



Haitong International Securities  
Company Limited  
22/F., Li Po Chun Chambers,  
189 Des Voeux Road Central,  
Hong Kong

9 September 2016

*To the Qualifying Shareholders and Bondholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED  
FOR AND ON BEHALF OF  
GORGEIOUS INVESTMENT GROUP HOLDING CO., LIMITED  
TO ACQUIRE ALL OF THE ISSUED SHARES AND  
ALL OUTSTANDING CONVERTIBLE BONDS OF  
CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED  
AND/OR AGREED TO BE ACQUIRED BY  
GORGEIOUS INVESTMENT GROUP HOLDING CO., LIMITED  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

The Board was notified by the Offeror that after trading hours on 19 August 2016, the Offeror and the Vendors entered into the Share Purchase Agreements, pursuant to which the Vendors agreed to sell and the Offeror agreed to acquire an aggregate of 4,041,446,400 Shares at total consideration of HK\$1,333,677,312, equivalent to HK\$0.33 per Share.

Details of the Share Purchase Agreements are set out below:

**SHARES HELD BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT**

Pursuant to the terms of the Creaton Share Purchase Agreement dated 19 August 2016, Creaton Holdings (as vendor) agreed to sell and the Offeror (as purchaser) agreed to acquire the Creaton Shares, being 2,241,446,400 Shares, representing approximately 28.68% of the entire issued share capital of the Company as at the Latest Practicable Date. The consideration for the Creaton Shares was HK\$739,677,312 (equivalent to HK\$0.33 per Share) of which (i) HK\$119,719,385.31 was settled on the date of completion of the Creaton Share Purchase Agreement; and (ii) HK\$619,957,926.69 is to be paid within twelve months after completion of the Creaton Share Purchase Agreement (or such later date as agreed in writing by Creaton Holdings and the Offeror).

Creaton Holdings is directly interested in approximately 40.21% of the equity interest in Shanghai Gu Yuan, which in turn holds approximately 75.66% of the equity interest in Shanghai Gorgeous, the sole shareholder of the Offeror. Creaton Holdings is therefore a party acting in concert with the Offeror under the Takeovers Code.

Completion of the Creaton Share Purchase Agreement took place on 25 August 2016.

Prior to the Creaton Share Purchase Agreement, Creaton Holdings acquired the Creaton Shares through the following transactions:

- (i) on 28 April 2016, Creaton Holdings as purchaser, Oriental Day International Limited (a company controlled by Mr. Lai Leong) as vendor and Mr. Lai Leong (an executive Director) as guarantor entered into a share purchase agreement, pursuant to which Creaton Holdings agreed to purchase 1,411,446,400 Shares from Oriental Day International Limited at a consideration of HK\$465,777,312 (representing approximately 18.06% of the total issued share capital of the Company as at the Latest Practicable Date), equivalent to HK\$0.33 per Share. Such acquisition was completed on 13 June 2016 and the consideration thereunder has been fully settled by Creaton Holdings. To the best knowledge of the Offeror, each of Oriental Day International Limited and Mr. Lai Leong is a third party independent of, and not a party acting in concert with, the Offeror; and
- (ii) on 23 May 2016, Creaton Holdings acquired 830,000,000 Shares (representing approximately 10.62% of the total issued share capital of the Company as at the Latest Practicable Date) through market block trade. To the best knowledge of the Offeror, the vendors of the 830,000,000 Shares are third parties independent of, and not concert parties of the Offeror.

#### **THE LINKAGE SHARE PURCHASE AGREEMENT**

Date: 19 August 2016

Parties: (i) Linkage Group (as vendor); and  
(ii) the Offeror (as purchaser)

Pursuant to the terms of the Linkage Share Purchase Agreement, Linkage Group agreed to sell and the Offeror agreed to acquire the Linkage Group Shares, being 1,040,000,000 Shares, representing approximately 13.31% of the entire issued share capital of the Company as at the Latest Practicable Date. The consideration for the Linkage Group Shares was HK\$343,200,000 (equivalent to HK\$0.33 per Share) and was settled on the date of completion of the Linkage Share Purchase Agreement.

Completion of the Linkage Share Purchase Agreement took place on 25 August 2016.

Each of Linkage Group and Mr. XU David Hua, the sole shareholder of Linkage Group, is a third party independent of, and not a party acting in concert with, the Offeror.

