Asia Resources Holdings Limited
亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

DISCLOSEABLE TRANSACTION INVOLVING THE ACQUISITION OF 20% OF EQUITY INTERESTS IN THE TARGET COMPANY

THE AGREEMENT

The Board is pleased to announce that on 19 April 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares for an aggregate consideration of HK$273,000,000, which shall be settled by the Promissory Note.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 19 April 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares for an aggregate consideration of HK$273,000,000, which shall be settled by Promissory Note.

The principal terms of the Agreement are summarized below.

THE AGREEMENT

Date: 19 April 2017 (after trading hours of the Stock Exchange)

Parties:

(1) Purchaser: Continental Joy Limited, a wholly-owned subsidiary of the Company;

(2) Vendor: Jiu Tai International Resources Company Limited

The Vendor is a company established in the Cayman Island and is principally engaged in investment holding.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Subject of the Acquisition

Pursuant to the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares, representing 20% equity interests in the Target Company upon Completion. Immediately before Completion, the Vendor is the legal and beneficial owner of the Sale Shares.

So far as the Target Company is owned as to 80% and 20% by the Vendor and the Purchaser respectively, any subsequent sale of the Sale Shares by the Purchaser shall be subject to the consent of the Vendor and the Vendor shall have pre-emptive rights.

Consideration

The Consideration payable for the sale and purchase of the Sale Shares shall be HK$273,000,000, which shall be settled by Promissory Note.

The Consideration for the Acquisition was determined after arms' length negotiations between the Purchaser and the Vendor with reference to, among others, (i) the business development opportunity and prospects of the Target Group; and (ii) a business valuation report dated 19 April 2017 prepared by HUNG Association Appraisal and Professional Services Limited (the "**Valuer**"), a valuer independent to the Group and the Vendor, which has estimated market value of the Target Group to be approximately RMB1,210 million (approximately HK$1,365 million) as at 31 December 2016. The Valuer has adopted a lack of marketability discount of 20% to compensate for difficulty of selling shares of the Target Company that are not traded on a stock exchange, compared with those of the peer companies that are traded publicly on their respective stock exchange markets.

The Directors consider that the terms and conditions of the Agreement are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions

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

(a) the Warranties remaining true and accurate and not misleading in all respects;

(b) the obtaining by the Purchaser of a due diligence report in form and substance satisfactory to the Purchaser issued by a practising lawyer in Hong Kong appointed by the Purchaser on the operation, business, assets and other matters as reasonably required by the Purchaser and there is no (i) material non-compliance, (ii) material litigation or (iii) material uncertainty in the business model of the Target Company;

(c) the obtaining by the Purchaser of a legal opinion in the form and substance satisfactory to the Purchaser issued by a practising lawyer in the PRC appointed by the Purchaser opining on, inter alia, the due incorporation, valid and continued existence, asset, business and operation of the Guangxi Subsidiary and validity and legality of its water procurement permit and there is no (i) material non-compliance, (ii) material litigation or (iii) material uncertainty in the business model of the Guangxi Subsidiary;

(d) the compliance by the Purchaser and its holding company of all requirements under the Listing Rules or other regulatory authorities for entering into of the Agreement and the transactions contemplated thereunder;

(e) the Purchaser being satisfied with the results of the due diligence review to be conducted in relation to the assets, liabilities, operations and business of the Target Group; and

(f) there have not been any material adverse change on the Target Group.

The Purchaser may at any time waive the above conditions (save for condition (d), which are incapable of being waived). In the event that the above conditions are not fulfilled (or waived as the case may be) on or before 30 April 2017 (or such later date as the Vendor and the Purchaser may agree), all rights and obligations of the parties under the Agreement shall be terminated. Thereafter none of the parties to the Agreement shall have any further obligations and liabilities towards the other thereunder except for any antecedent breaches (if any).

