawal" below and duly does so.

4. ANNOUNCEMENTS

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. (or such later time and/ or date as the Executive may in exceptional circumstance permit) on the Closing Day, the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension or expiry of the Offers. The Offeror must publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Day stating whether the Offers have been revised, extended or has expired.

The announcement must state the total number of Shares, rights over Shares and Share Options:

- (i) for which acceptances of the Offers have been received;
- (ii) held, controlled or directed by the Offeror and parties acting in concert with it before 10 July 2015 (being the commencement date of the Offer Period (as defined under the Takeovers Code) for the Offers; and
- (iii) acquired or agreed to be acquired during the Offer Period (as defined under the Takeovers Code) for the Offers by the Offeror and parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued Shares and the percentages of voting rights of the Company represented by these numbers of Shares. If the Offeror is unable to comply with any requirements of Rule 19 of the Takeovers Code, the Executive may require that Shareholders and Optionholders who have tendered their Forms of Acceptance to accept the Offers be granted a right of withdrawal on terms acceptable to the Executive, until the requirements of Rule 19 of the Takeovers Code can be met.

- (b) In computing the total number of Shares and Share Options represented by acceptances, for announcement purposes, only valid acceptances that are complete, in good order and which have been received by the Registrar (in respect of the

Share Offer) or the Company Secretary (in respect of the Option Offer) respectively no later than 4:00 p.m. on the Closing Day (being the latest time and date for acceptance of the Offers) shall be included.

- (c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offers, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, will be made in accordance with the requirements of the Takeovers Code and the Listing Rules and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kee.com.cn).

5. NOMINEE REGISTRATION

- (a) To ensure the equality of treatment of all Shareholders, registered Shareholders who hold the Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s) whose investments are registered in the names of nominees to accept the Share Offer, it is essential that they provide instructions of their intentions to accept the Share Offer to their respective nominees.
- (b) Acceptance to the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance and Transfer is the aggregate number of Shares held by such nominee for such beneficial owners who are accepting the Share Offer.
- (c) All documents and remittances to be sent to the Shareholders and the Optionholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent, in the case of Shareholders, to the address stated in the Form of Acceptance and Transfer or in the case of Optionholders, to the address stated in the Form of Acceptance and Cancellation. None of the Offeror, the Company, CICC, the Registrar, the Company Secretary or any of their respective directors or agents or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liability that may arise as a result thereof.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offers tendered by the Shareholders and/or the Optionholders or by their agent(s) on their behalf shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “4. Announcements” above, the Executive may require that the Shareholders/Optionholders who have tendered acceptances of the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

7. SHARES AND SHARE OPTIONS

Acceptance of the Share Offer or the Option Offer by any Shareholder or Optionholder, respectively, will be deemed to constitute a warranty by such Shareholder or Optionholder that:

- (a) the Shares sold under the Share Offer and the Share Options tendered under the Option Offer are sold or tendered by such person or persons free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto as at the Closing Day or subsequently attaching to them, including but without limitation, in respect of the Shares, the right to receive in full all dividends and other distributions, if any, declared, made or paid, if any, on or after the date on which the Offers are made, that is, the date of the posting of this Offer Document;
- (b) acceptance of the Share Offer or Option Offer (as the case may be) tendered shall be irrevocable and cannot be withdrawn, except in the circumstances as set out in the Takeovers Code; and
- (c) that such Shareholder or Optionholder (as the case may be) is permitted under all applicable laws and regulations to receive and accept the Share Offer or Option Offer (as the case may be), and any revision thereof, and such acceptances are valid and binding in accordance with all applicable laws and regulations. Any such Shareholder or Optionholder has paid all issue, transfer and other applicable taxes and duties or other required payments due from him/her/it in connection with such acceptance.