## **THE CAO SHARE PURCHASE AGREEMENT**

Date: 19 August 2016

Parties: (i) Ms. Cao (as vendor); and  
(ii) the Offeror (as purchaser)

Pursuant to the terms of the Cao Share Purchase Agreement, Ms. Cao agreed to sell and the Offeror agreed to acquire the Cao Shares, being 760,000,000 Shares, representing approximately 9.73% of the entire issued share capital of the Company as at the Latest Practicable Date. The consideration for the Cao Shares was HK\$250,800,000 (equivalent to HK\$0.33 per Share) and was settled on the date of completion of the Cao Share Purchase Agreement.

Completion of Cao Share Purchase Agreement took place on 25 August 2016.

Ms. Cao is a third party independent of, and not party acting in concert with, the Offeror.

## **MANDATORY UNCONDITIONAL CASH OFFERS**

Prior to completion of the Share Purchase Agreements, save for the 2,241,446,400 Shares owned by Creaton Holdings and the HIIF Convertible Bonds held by HIIF, the Offeror and parties acting in concert with it did not have any interest in the securities of the Company. Immediately following completion of the Share Purchase Agreements and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 4,041,446,400 Shares, representing approximately 51.72% of the existing issued share capital of the Company. Accordingly, the Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all of the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

As at the Latest Practicable Date, the Company has outstanding Convertible Bonds with an aggregate principal amount of US\$50,000,000 convertible into 357,175,650 new Shares. HIIF (an associated corporation of Haitong International Securities) holds the HIIF Convertible Bonds in the principal amount of US\$20,000,000. Immediately following completion of the Share Purchase Agreements, the Offeror is also required to make a mandatory unconditional cash offer for all outstanding Convertible Bonds pursuant to Rule 13.1 of the Takeovers Code.

This letter sets out, among other things, the principal terms of the Offers, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details of the terms of the Offers and procedures of acceptance are also set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. Your attention is also drawn to the sections headed "LETTER FROM THE BOARD", "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" and "LETTER FROM INDEPENDENT FINANCIAL ADVISER" in respect of the Offers, as contained in this Composite Document.

## **Principal terms of the Offers**

Haitong International Securities is, on behalf of the Offeror, making the Offers on terms set out in this Composite Document in compliance with the Takeovers Code on the following basis:

### **The Share Offer**

For each Offer Share . . . . . HK\$0.33 in cash

The Offer Price of HK\$0.33 for each Share under the Share Offer is equal to the price for each of the Sale Shares acquired by the Offeror pursuant to the Share Purchase Agreements.

As at the Latest Practicable Date, there were 7,814,351,360 Shares in issue. Other than the Convertible Bonds, as at the Latest Practicable Date, the Company did not have, and is not expected to issue any securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares.

Based on the Offer Price of HK\$0.33 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$2,578,735,948.80. Assuming none of the outstanding Convertible Bonds are converted into new Shares, based on 3,772,904,960 Shares (representing the Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it) and the Offer Price of HK\$0.33 per Offer Share, the Share Offer is valued at HK\$1,245,058,636.80.

### **The CB Offer**

For every US\$1,000,000 face value of the Convertible Bonds . . . .HK\$2,357,359.29 in cash

The Convertible Bonds will be acquired fully paid and free from all liens, charges, options, equities, encumbrances or other third party rights of any nature and together with all rights now or hereafter attaching or accruing to them on or after the date on which the CB Offer is made, that is, the date of the posting of this Composite Document.

The CB Offer will not apply to any Convertible Bonds which are or have been converted into Shares prior to the date on which the Offers close.

The offer price for the Convertible Bonds is determined in accordance with Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the maximum number of Shares into which the Convertible Bonds is convertible (being 357,175,650 Shares) multiplied by the Offer Price (of HK\$0.33 per Offer Share). As at the Latest Practicable Date, HIIF (an associated corporation of Haitong International Securities) holds the HIIF Convertible Bonds in the principal amount of US\$20,000,000. Based on the outstanding Convertible Bonds in the principal amount of US\$50,000,000, the CB Offer is valued at approximately HK\$117,867,964.50.

## **Offer Price and Comparison of Value**

The Offer Price of HK\$0.33 per Offer Share represents:

- (a) a discount of approximately 35.29% over the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on 18 August 2016, being the Last Trading Day;
- (b) a discount of approximately 36.29% over the average closing price of HK\$0.518 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a discount of approximately 38.20% over the average closing price of HK\$0.534 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 42.00% over the average closing price of HK\$0.569 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (e) a premium of approximately 73.68% over the audited consolidated net assets per Share of approximately HK\$0.19 as at 31 March 2016 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$1,518,119,000 as at 31 March 2016 and 7,814,351,360 Shares in issue as at the Latest Practicable Date.

## **Highest and lowest closing prices of the Shares**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.91 per Share on 19 February 2016 and HK\$0.41 per Share on 31 August 2016, respectively.