Completion

Completion shall take place on the 5th Business Day after the fulfilment (or waiver as the case may be) of all the conditions precedent under the Agreement or on such other date as may be agreed between the Vendor and the Purchaser.

INFORMATION ON THE PROMISSORY NOTE

Set out below are the principal terms of the Promissory Note:

Issuer	the Company
Issue Date	Completion Date
Principal Amount to be issued	HK$273,000,000 in aggregate, which is equivalent to the amount of Consideration
Holder of the Promissory Note	the Vendor or its nominee
Issue Price	100% of the principal amount of Promissory Note to be issued
Maturity date	the date falling on the 3rd anniversary date after the date of issue of the Promissory Note

Interest	The Promissory Note will be interest-free for the first three months from the date of issue. Interest at the rate of 8% per annum shall be accrued thereafter up to the maturity date of the Promissory Note.
Transferability	The holder of the Promissory Note may assign or transfer the Promissory Note to any third party by endorsement without the prior written consent of the Company, provided that the holder of the Promissory Note may not assign the Promissory Note either in part or in whole to any connected persons (as defined in the Listing Rules) of the Company or any of their associates (as defined in the Listing Rules).
Security	The obligations of the Purchaser under the Promissory Note are unsecured.
Early redemption	The Purchaser may by giving of not less than 5 Business Days' prior notice in writing to the holder of the Promissory Note to repay the whole or any part of the Promissory Note and the accrued interests before the maturity date of the Promissory Note.
Events of Default	The holder of Promissory Note may give notice to the Company requiring the Company to redeem the whole (but not part) of the outstanding principal amount and the accrued interests of the Promissory Note upon the occurrence of any of the following events and at any time thereafter: (a) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company, in each case, which would have a material adverse effect on the ability of the Company to perform its obligations under the Promissory Note;

(b) the Company is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into a general assignment or compromise with or for the benefit of its creditors, in each case, which would have a material adverse effect on the ability of the Company to perform its obligations under the Promissory Note;

(c) a resolution is passed for the winding-up of the Company or equivalent actions has taken place in the place of incorporation of the Company;

(d) any order is made by a competent court or any petition is filed for winding-up or dissolution of the Company;

(e) the Company or any of its major subsidiaries defaults in the repayment of the indebtedness at the maturity thereof or at the expiration of any applicable grace period thereof, or any guarantee of or indemnity in respect of any indebtedness given by the Company shall not be honoured when due and called upon, in each case, which would have a material adverse effect on the ability of the Company to perform its obligations under the Promissory Note; or

(f) the Company merges with any other corporation (other than a merger in which the Company is the continuing corporation).

Application for listing — No application will be made for the listing of the Promissory Note on any stock exchange.

The Company intends to repay the Promissory Note by the internal resources of the Group.

The terms of the Promissory Note are determined after arm's length commercial negotiation between the Purchaser and the Vendor with reference to the prevailing market condition and the financial position of the Group. In view of the above, the Directors consider the terms of the Promissory Note are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

ASSUMPTIONS OF VALUATION

In determining the business valuation of the Target Company (the "**Valuation**"), the Valuer has adopted the discounted cash flow method under the income-based approach as its valuation methodology. Set out below are the principal assumptions (including commercial assumptions) used in the Valuation:

(a) there will be no major changes in the political, legal, economic or financial conditions and taxation laws in the jurisdiction where the Target Group currently operates or will operate which will materially affect the revenues attributable to the Target Group, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

(b) the financial projections in respect of the Target Group have been prepared on a reasonable basis, reflecting estimates that have been arrived at after due and careful consideration by the management of the Target Group;

(c) reasonable effort has been used to adjust the cashflow projection;

(d) for the Target Group to continue as a going concern, the Target Group will successfully carry out all necessary activities for the development of its business;

(e) market trends and conditions where the Target Group operates will not deviate significantly from the economic forecasts in general;

(f) the unaudited financial statements of the Target Group as supplied to the Valuer have been prepared in a manner which truly and accurately reflect the financial position of the Target Group as at the respective balance sheet dates;

(g) key management, competent personnel, and technical staff will all be retained to support ongoing operations of the Target Group;

(h) there will be no material changes in the business strategy of the Target Group and its operating structure;

(i) interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing;

(j) all relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target Group operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

(k) the major shareholder of the Target Company will support and provide interest-free financing for the current and future business of the Target Group (including but not limited to working capital needs).