8. STAMP DUTY

The seller’s *ad valorem* stamp duty for Shares registered on the register of members of the Company in Hong Kong arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance, or if higher, the market value of the tendered Shares, will be deducted from the amount payable to the Shareholders who accept the Share Offer. The Offeror will bear its own portion of the buyer’s *ad valorem* stamp duty at the value of 0.1% of the amount payable in respect of relevant acceptances or if higher, the market value of the tendered Shares, and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer. No stamp duty is payable in connection with the acceptance of the Option Offer.

9. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Offers or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Shareholders and Optionholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should satisfy themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions.

It is the responsibility of any such persons who wish to accept the Offers to satisfy themselves as to the full observance of all applicable legal and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental exchange control or other consent and all registration or filing required in compliance with all necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes and duties payable by the accepting overseas Shareholders and/or overseas Optionholders in such relevant jurisdiction. Any acceptance by such persons will be deemed to constitute a representation and warranty from such person to the Offeror and/or CICC that the local laws and requirements have been fully complied with and such acceptance shall be valid and binding in accordance with applicable laws. Shareholders and Optionholders should consult their own professional adviser or legal adviser if in doubt.

10. GENERAL

- (a) Each Shareholder and Optionholder by whom, or on whose behalf, a Form of Acceptance and Transfer and/or a Form of Acceptance and Cancellation is executed, irrevocably undertakes, represents, warrants and agrees to and with the Offeror and CICC, so as to bind him, her or it, their personal representatives, heirs, successors and assigns, to the following effect:
 - (i) that the execution of the relevant Forms of Acceptance whether or not any boxes are completed shall constitute:
 - (A) an acceptance of the Share Offer or Option Offer in respect of the number of Shares or Share Options inserted or deemed to be inserted in the relevant Forms of Acceptance on and subject to the terms set out or referred to in this Offer Document and in such Forms of Acceptance and that, subject only to the right of withdrawal set out or referred to in this Appendix, each such acceptance shall be irrevocable; and
 - (B) an undertaking to execute any further documents, take any further actions and give any further assurances which may be required in connection with the foregoing including, without limitation, to secure the transfer of the Shares in respect of which he, she or it has accepted or is deemed to have accepted the Offers to the Offeror and the benefit of all dividends and distributions paid, made or declared on or after the close of the Offers;

- (ii) that such Shareholder or Optionholder will deliver or procure the delivery to the Registrar (in the case of the Share Offer) or the Company Secretary (in the case of the Option Offer) of his or her relevant Share or Share Option certificate(s) (if any) and/or transfer receipt(s) and/or any other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof (as applicable);
- (iii) that the execution and delivery of the relevant Forms of Acceptance to the Registrar (in the case of the Share Offer) or the Company Secretary (in the case of the Option Offer) constitutes a separate and irrevocable authority and request to the Offeror and/or CICC to procure the despatch by post of a cheque in respect of any cash payment in connection with the Offers, at the risk of such Shareholder or Optionholder, to the person or agent whose name and address is set out in the relevant Forms of Acceptance or, if none is set out, to the first-named or the sole registered holder of the relevant Shares or Share Options at his or her registered address;
- (iv) that the terms and conditions of the Offers contained in this Offer Document shall be incorporated in and form part of the relevant Forms of Acceptance, which shall be read and construed accordingly;
- (v) that in relation to the Offers, he, she or it will do all such acts and things as shall be necessary or expedient to vest in the Offeror, or its nominees or such other person as the Offeror may decide, the Shares and/or Share Options to which such acceptance relates;
- (vi) that the Offers and all acceptances thereof, the Forms of Acceptance and all contracts made pursuant to the Offers, and all actions taken or made or deemed to be taken or made pursuant to these terms, are governed by and shall be construed in accordance with the laws of Hong Kong. Execution of the relevant Forms of Acceptance by or on behalf of the relevant Shareholder or Optionholder will constitute a submission by such Shareholder or Optionholder in relation to all matters arising out of the Offers and the relevant Forms of Acceptance to the jurisdiction of the courts of Hong Kong and the agreement of such Shareholder or Optionholder that nothing shall limit the right of the Offeror or CICC to bring an action, suit or proceeding arising out of or in connection with the creation, validity, effect, interpretation or performance of the legal relations established in relation to the Offers and the Forms of Acceptance in any other manner permitted by law or in any court of competent jurisdiction;
- (vii) that in relation to any acceptance of the Share Offer in respect of a holding of Shares which is in uncertificated form, the Offeror and CICC reserve the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Share Offer whether in order to comply with the facilities or requirements of