## **Total considerations for the Offers**

As at the Latest Practicable Date, there are 7,814,351,360 Shares in issue.

Assuming the Offers are accepted in full on the basis there is no change in the issued share capital of the Company up to the close of the Offers, a total of 3,772,904,960 issued Shares (representing the Shares not already owned and/or to be acquired by the Offeror and/or parties acting in concert with it) will be subject to the Share Offer and the maximum cash consideration payable by the Offeror under the Share Offer would amount to approximately HK\$1,245,058,636.8.

As at the Latest Practicable Date, the Company has outstanding Convertible Bonds with an aggregate principle amount of US\$50,000,000 convertible into 357,175,650 new Shares.

Assuming the Offers are accepted in full on the basis that (i) all the conversion rights attaching to the Convertible Bonds are exercised in full prior to the close of the Offers; and (ii) there is no other change in the issued share capital of the Company up to the close of the Offers, a total of 4,130,080,610 Shares (representing the Shares not already owned and/or to be acquired by the Offeror and/or parties acting in concert with it) will be subject to the Share Offer and the maximum cash consideration payable by the Offeror for the Offers would amount to approximately HK\$1,362,926,601.3.

### **Confirmation of financial resources**

The Offeror intends to finance the total consideration of the Offers by the loan facilities provided by Haitong International Securities. Haitong International Capital, the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offers and confirm that there have been no material changes to the availability of financial resources since the date of the Joint Announcement and up until the Latest Practicable Date. The payment of interest on, repayment of or security for any liability (contingent or otherwise) under the loan facilities provided by Haitong International Securities will not depend to any significant extent on the business of the Group.

### **Effect of accepting the Offers**

The Offers are unconditional in all respects. Acceptance of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Provided that valid acceptance forms and the relevant certificate(s) and/or other document (s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the registrar of the Company, the Qualifying Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attaching thereto, including, without limitation, the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of the posting of this Composite Document.

Acceptance of the CB Offer by any Bondholder will be deemed to constitute a warranty by such person that all Convertible Bonds sold by such person under the CB Offer are free from all encumbrances whatsoever.

## **Payment**

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but within seven (7) Business Days of the date of receipt of a duly completed acceptance of the Offers. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offers complete and valid.

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

## **Overseas Qualifying Shareholders and Overseas Bondholders**

The Offeror intends to make the Offers available to all Qualifying Shareholders and all Bondholders, including those who are resident outside Hong Kong.

As the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Qualifying Shareholders or Overseas Bondholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice in respect of the Offers. It is the responsibility of Overseas Qualifying Shareholders and Overseas Bondholders 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 in respect of such jurisdictions).

**Any acceptance of the Offers by any Overseas Qualifying Shareholder or Overseas Bondholder will be deemed to constitute a representation and warranty from such Overseas Qualifying Shareholder or Overseas Bondholder to the Offeror, Haitong International Securities and the Company that the local laws and requirements have been complied with. The Overseas Qualifying Shareholders or Overseas Bondholders should consult their professional advisers if in doubt.**

## **Hong Kong stamp duty**

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by the Qualifying Shareholders who accept the Share Offer at the rate of 0.1% of the consideration payable by the Offeror for the Shares of such Qualifying Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong). The relevant amount of stamp duty payable by the Qualifying Shareholders will be deducted from the consideration payable to the accepting Qualifying Shareholders under the Share Offer. The Offeror will bear its own portion of buyer's ad valorem stamp duty at the rate of 0.1% of the consideration payable in

respect of acceptances of the Share Offer 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 acceptances of the CB Offer.

### **Taxation Advice**

Qualifying Shareholders and Bondholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. It is emphasised that none of the Company, the Offeror or any of their respective directors, officers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

### **OFFEROR'S INTERESTS IN SECURITIES OF THE COMPANY**

The Offeror confirms that, save as disclosed herein, as at the Latest Practicable Date:

- (a) save for the 4,041,446,400 Shares held by the Offeror and the HIIIF Convertible Bonds held by HIIIF that is presumed to be a party acting in concert with the Offeror in relation to the Offers, neither the Offeror nor any parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (b) save for Creaton Holdings's acquisitions of an aggregate of 2,241,446,400 Shares on 23 May 2016 and 13 June 2016 respectively, and the Offeror's acquisitions of the Sale Shares pursuant to the Share Purchase Agreements, neither the Offeror nor any parties acting in concert with it had dealt for value in or was interested in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;
- (c) save for (i) the senior secured bonds issued by the Offeror to Haitong International New Energy VIII Limited, an associated corporation of Haitong International Securities, which is secured by 1,800,000,000 Shares acquired by the Offeror; and (ii) loan facilities provided by Haitong International Securities to the Offeror, which is secured by all the Shares acquired by the Offeror pursuant to the Share Purchase Agreements (including the 1,800,000,000 Shares referred to in (i) above) and the Shares to be acquired by the Offeror through the Share Offer, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;



- (d) there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not seek to invoke a pre-condition or a condition to the Offers;
- (e) neither the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) neither the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept or not accept the Offers; and
- (g) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any parties acting in concert with it.