CONFIRMATIONS

As the Valuation is based on the discounted cash flow method, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules and accordingly, the requirements under Rules 14.60A of the Listing Rules are applicable.

Lau & Au Yeung C.P.A. Limited ("**Lau & Au Yeung**"), as reporting accountant of the Company in this transaction, has reviewed the calculations and compilations of the discounted future cash flows for the valuation made by the Valuer.

VBG Capital Limited ("**VBG**"), the financial adviser in connection with the profit forecast in respect of the Valuation, has confirmed that the Valuation has been made after due and careful enquiry by the Board.

Letters from Lau & Au Yeung and VBG are set out in appendices I and II respectively to this announcement in accordance with Rule 14.60A of the Listing Rules.

EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinion and advice included in this announcement.

Name	**Qualification**
Lau & Au Yeung CPA Limited	Certified Public Accountants
VBG Capital Limited	A licenced corporation to conduct Type 1 (dealing in securities on the condition that it shall not engage in dealing activities other than those relating to corporate finance) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
HUNG Association Appraisal and Professional Services Limited	Professional valuer

As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, neither Lau & Au Yeung, VBG nor the Valuer has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. As such, Lau & Au Yeung, VBG and the Valuer are Independent Third Parties.

Each of Lau & Au Yeung, VBG and the Valuer has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and/or all reference to its name in the form and context in which it appears.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability which is principally engaged in general trading.

As at the date of this announcement, the Target Company is wholly-owned by the Vendor. The Target Company owns 100% equity interest in Guangxi Subsidiary. Guangxi Subsidiary is principally engaged in production and sales of bottled water.

The unaudited consolidated management accounts of the Target Group for the two financial years ended 31 December 2015 and 31 December 2016 are summarized and set out below:

	For the year ended 31 December 2016 (unaudited) *(HK$'000)*	**For the year ended 31 December 2015** (unaudited) *(HK$'000)*
Loss before and after taxation	12,732	15,222
	As at 31 December 2016 (unaudited) *(HK$'000)*	**As at 31 December 2015** (unaudited) *(HK$'000)*
Net liabilities	31,161	17,581

Upon Completion, the Target Company will become an associate of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in iron mining business; securities and other trading business; money lending business; and property investments.

It is the Group's business strategy to focus on the development and expansion of the property investment business in the PRC. Despite the Board is optimistic in the property investment business, in order to provide a stable income stream to the business of the Group, the Group has been actively exploring for business opportunities based on the experience and business connections of its management.

The Board believes that the Acquisition will allow the Group to tap into production and sales of bottled water business and broaden the Group's business spectrum and is confident that the operation of the Target Company will contribute positively to the Group. Hence, the Directors are of the view that the Acquisition will maximize the future contribution to the Group.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

As none of the Directors has a material interest in the Acquisition, no Director had abstained from voting on the relevant resolution of the Board approving the Acquisition.

DEFINITIONS

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

"Acquisition"	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
"Agreement"	the sale and purchase agreement dated 19 April 2017 entered into among the Vendor and the Purchaser in relation to the Acquisition
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Company"	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 899)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Agreement
"Completion Date"	the date falling the 5th Business Day upon the fulfilment (or waiver as the case may be) of all the conditions precedent under the Agreement or on such other date as may be agreed between the Vendor and the Purchaser
"Consideration"	the aggregate consideration payable by the Purchaser to the Vendor for the Sale Shares, being HK$273,000,000
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries

"Guangxi Subsidiary"	廣西康之源天然山泉水有限責任公司 (Guangxi Kangzhiyuan Natural Mineral Water Company Limited*), a company incorporated in the PRC with limited liability, being a wholly-owned subsidiary of the Target Company and is principally engaged in production and sales of bottled water
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Promissory Note"	the promissory note in the principal amount of HK$273,000,000 to be issued by the Purchaser to the Vendor (or its nominee) pursuant to the terms of the Agreement
"Purchaser"	Continental Joy Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Sale Shares"	20 issued shares of the Target Company, representing 20% equity interests in the Target Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of HK$0.25 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Company"	Hong Kong Spring Water Ding Dong Group Company Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Vendor and is principally engaged in general trading
"Target Group"	the Target Company and the Guangxi Subsidiary
"Vendor"	Jiu Tai International Resources Company Limited, a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding
"Warranties"	the warranties and representations given by the Vendor to the Purchaser as set out in the terms of the Agreement
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

By order of the Board
Asia Resources Holdings Limited
Wu Hongquan
Chairman

Hong Kong, 19 April 2017

The English translation of the Chinese names or words in this announcement, where indicated, is included for identification purpose only, and should not be regarded as the official English translation of such Chinese names or words.

For the purpose of this announcement, unless otherwise indicated, conversions of RMB into HK$ is calculated at the approximate exchange rate of RMB1.00 to HK$1.1281. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

As at the date of this announcement, the Board consists of five executive directors, Mr. Wu Hongquan, Mr. Huang Yilin, Mr. Chan Shi Yin, Keith, Ms. Li Yali and Mr. Zhang Zhensheng; and three independent non-executive directors, Mr. Zhang Xianlin, Mr. Kwok Hong Yee, Jesse and Mr. Ng Ping Yiu.

* *For identification purposes only*

APPENDIX I – LETTER FROM LAU & YEUNG C.P.A. LIMITED RELATING TO THE PROFIT FORECAST

19 April 2017

The Board of Directors
Asia Resources Holdings Limited
Unit 4311, 43/F
COSCO Tower
183 Queen's Road Central
Hong Kong

Dear Sirs

Comfort letter on calculations of the discounted future estimated cash flows in connection with the valuation of 100% equity interest in Hong Kong Spring Water Ding Dong Group Company Limited and its subsidiary

We have examined the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the valuation prepared by Hung Association Appraisal and Professional Services Limited on 19 April 2017, in respect of the 100% equity interest in Hong Kong Spring Water Ding Dong Group Company Limited and its subsidiary (the "**Target Group**") as at 31 December 2016 (the "**Valuation**"), is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will be included in the announcement dated 19 April 2017 issued by the Company in connection with the acquisition of 20% equity interest in the Target Group (the "**Announcement**").

Directors' responsibility for the discounted future estimated cash flow

The directors of the Company (the "**Directors**") are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the Directors and set out in the Announcement (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

Reporting accountants' responsibilities

It is our responsibility to draw a conclusion, based on out work on the arithmetical accuracy of the calculations and the compilation of the discounted future estimated cash flows on which the Valuation is based and to present our conclusion solely to you, as a body, for the purpose of the requirement under paragraph 14.62(2) of the Listing Rules and for no other purpose. We are not reporting on the appropriateness and validity of the Assumptions on which the Valuation is based and our work does not constitute any valuation of the Target Group. The Valuation does not involve the adoption of accounting policies. The Assumptions used in the preparation of the Valuation include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. We have not reviewed, considered or conducted any work on the completeness, reasonableness and the validity of the Assumptions and thus express no opinion whatsoever thereon. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

Basis of conclusion

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we plan and perform our work to obtain reasonable assurance by checking the arithmetical accuracy of the calculations and the compilation of the discounted future estimated cash flows on which the Valuation is based which is prepared based on the Assumptions made by the Directors. Our work has been undertaken solely to assist the Directors in evaluating whether the discounted future estimated cash flows on which the Valuation is based, so far as the arithmetical accuracy of the calculations and the compilation of the Valuation is concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of equity interest in the Target Group.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations and compilation are concerned, has been properly compiled in accordance with the bases and Assumptions made by the Directors.