CCASS or otherwise, provided such alterations, additions or modifications are consistent with the requirements of Note 1 to Rule 30.2 of the Takeovers Code or are otherwise made with the consent of the Executive;

- (viii) that due execution of the relevant Forms of Acceptance in respect of the Offers will constitute an irrevocable instruction and authority to the Offeror, any director of the Offeror, CICC, any director of CICC or such person or persons as the Offeror may direct to complete, amend and execute, on behalf of the Shareholders and the Optionholders who accept the Offers, the Forms of Acceptance and any document and, in relation to the Offers, to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as the Offeror may direct, the Shares or for the cancellation of the Share Option(s) which are the subject of such acceptance;
 - (ix) that in making their decision in respect of the Offers, Shareholders and Optionholders will rely on their own examination of the Offeror, the Company, and that the terms of the Offers, including the merits and risks involved, and that the contents of this Offer Document, including any general advice or recommendation contained herein, together with the Forms of Acceptance will not be construed as any legal or business advice on the part of the Offeror, the Company, CICC or their respective professional advisers and that Shareholders and Optionholders should consult their own professional advisers for professional advice; and
 - (x) that the terms, provisions, instructions and authorities contained in or deemed to be contained in the Forms of Acceptance constitute part of the terms of the Offers. The provisions of this Appendix shall be deemed to be incorporated into the Forms of Acceptance.
- (b) All communications, notices, Forms of Acceptance, certificate(s) of Shares or certificate(s) of the Share Options, transfer receipt(s), other documents of title or indemnities and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, by post at their own risk, and none of the Offeror, parties acting in concert with it, CICC, the Company, the Registrar, the Company Secretary nor any of their respective directors or other parties involved in the Offers or any of their respective agents shall accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (c) Notwithstanding any other provision in this Offer Document or the Forms of Acceptance and subject to the provisions of the Takeovers Code, the Offeror and CICC reserve the right to treat acceptances as valid if received by or on behalf of either of them at any place or places or in any manner determined by either of them otherwise than as set out in this Offer Document or in the Forms of

Acceptance, provided however that, subject to the Executive's consent, such acceptances will not be counted as valid acceptances of the Offers unless Note 1 to Rule 30.2 of the Takeovers Code has been fully complied with.

- (d) The accidental omission to despatch this Offer Document and/or the Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (e) References to the Offers in this Offer Document and in the Forms of Acceptance shall include any revision and/or extension thereof.
- (f) The English text of the Offer Document and the Forms of Acceptance shall prevail over their Chinese text for the purpose of interpretation.
- (g) This Offer Document and the Forms of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong and the operating rules of the Stock Exchange.

1. RESPONSIBILITY STATEMENT

This Offer Document includes particulars given in compliance with the Takeovers Code for the purposes of providing information to the Shareholders and Optionholders with regard to the Offeror and the Offers.

The director of the Offeror and the directors of Zhonghong jointly and severally accept full responsibility for the accuracy of the information contained in this Offer Document (other than any information relating to the Group, its associates, Nicco, the Guarantors and parties acting in concert with the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Offer Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any statements in this Offer Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Offer Document (other than any information relating to the Offeror, its associates and parties acting in concert with the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Offer Document (other than those expressed by the director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any statements in this Offer Document misleading.