### Acceptance and Settlement

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offers as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

### SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before completion of the Share Purchase Agreements; (ii) as at Latest Practicable Date; and (iii) upon completion of the Offers assuming all of the rights attaching to the Convertible Bonds are exercised prior to the close of the Offers and no acceptance of the Share Offer:

	Immediately before completion of the Share Purchase Agreements		As at the Latest Practicable Date		Upon completion of the Offers assuming (i) all of the rights attaching to the Convertible Bonds are exercised prior to the close of the Offers; and (ii) no acceptance of the Share Offer	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
The Offeror and parties acting in concert with it	2,241,446,400 (Note 1)	28.68	4,041,446,400	51.72	4,184,316,659 (Note 2)	51.21
Linkage Group	1,043,478,260	13.35	3,478,260	0.04	3,478,260	0.04
Ms. Cao	960,000,000	12.29	200,000,000	2.56	200,000,000	2.45
Shanghai Electric Hongkong Co. Limited	825,958,700	10.57	825,958,700	10.57	825,958,700	10.11
Other public Shareholders	<u>2,743,468,000</u>	<u>35.11</u>	<u>2,743,468,000</u>	<u>35.11</u>	<u>2,957,773,391</u>	<u>36.19</u>
Total	<u>7,814,351,360</u>	<u>100.00</u>	<u>7,814,351,360</u>	<u>100.00</u>	<u>8,171,527,010</u>	<u>100.00</u>

Notes:

- (1) These Shares were held by Creaton Holdings.
- (2) The total number of Shares to be held by the Offeror and parties acting in concert with it include the new Shares which may be issued upon exercise of the conversion rights attaching to the HIIF Convertible Bonds.

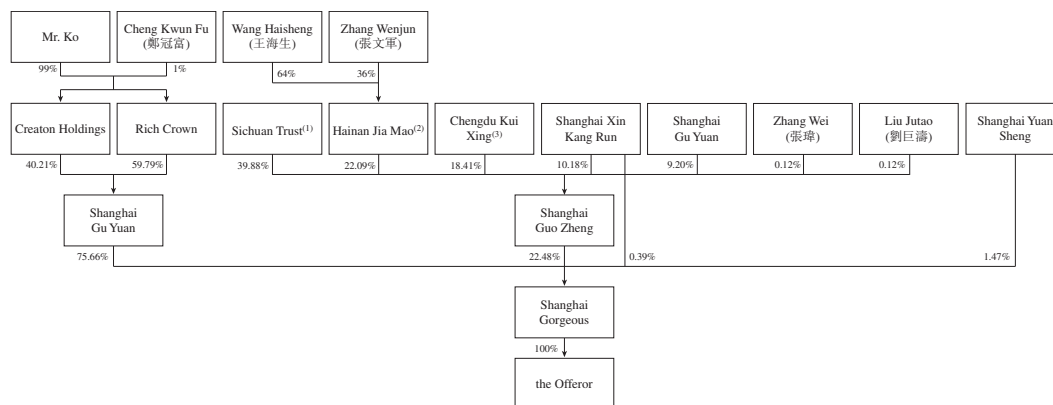
## INFORMATION ON THE GROUP

Your attention is drawn to the details of the information of the Group as set out under the section headed “INFORMATION ON THE GROUP” in the “LETTER FROM THE BOARD” and in Appendices II and III to this Composite Document.

## INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in BVI with limited liability. It is a direct wholly-owned subsidiary of Shanghai Gorgeous, a company established under the laws of the PRC, which is ultimately controlled by Mr. Ko.