Yours faithfully,

Lau & Au Yeung C.P.A. Limited
Certified Public Accountants
Hong Kong

Au Yeung Tin Wah
Practising Certificate number P02343

APPENDIX II – LETTER FROM VBG CAPITAL LIMITED RELATING TO THE PROFIT FORECAST

19 April 2017

The Directors
Asia Resources Holdings Limited
Unit 4312, 43/F
COSCO Tower
183 Queen's Road Central
Hong Kong

Dear Sirs,

Discloseable transaction – valuation of the entire equity interest of Hong Kong Spring Water Ding Dong Group Company Limited (the "Target Company") and its subsidiary (collectively, the "Target Group") in relation to the acquisition of 20% equity interest in the Target Company

Reference is made to the announcement of the Company dated 19 April 2017 (the "**Announcement**") in respect of the acquisition of Hong Kong Spring Water Ding Dong Group Company Limited. Unless defined otherwise, capitalised terms used in this letter shall have the same meaning as ascribed to them in the Announcement.

We refer to the projection of the future cash flows of the Target Group, which were prepared preliminary on a discounted cash flow basis provided by the management of the Company and its subsidiaries (the "**Group**"), underlying the valuation prepared by HUNG Association Appraisal and Professional Services Limited (the "**Valuer**") in relation to the valuation of the business of the Target Group as at 31 December 2016 (the "**Valuation**"). The Valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

The Valuation, for which the directors of the Company (the "**Directors**") are solely responsible, has been prepared based on, among other things, the projection of the future cash flows of the Target Group provided by the management of the Group (the "**Profit Forecast**").

We have reviewed the Profit Forecast upon which the Valuation has been made and discussed with you on the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated 19 April 2017 addressed to you from Lau & Au Yeung CPA Limited ("**Lau & Au Yeung**") regarding its opinion on the discounted future estimated cash flows of the Valuation is based which, so far as the calculations and compilations are concerned, have been properly compiled in accordance with the bases and assumptions determined by the Directors in the Valuation.

On the basis of the foregoing and on the bases and assumptions made by you and the calculations adopted by you and reviewed by Lau & Au Yeung, we have formed the opinion that the Profit Forecast, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

However, we express no opinion on whether the actual cash flows would eventually be achieved in correspondence with the Profit Forecast. We have not independently verified the computations leading to the Valuer's determination of the fair value and market value of the Target Group. We have had no role or involvement and have not provided and will not provide any assessment of the fair value and market value of the Target Group. Accordingly, save as expressly stated in this letter, we take no responsibility for and express no views, whether expressly or implicitly, on the fair value and market value of the Target Group as determined by the Valuer and set out in the valuation report issued by the Valuer or otherwise.

We further confirm that the assessment, review and discussion carried out by us as described above are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as of the date of this letter and that it has, in arriving at its views, relied on information and materials supplied to it by the Valuer, the Group and the Target Group and opinions expressed by, and representations of, the employees and/ or management of the Valuer, the Group and the Target Group. We have assumed that all information, materials and representations so supplied, including all information, materials and representations referred to or contained in the Announcement, for which the Directors are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of the Announcement and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our respective assessment and review. Further, while the qualifications, bases and assumptions adopted by the Valuer are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and the Valuer.

Nothing in this letter should be construed as an opinion or view as to the fair value, market value or any other value of the Target Group or as an opinion or recommendation to any person as to whether they should acquire Shares. Shareholders are recommended to read the Announcement with care.

Our work in connection with the Profit Forecast has been undertaken solely for the strict compliance with Rule 14.61 of the Listing Rules and for no other purposes. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

Yours faithfully,
VBG Capital Limited
Ringo Hui
Group General Manager