2. MARKET PRICES

- (a) The highest and lowest closing prices of the Shares quoted on the Stock Exchange during the Relevant Period were HK\$2.43 per Share on 28 December 2015 and HK\$0.56 per Share on 13 February 2015, respectively.
- (b) The table below sets out the closing prices of the Shares quoted on the Stock Exchange on (i) the last Business Day of each of the calendar month during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable date:

Date	Closing Price
30 January 2015	HK\$0.59
27 February 2015	HK\$0.6
31 March 2015	HK\$0.61
30 April 2015	HK\$0.98
29 May 2015	HK\$1.99
29 June 2015 (<i>Note 1</i>)	HK\$1.85
30 June 2015 (<i>Note 2</i>)	Suspended
31 July 2015 (<i>Note 2</i>)	Suspended
31 August 2015 (<i>Note 2</i>)	Suspended
30 September 2015 (<i>Note 2</i>)	Suspended
30 October 2015 (<i>Note 2</i>)	Suspended
30 November 2015	HK\$2.14
31 December 2015	HK\$2.30
The Latest Practicable Date	HK\$2.29

Notes:

- (1) Based on the exchange notice in relation to the trading halt published on 29 June 2015 in respect of the Company published by the Stock Exchange, the trading of the Shares on the Stock Exchange was suspended from 1:00p.m. on 29 June 2015, being the last Business Day immediately preceding the date of the announcement in relation to the MOU.
- (2) Based on the exchange notices in relation to the trading halt published on 29 June 2015 and resumption of trading published on 10 November 2015 in respect of the Company, the trading of the Shares on the Stock Exchange was suspended from 1:00p.m. on 29 June 2015 to 9 November 2015.

3. DEALING AND INTEREST IN THE COMPANY'S SECURITIES

For the period commencing six months immediately prior to 10 July 2015 (being the date on which the Company announced the possible acquisition of the interest in the Company by a potential purchaser) and up to the Latest Practicable Date, save for the entering into of the MOU and the Sale and Purchase Agreement and save for the dealings and shareholding as set out below, the Offeror, its ultimate beneficial owner or any party acting in concert with any of them (including Keen Concept, COAMI and their respective subsidiaries) have not dealt in nor have they had any Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. By providing financing to and making investment in the Offeror Group, Keen Concept and COAMI are presumed to be parties acting in concert with the Offeror.

(a) Interests of the Offeror and its Directors in the Company

On 19 August 2015, the Offeror entered into the Sale and Purchase Agreement with Nicco as vendor, pursuant to which the Offeror agreed to purchase, and the vendor agreed to sell, the Sale Shares, being 310,490,000 Shares. Completion of the Sale and Purchase Agreement took place on 13 January 2016, whereupon the Offeror acquired the Sale Shares.

As such, as at the Latest Practicable Date, the Offeror held a total of 310,490,000 Shares as a result of the completion of the Sale and Purchase Agreement. Such Shares were charged pursuant to the Listco Share Charge to Keen Concept.

During the Relevant Period, the director of the Offeror has not dealt for value in the Company securities.

(b) Interests of the Concert Parties of the Offeror in the Company

For the period commencing six months immediately prior to 10 July 2015 (being the date on which the Company announced the possible acquisition of the interest in the Company by a potential purchaser) and up to the Latest Practicable Date, CICC Financial Products Ltd., a wholly owned subsidiary of CICC, has had proprietary trades in the Shares of the Company as set out below. As at the Latest Practicable Date, CICC Financial Products Ltd. holds 4,000 Shares in the Company.