Shanghai Gorgeous is an investment holding company incorporated in Shanghai, the PRC with limited liability and is held as to approximately 75.66% by Shanghai Gu Yuan, 22.48% by Shanghai Guo Zheng Investment Management Company Limited\* (上海國正投資管理有限公司) (“Shanghai Guo Zheng”), 1.47% by Shanghai Yuan Sheng Investment Management Company Limited\* (上海沅晟投資管理有限公司) (“Shanghai Yuan Sheng”) and 0.39% by Shanghai Xin Kang Run Industrial Company Limited\* (上海鑫康潤實業有限公司) (“Shanghai Xin Kang Run”), respectively. Set out below is the shareholding structure of the Offeror:



*Notes:*

- (1) “Sichuan Trust” means Sichuan Trust Company Limited\* (四川信託有限公司);
- (2) “Hainan Jia Mao” means Hainan Jia Mao Industrial Company Limited\* (海南佳貿實業有限公司); and
- (3) “Chengdu Kui Xing” means Chengdu Kui Xing City Forrest Investment Company Limited\* (成都奎星城市森林投資有限公司).

Shanghai Gu Yuan is a company incorporated in Shanghai, the PRC with limited liability and is held as to approximately 59.79% by Rich Crown. The remaining approximately 40.21% equity interest in Shanghai Gu Yuan is held by Creaton Holdings. Shanghai Gu Yuan is principally engaged in real estate development.

Rich Crown is an investment holding company incorporated in Hong Kong with limited liability. Each of Rich Crown and Creaton Holdings is held by Mr. Ko as to 99% and Mr. Cheng Kwun Fu, another individual shareholder as to 1%, respectively.

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

It is the intention of the Offeror that the Group will continue with its existing principal activities after the close of the Offers and will maintain the listing status of the Company on the Stock Exchange. The Offeror will, following the close of the Offers, conduct a review on the business activities and financial position of the Group to formulate business plans and strategies for the future business development of the Group. The Offeror will also consider any suitable acquisition opportunities to expand the Group’s clean energy businesses and broadening its income stream. In view of the above, the Offeror is of the view that the Offers are in its long-term commercial interest. As at the Latest Practicable Date, the Offeror has no definitive plans for any acquisition or disposal of assets and/or business of the Group.

Save for the Offeror’s intention regarding the Group as set out above and the proposed nomination of Mr. Ko to the Board as further described below, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

## **PROPOSED NOMINATION OF MR. KO AS AN EXECUTIVE DIRECTOR**

The Offeror proposes to nominate Mr. Ko as an executive Director with effect from the earliest time permitted under the Takeovers Code or any other later time as it thinks appropriate. Set out below are the biographical details of Mr. Ko, and further details required by Rule 13.51(2) of the Listing Rules will be announced after the appointment takes effect:

Mr. Ko, aged 65, is the chairman of Shanghai Gorgeous. From 1994 to 2001, he had served as the vice chairman of Shanghai Gu Yuan. He had served as the chief executive officer of Shanghai Gorgeous from 2001 to 2012 and currently is the chairman of Shanghai Gorgeous. He has also served as the director of Creaton Holdings and Rich Crown since 1995. As at the Latest Practicable Date, Mr. Ko is directly interested in 99% of the equity interest in Creaton Holdings and Rich Crown and is the ultimate controlling shareholder of the Offeror.

Save as disclosed above, Mr. Ko (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company.

If, following the appointment of Mr. Ko as an executive Director, the number of independent non-executive Directors falls below the minimum requirement under Rule 3.10 of the Listing Rules, the Company will identify and appoint a suitable candidate as an additional independent non-executive Director as soon as practicable and in any event within three months from the appointment of Mr. Ko.

## **MAINTENANCE OF THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers.

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

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

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

Each of the Offeror and Mr. Ko, being the new Director to be appointed to the Board, has jointly and severally undertaken to the Stock Exchange on terms required under the Listing Rules to take appropriate steps as soon as possible after the close of the Offers to ensure that sufficient public float exists in the Shares.

## **COMPULSORY ACQUISITION**

The Offeror does not intend to exercise any right which may be available to it under the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to acquire compulsorily any outstanding Shares not acquired under the Offers after the close of the Offers.

## **GENERAL**

The attention of the Overseas Qualifying Shareholders and Overseas Bondholders is drawn to paragraph 8 in Appendix I to this Composite Document.

All communications, notices, Forms of Acceptance, Share certificate(s), Convertible Bonds certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Qualifying Shareholders and/or Bondholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Haitong International Capital, Haitong International Securities, the Independent Financial Adviser, the Registrar and any of their respective directors or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Forms of Acceptance.

## **ADDITIONAL INFORMATION**

Your attention is drawn to the sections headed “LETTER FROM THE BOARD”, the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” and “LETTER FROM INDEPENDENT FINANCIAL ADVISER” as set out in this Composite Document, the accompanying Forms of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document and to consult your professional advisers as you see fit.

Yours faithfully  
For and on behalf of  
**Haitong International Securities Company Limited**  
**Hui Yee, Wilson**  
*Managing Director*