Date	Purchased/sold	Price	Number of Shares purchased/sold
22 May 2015	Purchased	HK\$1.5442	100,000
27 May 2015	Purchased	HK\$1.862157	102,000
29 May 2015	Purchased	HK\$1.868333	12,000
5 June 2015	Sold	HK\$2.230561	214,000
24 June 2015	Purchased	HK\$1.545	4,000

Other Arrangements

As at the Latest Practicable Date, save as disclosed in this Offer Document:

- (a) none of the Offeror, the Offeror's director or parties acting in concert with any of them (including the Offeror, Keen Concept, COAMI and their respective subsidiaries) owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (b) the Offeror, the Offeror's director and parties acting in concert with any of them (including the Offeror, Keen Concept, COAMI and their respective subsidiaries) have not received any irrevocable commitment to accept the Offers;
- (c) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, the Offeror's director or parties acting in concert with any of them (including the Offeror, Keen Concept, COAMI and their respective subsidiaries);
- (d) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offers;
- (e) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and

- (f) the Offeror, the Offeror's director and parties acting in concert with any of them (including the Offeror, Keen Concept, COAMI and their respective subsidiaries) have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

4. CONSENTS AND QUALIFICATIONS

The following is the name and the qualifications of the expert who has been named in this Offer Document or whose letter, opinion or advice is contained or referred to in this Offer Document:

Name	Qualification
CICC	a licensed corporation permitted to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO

CICC has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion of its opinions, advices, letters and references to its name in the form and context in which they appear.

5. GENERAL

As at the Latest Practicable Date,

- (i) the Offeror and parties acting in concert with it have no agreement or understanding to transfer, charge or pledge any of the Shares acquired pursuant to the Offers to any other persons;
- (ii) no benefit (other than statutory compensation) had been or would be given to any Directors of the Company as compensation for loss of office or otherwise in connection with the Offer;
- (iii) there was no agreement, arrangement or understanding (including any compensation arrangement) that exists between the Offeror, or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders which had any connection with or dependence upon the Offer; and
- (iv) there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any persons acting in concert with the Offeror and any other person. The directors of the Offeror and CICC were not aware of any such arrangements between any other associate of the Offeror and any other person.

6. ADDITIONAL GENERAL INFORMATION

As at the Latest Practicable Date:

- (a) the registered office of the Offeror is situated at NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, British Virgin Islands. The correspondence address of the Offeror is Suite 510, Chater House, 8 Connaught Road Central, Central, Hong Kong. As at the Latest Practicable Date, there is one director of the Offeror, namely Mr. Liu Chang;
- (b) the Offeror is wholly owned by Zhonghong, which is a company listed on the Shenzhen Stock Exchange with stock code 000979. The registered address of the Zhonghong is at No. 271 Huishui Road, Suzhou City, Anhui Province and the correspondence address of Zhonghong is at Building No. 32, Fei Center, Court No. 1, Wuliqiao 1st Street, Chaoyang District, Beijing. The registered address of Zhonghong Zhuoye is at 2015-431 Shumagang Building, No. 258 Gaoxin Street, Urumqi High-tech Industrial Development Zone, Xinjiang and the correspondence address of Zhonghong Zhuoye is at Building No. 8, Eastern District International Apartment, Ciyunsi Court No. 1, Chaoyang District, Beijing; and
- (c) the registered office of CICC is situated at 29/F One International Financial Centre, 1 Harbour View Street, Central, Hong Kong.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection, during the period from 20 January 2016, being the date of this Offer Document for so long as the Offers remain open for acceptance, at (i) the website of the SFC (www.sfc.hk); (ii) the website of the Offeror (www.zhonghongholdings.com); and (iii) during normal business hours from 9:30 a.m. to 5:30 p.m., from Monday to Friday, other than Hong Kong public holidays, at the office of DLA Piper Hong Kong, legal adviser to the Offeror in respect of the Offers, at 17/ F, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from CICC, the text of which is set out in this Offer Document;
- (c) the written consents referred to under the paragraph headed "Consents and Qualifications" in this Appendix II;
- (d) the Sale and Purchase Agreement; and
- (e) the Transaction Documents consisting of:
 - 1) the Investment Agreement;
 - 2) the Notes;

- 3) the Debenture;
- 4) the Account Charge;
- 5) the Share Charge;
- 6) the Listco Share Charge;
- 7) the Parent Guarantee;
- 8) the Fee Letter; and
- 9) the Deed of Amendment Agreement.